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Information Seeking Behaviour of Household Investors –A Study in Kamrup & Kamrup Metropolitan District Assam

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Abstract

Savings and investments of every household have a close relationship with their household income and expenditure. Apart from these two variables household savings-investment is also influenced by their knowledge level on financial avenues and habit of searching for information about the financial avenues so that they can gather knowledge and information about risk and return associated with that particular avenue. This paper is an attempt to understand the information seeking behaviour of household heads for investment and savings purposes from their surplus of (disposable) income. A sample of 150 households is studied to understand their monthly income, expenditure and savings-investment habits at the current time. It also studies the information-seeking behaviour of household heads based on Likert scale data.

Keywords: Information-seeking behaviour, savings, investment.
JEL Classification: G02

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Introduction

Households' disposable income and expenditure play an important role in managing the living standard of every family. Excess income over expenditure in a household is the amount that determines the future of that particular household. Savings in the form of bank deposits and in places where fixed income can be generated can help in generating income from surplus income but at a slow speed with a low risk of return. Investment in places where income is fluctuating and where a high level of risk is associated can help in earning more in a short period or may lose it. Thus, the uncertainty is associated with a high-risk investment with chances of higher return. The census of 2011 revealed that the literacy rate in India is 74.04 per cent, 82.14 per cent male and 65.46 per cent female. For the financial year 2021-22, India's GDP at current prices was Rs.147.35 trillion. The gross savings rate in India is recorded at over 28 per cent in the fiscal year 2021. Therefore, it is important to study the savings-investment habit of households and their information searching behaviour for investment purposes. Educated people are more aware of different investment avenues if they have left sufficient surplus income. Uneducated people are largely dependent on the fixed income-bearing source of savings-investment avenues due to fear of losing their money. Therefore, it is very important to study whether people have the habit of searching for information regarding the investment of their surplus money in adequate sources where they can earn more in a short time or they can higher with a higher risk of losing their money. This study is an attempt to study that part from income and expenditure variables whether household savings-investment is also influenced by their habit of searching for information about the financial avenues so that they can gather knowledge and information about risk and return associated with that particular avenue.

Literature Review

In most of the studies, the researchers study the information-seeking behaviour of equity investors and mutual fund investors only. (Andal & Padma, 2021; Muthuswamy & Devi, 2015)) Most investors prefer the internet/web sources to collect the information for making equity-related investments. They also seek advice from stock brokers and financial advisors for information. The stock brokers and financial advisors are a reliable source of information and their advice will be realistic because they have deep knowledge of the stock and share price movements.

Another study revealed that investors search for information online for making investment decisions (Adamopoulos, 2013). The online information environment can influence investors and change their behaviour by enabling new strategies that were not previously available. Online technologies also enhance the investing experience and make it more interesting and exciting.

Most retired investors sought information from mass media, watched TV programs about stock analysis, read printed handbooks to look for stock-priced indexes and applied sought information to their stock investment plans (Sriborisutsakul & Inthong, 2018). It was found that lack of information search training had the highest mean value and coverage of information obtained from a source was also considered as a major factor in the selection of information sources among the survey respondents.

A study on the information seeking behaviour of US retired employees revealed that female investors were less likely to create information-intensive fields and this tendency is exacerbated by low educational attainment (O'Connor, 2013). In addition, male investors were more likely to adopt internet technology for their investing information seeking regardless of their educational attainment.

From the literature review, it is found that most of the study is related to the information seeking behaviour of equity investors only. It is also important for household members to search for information on low-risk savings-investment avenues also. Since 64.61 per cent of the Indian population are the rural population with a low level of education it was important for them to have minimum information-seeking habits regarding the low-risk savings-investment avenues also so that they can compare the return (interest) of different banks on their savings and they become aware of it.

Research Methodology

For the present study, 150 households are randomly selected from the Kamrup and Kamrup Metropolitan districts of Assam for understanding their habit of information-seeking behaviour. It is tried to find out the sources of information that the household head seeks before savings or investment decisions. Simple frequency tables, mean etc. are calculated to present the data collected from the primary survey. For literature review purposes different research papers and thesis from websites have been studied to find out the literature gap.

Results and Discussion

The table 1 indicates gender wise education level of the respondents. It is found that out of a total of 150 respondents 83.33 per cent are male members who were household heads. In both, the gender categories majority (50.67 per cent) of them are post-graduates. It signifies that the majority of the respondents are highly educated.

Table1: Gender-wise education level of Respondents

		EDUCATION				
		School Education	College Education	University Education	Technical/ Professional Skill	Total
GENDER	MALE	10	32	65	18	125 (83.33)
	FEMALE	7	4	11	3	25 (16.67)
Total		17	36	76	21	150

Source: Primary Data

It is found in table 2, that out of 125 male head households, the majority (42.40 Percent) are associated with business, followed by 32 per cent are associated with the profession and only 26 per cent do service. In addition, it is revealed that out of 25 female head households, most of them (48 per cent) are doing service.

Table2: Gender-wise occupation of Respondents

		OCCUPATION			
		Service	Business	Profession	Total
GENDER	MALE	32	53	40	125
	FEMALE	12	8	5	25
Total		44	61	45	150

Source: Primary Data

The majority (16.67 per cent) of the respondents under the age group 36 to 45 have completed their post-graduation study, followed by 13.33 per cent of respondents under the age category of 26 to 35 who have completed their post-graduation (Table 3). It is also found that 9.33 per cent of the respondents under the age category of 26 to 35 have completed their graduation. The study revealed that age-wise 36 to 35, 26 to 35 and 18 to 25 categories of respondents are highly educated.

Table3: Age group-wise education level of Respondents

		EDUCATION				
		School Education	College Education	University Education	Technical/ Professional Skill	Total
AGE GROUP	18-25	3	5	13	4	25
	26-35	2	14	20	4	40
	36-45	8	13	25	8	54
	46-55	2	3	7	1	13
	56-65	1	0	5	3	9
	Above 65	1	1	6	1	9
Total		17	36	76	21	150

Source: Primary Data

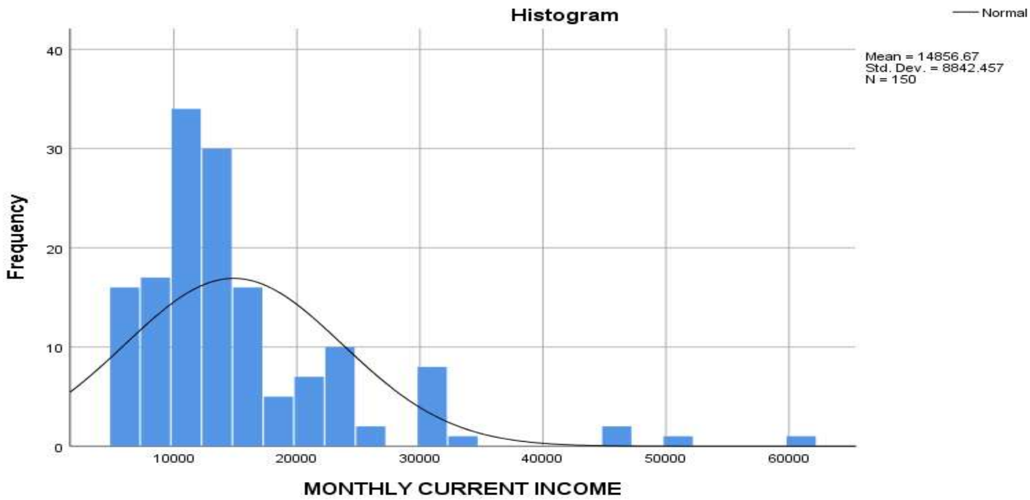
Table 4 reveals that the majority (40.67 per cent) of the respondents who are associated with the business are under the age category of 36 to 45 (13.33 per cent) and 26 to 35 (11.33 per cent). The category profession also reveals the same pattern. Out of 30 per cent of respondents, 12.67 per cent of respondents are under the age category of 36 to 45. Out of 29.33 per cent of respondents who are under the service category of occupation, 10 per cent are under the age category of 36 to 45.

Table4: Age group-wise Occupation of Respondents

		OCCUPATION			Total
		Service	Business	Profession	
AGE GROUP	18-25	7	10	8	25
	26-35	12	17	11	40
	36-45	15	20	19	54
	46-55	5	5	3	13
	56-65	1	6	2	9
	Above 65	4	3	2	9
Total		44	61	45	150

Source: Primary Data

Figure 1: Monthly Current Income of Respondents

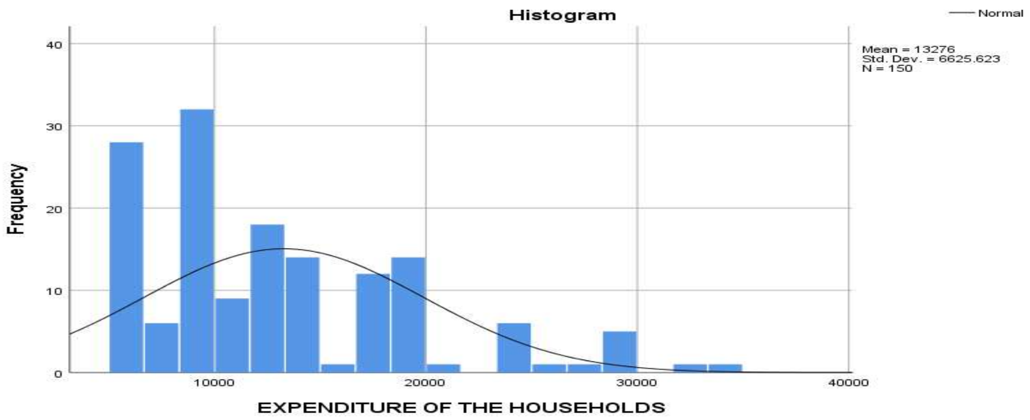


Source: Primary Data (extracted through SPSS)

The mean monthly income of 150 respondent households is found as Rs.14856.67 (Figure 1). It is found that the income of 150 households is not normally distributed.

The mean monthly expenditure of 150 respondent households is found as Rs.13276 (Figure 1). It is found that the monthly expenditure of 150 households is not normally distributed.

Figure 2: Monthly Household expenditure of the respondents



Source: Primary Data (extracted through SPSS)

Table5: Savings-investment avenues used by the Respondents

POST OFFICE SAVINGS			
		Frequency	Percent
Valid	Yes	54	36.0
	No	96	64.0
	Total	150	100.0
LIFE INSURANCE SAVINGS			
		Frequency	Percent
Valid	Yes	58	38.7
	No	92	61.3
	Total	150	100.0
FIXED DEPOSIT WITH BANKS			
		Frequency	Percent
Valid	Yes	71	47.3
	No	79	52.7
	Total	150	100.0
LOCAL SOCIETIES			
		Frequency	Percent
Valid	Yes	38	25.3
	No	112	74.7
	Total	150	100.0
GOLD			
		Frequency	Percent
Valid	Yes	42	28.0
	No	108	72.0
	Total	150	100.0
REAL ESTATE			
		Frequency	Percent
Valid	Yes	40	26.7
	No	110	73.3
	Total	150	100.0
MUTUAL FUND			
		Frequency	Percent
Valid	Yes	39	26.0
	No	111	74.0
	Total	150	100.0
STOCK MARKET			
		Frequency	Percent
Valid	Yes	22	14.7
	No	128	85.3
	Total	150	100.0
DEBT MARKET			
		Frequency	Percent
Valid	Yes	28	18.7
	No	122	81.3
	Total	150	100.0

CRYPTO CURRENCY			
		Frequency	Percent
Valid	Yes	13	8.7
	No	137	91.3
	Total	150	100.0

Source: Primary Data

Table 5 shows the savings-investment avenues used by the respondents. It is found that out of 150 respondent households every household has at least one option as a savings/investment avenue. The majority of the households prefer fixed deposits, post office savings and LIC savings as a savings-investment option. Households are less aware and less willing to take risk of investment in the share market or debt market or cryptocurrencies. During the survey, it is also revealed that respondents are not interested to know about the share market. They are less likely to invest in high-risk avenues. They prefer a low-risk investment with a stable return earning source.

Table 6: Information seeking behaviour of Respondents for Savings-investment

	N	Minimum	Maximum	Mean	Std. Deviation
Television	150	1	5	3.05	1.228
Internet	150	1	5	3.03	1.228
Magazine	150	1	5	3.27	1.164
Search in Mobile Applications	150	1	5	3.18	1.221
Talk to Financial Advisors	150	1	5	3.29	1.167
Friends	150	1	5	2.97	1.195
Relatives	150	1	5	3.35	1.159
I do my investment based on information gathered	150	1	5	3.11	1.224
My income determines information seeking behaviour and investment habit	150	1	5	3.41	1.171
I save/invest anyhow a part of income after seeking information only	150	1	5	3.10	1.225

Source: Primary Data (extracted through SPSS)

The respondents agree that their income determines information-seeking behaviour and investment habit with a mean score of 3.41. It is followed by the mean score of 3.35, 3.29, and 3.27 where the respondents search for information from their relatives, financial advisors, and magazines respectively for making any financial decisions. The overall score from the study reveals that the respondents prefer low-risk investment avenues and since they prefer low-risk investment avenues, they are less interested in seeking financial information for investment in better return options. In addition, they recognise the fact that mainly the household's income determines the savings-investment capacity and interest.

Conclusion

The findings of the present study reveal that households in the studied area prefer low-risk investment avenues and their household income and expenditure determine the amount of savings-investment. They are also not interested in searching for information about high-opportunity investment avenues as those are high-risk options. The stability of income is also another factor which helps them not taking risk of investment in high volatile investment avenues. It is also found that people are not aware of the rate of interest on their savings deposit or fixed deposit or life insurance savings. In addition, it should mention that further study can be conducted upon a large sample of household respondents for better results under the present study.

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