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An Analysis of Behavioral Finance Influences on Stock Market Investments Among IT Professionals in Bengaluru

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Abstract
This study investigates the investor behavior of IT employees in Bangalore urban, exploring factors influencing their investment decisions in the stock market. A survey-based approach collected data from 403 IT professionals. Descriptive and inferential statistics analyzed demographic influences, risk tolerance, investment strategies, and information sources. Findings reveal moderate risk tolerance, with returns, liquidity, and word-of-mouth driving investment choices. Financial literacy and employer support emerge as significant factors. The study contributes to understanding investor behavior among IT professionals, informing financial institutions, policymakers, and employers to promote informed investment decisions and tailored financial strategies.

Keywords: *Investor Behavior, IT Employees, Stock Market, Risk Tolerance, Financial Literacy*

INTRODUCTION

In the Dynamic Indian economy, the stock market plays a vital role in wealth creation and financial growth. Bengaluru, the IT hub of India, houses numerous tech-savvy professionals with higher incomes, making them an attractive demographic for financial institutions. This study explores the investment behavior of IT employees in Bengaluru Urban, focusing on their
stock market investments. The Indian stock market has undergone significant transformations since its inception, with the Bombay Stock Exchange (BSE) and National Stock Exchange (NSE) emerging as key players. Regulatory bodies like the Securities and Exchange Board of India (SEBI) ensure market integrity and investor protection. Despite market fluctuations, long- term investments in Indian stocks have historically yielded substantial returns.
IT employees, with their analytical skills and financial literacy, are well-positioned to navigate the stock market. However, behavioral finance principles suggest that emotional and social factors influence their investment decisions. This study aims to bridge the knowledge gap by examining the investment behavior of IT employees in Bengaluru Urban.

LITERATURE REVIEW

Research has extensively explored investor behavior and decision-making processes. For instance, Shaik et al. (2022) investigated IT professionals' saving and investment habits, highlighting factors influencing their choices. Similarly, Geetha and Ramesh (2011) analyzed investment preferences among Kurumbalur residents, identifying safety and returns as key considerations. Patil and Nandawar (2014) examined salaried employees' investment choices in Pune, emphasizing the importance of financial literacy.
Studies have also employed machine learning techniques to predict stock prices. Prakash and Ravichandran (2023) utilized LSTM models to forecast stock prices, while K. P. Lim and R. Brooks (2011) reviewed research on weak-form market efficiency. Additionally, VS Pagolu et al. (2017) explored the relationship between Twitter sentiments and stock price changes. Behavioural finance has been another area of focus. Jaya K R and Pralhad Rathod (2021) discussed financial literacy's impact on investment decisions, and Dr. Lakshmi V et al. (2024) examined psychological factors influencing investor behaviour. Roni Bhowmik and Shouyang

Wang (2020) reviewed GARCH models for analyzing stock market volatility. Other studies have investigated specific investor demographics. B. Padmaja and Dr. C. Kathiravan (2020) analyzed IT women professionals' financial planning and investment behaviour, while Shalini Gautam and Mitu Matta (2016) identified socio-demographic factors influencing individual investors' financial behavior. Lastly, research has explored the link between corporate social performance and financial performance. J Peloza (2009) reviewed studies on this relationship, highlighting the challenges in measuring its impact.

Objective

This study aims to assess IT employees' investment awareness and analyze factors influencing their stock market decisions. It examines how financial literacy impacts their investment behavior, with the understanding that higher financial literacy may encourage better investment choices. Based on these insights, the study will offer recommendations to help IT employees
improve their stock market habits, fostering a culture of informed investing.

RESEARCH METHODOLOGY

This study employed a descriptive research design to investigate the investment behaviour of
IT employees in Bengaluru. Primary data was collected through a survey method, utilizing a structured questionnaire to gather information from 600 IT professionals, with an actual response rate of 403 respondents. The sampling frame consisted of IT employees invested in the stock market. A Likert scale was incorporated to measure attitudes and perceptions, enabling the quantification of subjective factors such as confidence, risk tolerance, and investment preferences. Data analysis was performed using SPSS, employing descriptive statistics, regression, and ANOVA to identify trends and patterns in investor behavior. The study's descriptive nature allowed for an in-depth examination of IT employees' investment habits, providing valuable insights into their decision-making processes. By leveraging this methodology, the study provides a comprehensive understanding of the factors influencing IT employees' investment choices, ultimately informing strategies to enhance their financial literacy and investment outcomes.

Data analysis and Interpretation

The present study builds upon primary data collected from 403 IT employees in Bengaluru through a structured survey. The survey aimed to capture detailed information on their investment behaviour, financial literacy, income levels, and stock market participation. Respondents provided insights into their experiences with investment decisions, risk tolerance, and preferences for diversification and professional guidance.

Table No. 1 Demographic Analysis

Particulars	Demographic Analysis	Responses
Gender	Male	216
	Female	187
	Grand total	403
Age	20-30	168
	31-40	96
	41-50	119
	51 >	20
	Grand total	403
IT Experience	0-4 Years	140
	5-9 Years	100
	10-14 Years	136
	>15 Years	27
	Grand total	403
Monthly Income	20000-60000	102
	60001-100000	95
	100001-150000	151
	>150000	55

	Grand total	403
Education	Bachelor's Degree	131
	Master's Degree	223
	Doctorate	49
	Grand total	403

Source: Author's Calculation using SPSS

The sample of 403 individuals shows a slight male majority (53.6%) and a young demographic, with 41.7% aged 20-30 and only 5% over 50, highlighting perspectives mainly from younger professionals. Most participants (58.4%) have 0-9 years of IT experience, indicating an early- career majority. Income distribution varies, but a large portion falls within the 100,001-150,000 range, placing many in middle-to-upper income brackets. Education levels are high, with 55.3% holding a Master's degree, though only 12.2% have a Doctorate, suggesting a well- educated group likely inclined toward knowledge-intensive roles. This demographic profile implies a youthful, educated, and financially stable group, shaping insights around career aspirations and spending patterns typical of this cohort.

Table No. 2 Frequency Analysis of the Questionnaire

Statement	SD	D	N	A	SA	Grand Total
I am comfortable taking high risks with my investments in the stock market.	8	33	118	203	41	403
I tend to avoid investing in high-risk stocks, even if they promise higher returns.	18	32	98	185	70	403
I closely monitor stock market trends and adjust my investments to manage risks effectively.	14	26	101	154	108	403
I believe that diversifying my stock portfolio reduces the overall investment risk.	5	29	85	153	131	403
I believe stock market investments will provide higher returns in the long term compared to short- term gains.	7	22	88	160	126	403
I regularly track the returns on my stock investments to ensure they meet my financial goals.	5	25	92	162	119	403
I frequently reinvest the returns I earn from stocks to maximize my overall profit.	9	31	86	149	128	403
The returns I expect from stock market investments are better than those from other investment options (e.g., fixed deposits, bonds).	8	36	79	149	131	403
I am aware of different financial instruments (e.g., stocks, bonds, mutual funds) and their risk and return profiles.	7	32	78	161	125	403
I feel confident in making my own investment decisions based on my financial knowledge.	7	17	86	170	23	403
I am aware of the tax implications associated with stock market investments.	6	24	80	177	116	403
I have a good understanding of how the stock market works and how to invest in it.	5	27	65	193	113	403

I believe that stock market investments provide better growth opportunities compared to other investment options.	4	16	88	170	125	403
I prioritize investing in sectors or industries that I believe will experience strong future growth.	4	23	86	169	121	403
I believe emerging markets offer better growth opportunities than well-established markets.	3	21	86	169	124	403
I prefer investing in companies that show consistent growth over time rather than in volatile high-risk, high-growth stocks.	8	24	77	170	124	403
I believe that my investment decisions are well- informed and based on thorough research.	7	18	80	166	132	403
I rely on professional advice (e.g., financial advisors) when making stock market investment decisions.	3	22	81	158	139	403
I believe my stock market investment decisions are more successful when based on market analysis rather than intuition.	12	18	82	173	118	403
I regularly learn from my past investment decisions to improve my future investment strategies.	11	13	74	185	120	403

Source: Author's Calculation using SPSS

The data reveals diverse attitudes and behaviors towards stock market investments. A significant portion of respondents appear comfortable with high-risk investments, with a large number (203) agreeing that they take risks in the stock market, yet an even larger group (185) agrees with avoiding high-risk stocks in favor of stability, indicating a balanced risk tolerance. Monitoring and risk management are highly prioritized, with a majority (262) agreeing or
strongly agreeing that they adjust investments based on market trends, showing a proactive approach to managing financial risk. Portfolio diversification is strongly endorsed, with most respondents (284) supporting it as a method to reduce overall risk.

Long-term investment is widely favored, as indicated by 286 respondents who believe in higher returns over time. Consistent tracking of returns is common, with 281 agreeing that they regularly monitor performance against financial goals, and many (277) reinvesting returns for profit maximization. Additionally, 280 respondents believe that stock market investments offer better returns than traditional options like bonds and fixed deposits, which may indicate an overall preference for equities among this group.

Knowledge and confidence are also high among respondents; 277 agree they understand the stock market and different investment instruments, while 293 feel confident making their own decisions. Awareness of tax implications is noted among 293 respondents, reflecting a well- informed investor group. While confidence in independent decision-making is prevalent, 297 respondents still prefer decisions based on market analysis rather than intuition, and a substantial number (263) value learning from past decisions to refine strategies. However, reliance on professional advice remains significant, with 297 indicating they consult financial advisors.

Overall, the data suggests a well-informed, risk-conscious investor demographic that values a balanced approach to risk, diversification, and long-term growth, with a preference for data- driven decisions and an openness to professional guidance.

Table No. 3 Descriptive Statistics:

	N	Minimum	Maximum	Mean	Std.	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
V2	403	1	5	3.59	0.855	-0.653	0.122	0.523	0.243
V3	403	1	5	3.64	1.004	-0.767	0.122	0.364	0.243
V4	403	1	5	3.78	1.022	-0.708	0.122	0.164	0.243
V5	403	1	5	3.93	0.966	-0.681	0.122	-0.097	0.243
V6	403	1	5	3.93	0.951	-0.739	0.122	0.242	0.243
V7	403	1	5	3.91	0.936	-0.633	0.122	-0.004	0.243
V8	403	1	5	3.88	1.014	-0.728	0.122	-0.007	0.243
V9	403	1	5	3.89	1.024	-0.731	0.122	-0.109	0.243
V10	403	1	5	3.91	0.985	-0.75	0.122	0.064	0.243
V11	403	0	5	3.95	0.939	-0.886	0.122	0.976	0.243
V12	403	1	5	3.93	0.925	-0.762	0.122	0.371	0.243
V13	403	1	5	3.95	0.906	-0.845	0.122	0.566	0.243
V14	403	1	5	3.98	0.882	-0.665	0.122	0.228	0.243
V15	403	1	5	3.94	0.911	-0.66	0.122	0.081	0.243
V16	403	1	5	3.97	0.893	-0.632	0.122	0.01	0.243
V17	403	1	5	3.94	0.956	-0.837	0.122	0.459	0.243

Source: Author's Calculation using SPSS

The PCA results show that the first four components account for a significant portion of the variance. Initially, Component 1 explains 44.59%, with the first two capturing 52.06% of the data structure. After rotation, the first four components together explain 63.78%, with the variance of Component 1 reducing to 18.04%. This indicates that rotation distributes the explained variance more evenly, making the interpretation of the data clearer and more balanced.

Table No. 4 Regression

Variables Entered			
Model	Variables Entered	Variables Removed	Method
1	IG, FL, RI, RV[b]	.	Enter
a. Dependent Variable: PI			

Source: Author's Calculation using SPSS

Table No. 5 Model Summary

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.739[a]	0.546	0.541	0.677198
a. Predictors: (Constant), IG, FL, RI, RV				

Source: Author's Calculation using SPSS

The table outlines the variables included in a regression model. The independent variables entered into the model are IG, FL, RI, and RVb, with PI being the dependent variable. No variables were removed from the model, indicating that all selected variables were used to predict the dependent variable (PI). The method suggests a standard regression approach where all variables are included simultaneously in the model. The table presents a summary of a regression model. The R value of 0.739 indicates a strong positive correlation between the predictors (IG, FL, RI, RV) and the dependent variable. The R Square

value of 0.546 means that 54.6% of the variation in the dependent variable is explained by the model. The adjusted R Square, slightly lower at 0.541, accounts for the number of predictors, and the standard error (0.677) shows the average distance of the observed values from the predicted values.

Table No. 5 Anova

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	219.478	4	54.87	119.647	.000[b]
	Residual	182.522	398	0.459		
	Total	402	402			
a. Dependent Variable: PI						
b. Predictors: (Constant), IG, FL, RI, RV						

Source: Author's Calculation using SPS

The table shows the results of an ANOVA (Analysis of Variance) for the regression model. The regression sum of squares (219.478) represents the variation explained by the model, while the residual sum (182.522) reflects the unexplained variation. With an F-value of 119.647 and a significance level of 0.000, the model is statistically significant, meaning the predictors (IG, FL, RI, RV) significantly explain the variation in the dependent variable (PI). This indicates a strong model fit.

Table No. 5 Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	9.25E-17	0.03		0	1
	Risk on vestment	0.455	0.03	0.455	13.471	0
	Risk on Investment	0.335	0.03	0.335	9.923	0
	Financial literacy	0.356	0.03	0.356	10.55	0
	Growth opportunity	0.316	0.03	0.316	9.346	0
a. Dependent Variable: PI						

Source: Author's Calculation using SPSS

The regression model shows a strong relationship between the independent variables (RV, RI, FL, and IG) and the dependent variable (PI), with an R Square value of 0.546, indicating that 54.6% of the variance in PI is explained by the model. All independent variables are statistically significant ($p < 0.001$), with RV having the strongest effect ($\beta = 0.455$). The ANOVA confirms that the overall model is significant ($F = 119.647$, $p < 0.001$). This suggests that variables such as RV, RI, FL, and IG significantly influence PI, and the model provides a reliable prediction.

FINDINGS OF THE STUDY

The study reveals a slight male predominance (53.6%) among IT employees in Bengaluru investing in the

stock market, with a young demographic primarily aged 20-30 (41.7%), suggesting that younger professionals are particularly engaged in investment activities. A mix of experience levels is evident, as many respondents have either 0-4 years (34.7%) or 10-14 years (33.7%) of experience, representing a blend of new and seasoned professionals. Income levels are varied, with most respondents earning between ₹100,001 and ₹1,50,000 (37.5%) and others in lower income brackets, showing diversity in financial backgrounds. The sample is well-educated, with 55.3% holding a Master's degree and 32.5% a Bachelor's, indicating a highly qualified workforce.

Investment behaviors reflect a mix of cautious and proactive strategies: while a majority are comfortable with high-risk investments (60.6%), 63.3% avoid high-risk stocks, reflecting a balanced approach. Most respondents actively track stock trends (65%), understand the importance of diversification (70.5%), and favor long-term investments (71%), showing a disciplined and strategic outlook. Many (69.7%) track returns to align with financial goals,

frequently reinvest profits (68.8%), and prioritize equities (69.5%) for their growth potential. A high level of financial literacy is apparent, as 75.9% report understanding stock market fundamentals, and 60.4% are aware of tax implications. Additionally, most respondents value data-driven decisions (72.2%), learn from past investments (75.7%), and rely on professional advice (73.7%), underscoring a commitment to informed, strategic, and continually refined investment approaches.

Suggestions

IT employees can benefit from financial literacy workshops organized by institutions like SEBI and RBI, which focus on investment strategies, risk management, and long-term wealth planning. One recommended investment approach is the use of Systematic Investment Plans (SIPs) in mutual funds, as promoted by SEBI. SIPs allow employees to invest regularly and mitigate risk from market volatility, fostering a disciplined investing habit. Additionally, SEBI encourages diversification across various sectors and asset classes to spread risk, making it advisable for IT employees to build portfolios with a balanced mix of stocks, bonds, and other assets. To enhance security, employees should use only SEBI-registered brokers and platforms, as these are regulated for transparency and fraud protection. Staying updated on RBI and SEBI guidelines for stock market practices, margin trading, and insider trading is also crucial for making informed, compliant investment choices.

Further, understanding how frequent market monitoring affects investment outcomes can help IT employees align their strategies with their financial goals. Since diversification is key to effective risk management, exploring how beliefs about diversification impact actual investment practices can enhance portfolio stability. Addressing gaps in financial knowledge, such as understanding tax implications and complex financial products, can empower IT employees to make better-informed investment choices, suggesting that targeted education may significantly improve their overall investment strategies.

CONCLUSION

This study reveals that Bengaluru's IT employees are generally well-educated, financially aware, and actively engaged in stock market investing. They tend to prefer stable, long-term investments and recognize the value of diversification and professional guidance. Although many are comfortable with high-risk investments, they often avoid highly volatile stocks, indicating a cautious approach. To further enhance their investment habits, IT employees would benefit from financial literacy workshops provided by SEBI and RBI, which promote strategies such as Systematic Investment Plans (SIPs), portfolio diversification, and regulatory compliance. Staying informed on market trends and regulatory updates is crucial for making sound decisions, while addressing knowledge gaps in areas like taxes can reinforce more secure financial planning. The study's findings show that higher financial literacy is linked to better-informed decision- making and greater risk tolerance, underscoring the impact of education on investment behavior. Notably, employees more attuned to investment growth opportunities were also more willing to take on risk, though return on investment itself was not a primary driver, suggesting that perceived risk and financial literacy are more influential factors. This research emphasizes the role of financial education in enabling IT employees to make thoughtful investment choices, ultimately fostering improved financial well-being through a better understanding of the risks and rewards in investing.

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