

A Case Study on
Investing Made Simple: How Jobs Impact Risk and Info

By

HIMANSHU KOTKAR [10]

HSNC UNIVERSITY, MUMBAI



School of Applied Sciences
Department of Data Science and Business Analytics



September 2023

Abstract

This study dives into how regular folks decide where to invest their money in the stock market. We're using a survey to figure out what factors matter most and what motivates people when they're making these money decisions. We want to bring new insights into how people navigate the mix of information, risk, and personal choices when it comes to investing.

Our survey is for all kinds of people, asking about things like their job, where they get their info, how much risk they're comfortable with, and the brokers they use for investing. We're doing this online to make sure we get a wide variety of responses. By doing this, we hope to uncover interesting patterns and connections between different factors. We're trying to shine a light on the real, everyday decisions people make when dealing with the stock market.

This study wants to be a helpful guide for regular people, financial experts, and researchers. We're combining real-world findings with some academic thinking to help people make smarter choices and understand the complex world of investing. In a world where money stuff is always changing, this study aims to be a useful tool for anyone trying to figure out how to invest wisely.

Keywords

1. Investment Strategies:

Investment strategies are systematic plans or approaches adopted by investors to achieve specific financial goals. These strategies outline the allocation of assets, risk tolerance, and the timeframe for holding investments. Common investment strategies include value investing, growth investing, and diversification.

2. Financial Markets:

Financial markets are platforms where buyers and sellers trade financial assets, such as stocks, bonds, commodities, and currencies. These markets facilitate the flow of capital between investors and issuers, allowing for price discovery and the allocation of resources.

3. Decision-Making Factors:

Decision-making factors in the context of investments are the variables and criteria that influence an investor's choices. These factors may include risk tolerance, financial goals, market conditions, economic indicators, and personal preferences.

4. Information Sources:

Information sources are channels or outlets that provide data and insights relevant to investment decisions. Common information sources include financial news, market reports, company financial statements, economic indicators, and research publications.

5. Investor Behaviour:

Investor behaviour refers to the actions, reactions, and decision-making patterns exhibited by individuals or institutions participating in financial markets. Understanding investor behaviour is crucial for predicting market movements and developing effective investment strategies.

Introduction

The stock market can be confusing, and we want to understand how everyday people like you and me make decisions about where to invest their money. This study is like a detective mission to figure out what factors matter the most and why people choose certain investments. We're not just looking at the facts; we want to know what's going on in people's minds when they're picking stocks.

Imagine you're in a big room with lots of doors, and each door represents a different way people decide where to put their money. Some doors might lead to information they find online, some to advice from friends, and others to more professional sources. We're curious to find out which doors people prefer and why.

We're also interested in your job - whether you're a student, working a regular job, running your own business, or maybe you're retired. Does your job influence how you make decisions about your money? That's one of the things we're trying to find out.

We're doing all of this through a survey that you can answer online. We think this will help us get a real mix of answers from all sorts of people. So, join us on this journey to uncover the secrets of how people like you and me tackle the world of investing in the stock market.

Objective/Problem Definition

Our main goal is to figure out what influences regular people when they're deciding where to invest their money in the stock market. We're curious about the things that matter most to them and why. It's like trying to solve a puzzle to understand how people make choices about investing.

We're also looking into whether your job affects how you decide where to put your money. Are there differences in how students, professionals, business owners, or retired individuals make these decisions? That's what we're trying to uncover.

By doing this, we hope to bring some clarity to the often-confusing world of investing. Ultimately, we want to help people make better decisions when it comes to investing in the stock market.

Hypothesis

Null Hypothesis (H0): There is no significant correlation between occupation and risk tolerance in stock market investment decisions.

Alternate Hypothesis (H1): Different occupations exhibit varying levels of risk tolerance in stock market investment decisions.

We're trying to figure out how people make decisions about investing. For one part of our study, we're curious about whether the kind of job someone has affects two things: how comfortable they are with taking risks when investing (like trying to make more money but with a chance of losing some), and where they get their information about investments.

Our first guess, or hypothesis, is that jobs don't really have anything to do with how much risk people are comfortable with or where they get their information. In other words, it might not matter if you're a student, a professional, a business owner, or someone else - everyone might be pretty similar in how they handle risk and where they get their investing info.

But our second hypothesis is that, actually, different jobs might lead people to have different comfort levels with taking risks and different preferences for where they get their information. So, we're testing these two ideas to see if jobs are connected to how people deal with risk and where they go for investing advice. It's like a guessing game, and we're excited to see what we'll discover!

Research Methodology

Problem Identification:

Clearly define the problem by examining gaps and limitations in current stock selection methodologies. Understand challenges faced by individual investors in financial decision-making.

Data Collection:

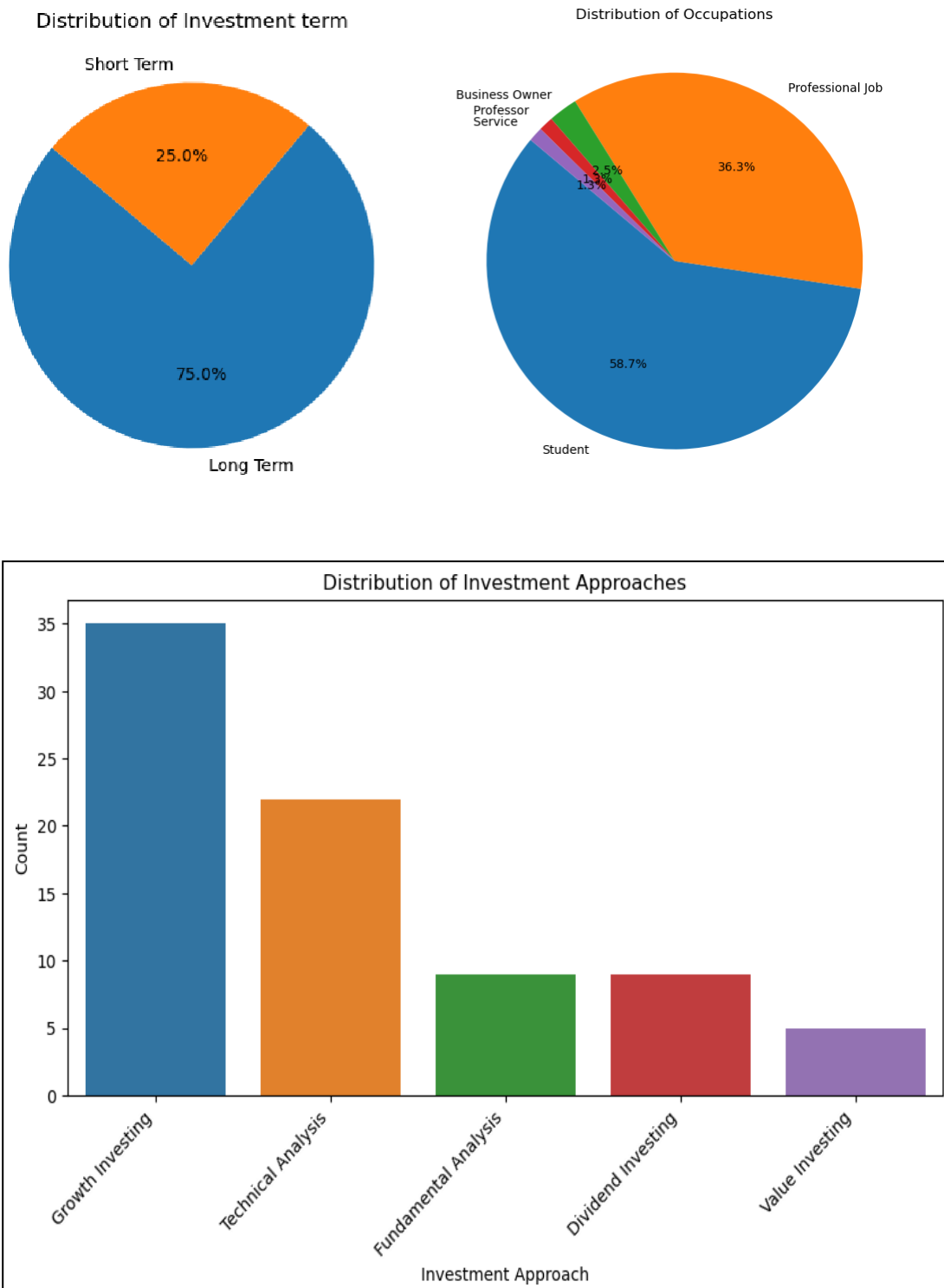
Gather data from the survey we conducted through google forms.

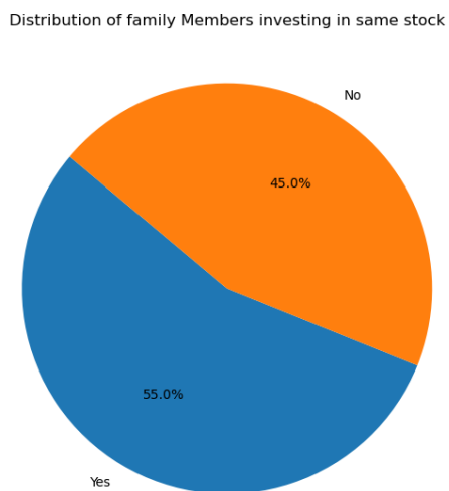
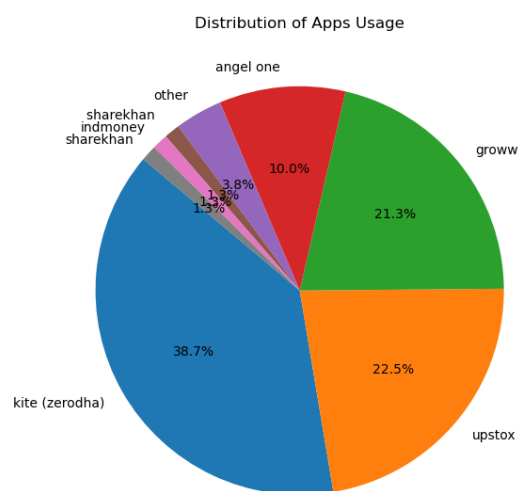
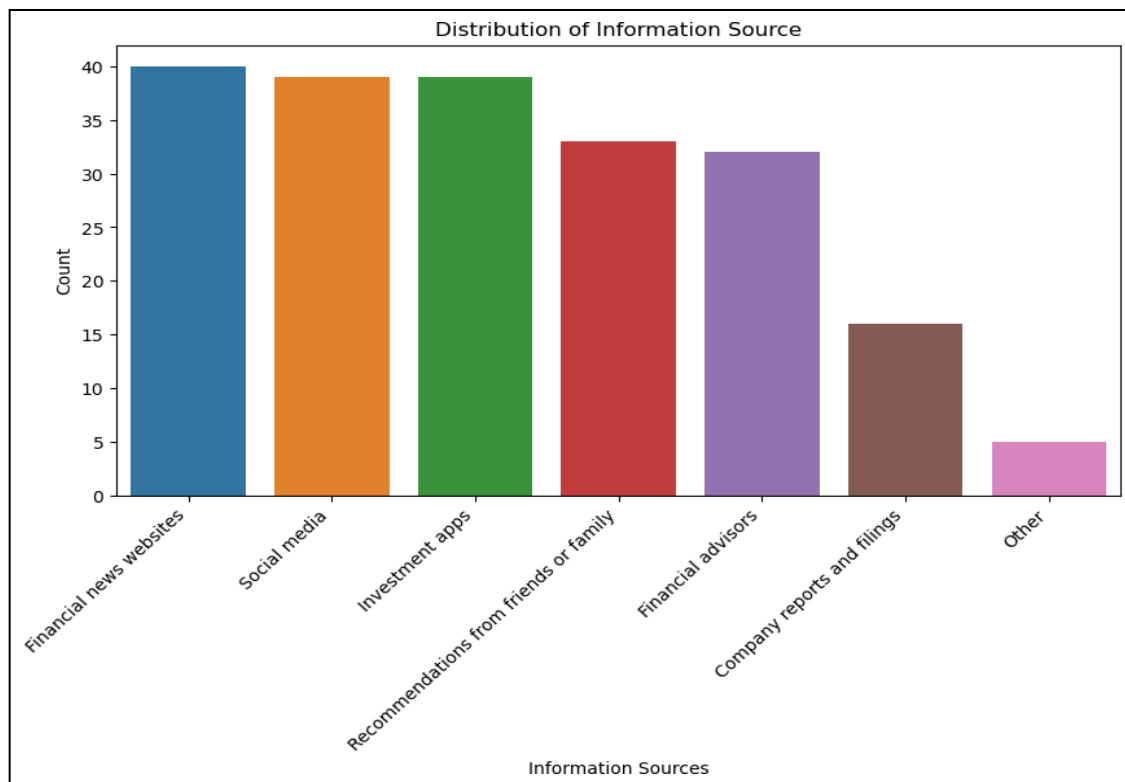
Data Processing and Analysis:

Used Python for Data Processing and Analysis, used different libraries for plotting the data and analysing it.

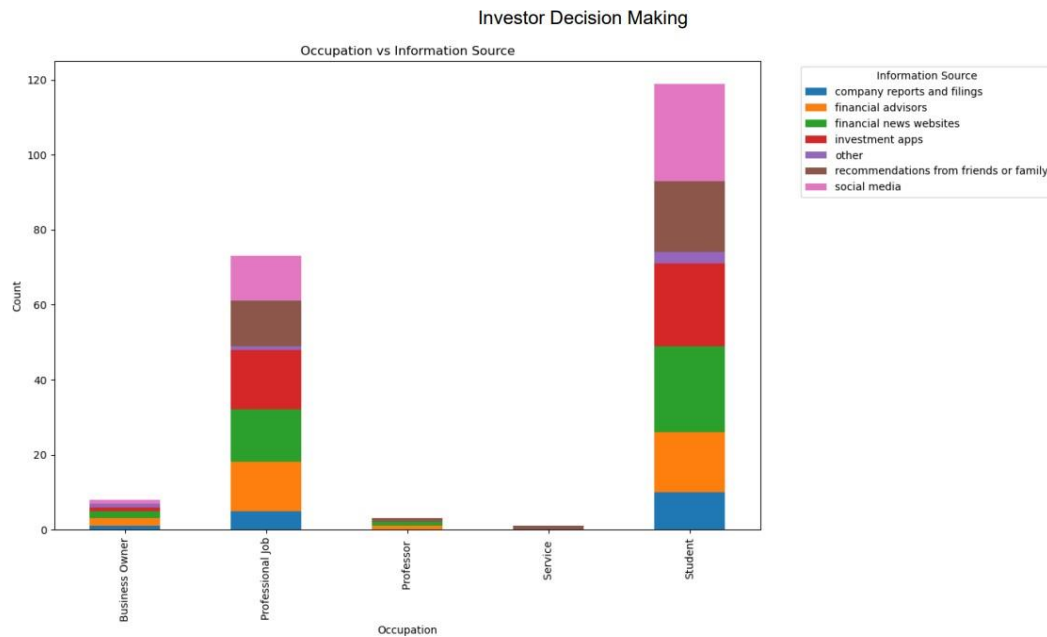
Results

The results section presents key findings from the survey, highlighting the most common decision- making factors, popular information sources, and prevalent brokers used for investing. Graphs and charts illustrate the distribution of responses, providing a visual representation of the data.





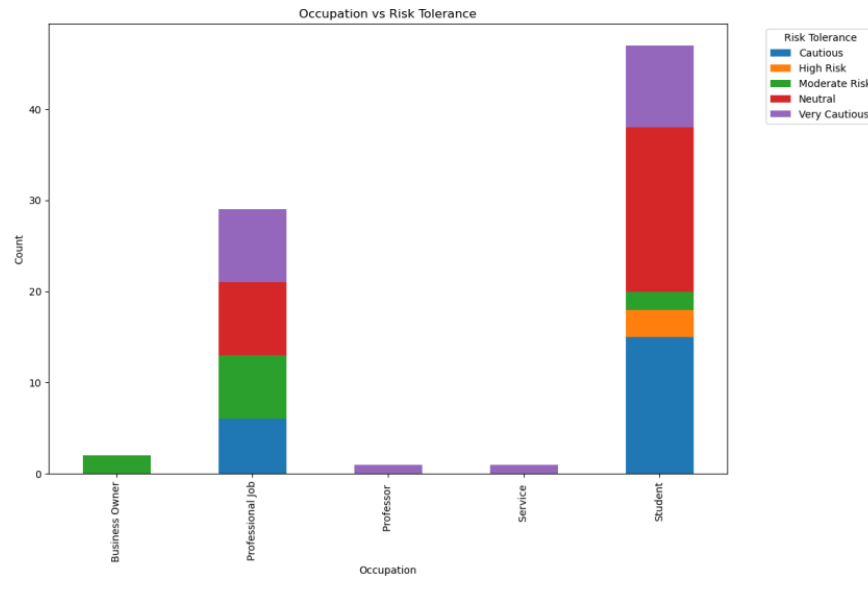
Analysis



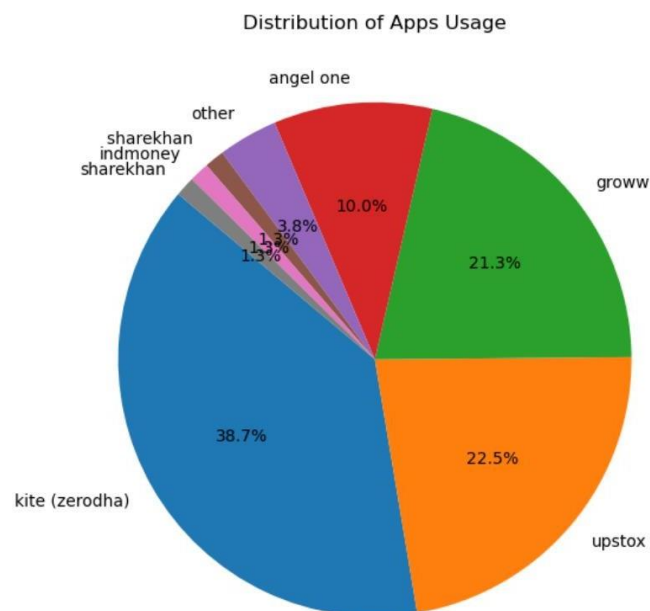
According to the findings in the graph that we developed from the surveys,

We get to know that students are vastly engaged in stock related activities whether it be stock investment or information. We concluded that students mostly rely on social media to gather information related to stock investments. Even after keeping that in mind, the students group shows the highest variation when it comes to gathering information about stock.

Also, the people working in professional industries rely more on information obtained from investment apps.



According to the above graph, we can see that people from different professions behave differently when it comes to risk tolerance while investing. When we analysed the data, we found out that students are high risk takers when compared to people with jobs.



According to above Pie-Chart, we can conclude that majority of the people who took the survey are using Zerodha, Upstox and Groww for investing purpose.

Conclusion:

After looking at all the answers from our survey, different jobs do seem to have an impact on how people handle risk and where they get their information about investing. So we reject Null Hypothesis by keeping the conclusion from these data in mind.

We noticed that people in various occupations have different comfort levels with taking risks, and they also have preferences for certain sources of information when it comes to making investment decisions. This is exciting because it helps us understand more about the real-life choices people make in the world of investing.

Our study suggests that there's more to learn about how jobs influence these decisions, and it opens opportunities for further exploration. This insight can be valuable for individuals looking to make informed investment decisions and for professionals providing guidance in the financial world. It's like solving a puzzle, and with each piece, we get a clearer picture of how people navigate the complex world of investing.

Limitations:

One of the limitations of this project is the skewed demographic representation, primarily consisting of data from a younger audience. As the survey predominantly captured responses from younger individuals, it may not fully reflect the decision-making processes of older demographics within the stock market. Consequently, the findings and conclusions drawn from the analysis may not be entirely representative of the broader population's behaviors and preferences.

Future Scope:

In future iterations of this project, expanding the demographic diversity of survey participants to include a broader range of age groups will enhance the representativeness of the data. Additionally, incorporating various sources of data beyond surveys, such as market trends, economic indicators, and social media sentiment analysis, will provide a more comprehensive understanding of stock market decision-making dynamics. By integrating diverse data sources, future analyses can yield deeper insights into the complex interplay of factors influencing investment decisions across different demographic segments.

References:

A survey conducted by us via Google Form.

<https://www.investopedia.com/>

<https://www.moneycontrol.com/>

<https://groww.in/>