



Motives & Perception Of Business Professionals Towards Capital Markets In Mumbai City : An Empirical Study

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ABSTRACT

Capital markets are regarded as an essential corresponding system of the economy. It is regarded as the citadel of capital and pivot of the primary and secondary market. It exercises powerful and significant influence as a depressant or stimulant of business activity. The present study aims to comprehend, identify and analyze the motives and perception of business professionals in investing capital markets. To fulfil the objectives of this research, 100 business professionals were surveyed through filling out the survey questionnaire form using the convenience sampling method. The data was analyzed and interpreted by using various statistical techniques like Simple Percentage Method for descriptive analysis. Reliability analysis using Cronbach Alpha, non-parametric tests of hypothesis such as Chi-Square test, Friedman test and Kolmogorov Smirnov test] for testing the hypothesis.

The results of data analysis showed that there is a significant difference in the preference choice and motives of business professionals in investing capital markets. Using Friedmans Test the highest mean has been observed for Income growth followed by Liquidity, Capital growth, Safety of funds and Retirement. It was found that the perception of the Business Professionals is significant in investing Capital Markets.

It is concluded that in present era of digitization the capital markets are winning the hearts of novel and experienced business professionals by giving them the timely chance to get rich at a given degree of risk. It is recommended to the business professionals to spend quality time for researching upon the capital market updates and policies. The study opens avenues for new research in the areas of learning about futures and options, case study of successful stock brokers, cyber frauds related to online trading , volume of transactions by the millennials in the stock markets and Changing role of SEBI in FPI transactions.

1. Introduction

Capital markets perform an 'act of magic' as, it enables long term investments to be financed by funds provided by individuals who are otherwise interested in short-term or medium-term investment. Capital markets induces corporate houses to raise their standard of performances.

Capital markets also acts as economic barometers which indicates the general conditions of the business atmosphere. Safety, liquidity and profitability are the key functions performed by the Capital markets.

The capital markets are also responsible for promoting the habit of savings and investments among the general public due to good returns in short-term in comparison with other banks and financial institutions and thereby helps capital formation.

It provides clearing house facilities to members. It provides facility for delivery and payments of securities. Easy and quick clearances are possible to buyers and sellers for their transactions. With the help of the market prices of the securities, banks and financial institutions can take decision about the lending rates whether to increase or decrease. Similarly, banks can offer the loans to their customers against corporate securities. Capital markets offers easily understood evaluation of the financial condition of the companies and prospects of listed firms to get easy finance due to regular evaluation after every quarter.

2. Review of Literature

Kulasekhar (2023) discussed that capital markets provide liquidity to securities so as to convert them into ready cash at any time according to the discretion of the investors by selling them at market price. They facilitate buying and selling of securities at the listed prices by providing continuous marketability to the investors in respect of securities they hold or intend to hold. Thus, they create a ready outlet for dealing in securities. Cecily (2021) considered that the use of internet and computer technology gave boost to the trustworthiness of the stock exchanges. Dealing in the stock exchanges with the help of screen-based technology (SBT) method has become more popular among the investors and responsible for increased flow of investments tremendously. Small investors can easily understand their dealings with use of modern screen-based technology. Gupta (2020) analyzed the historical profile of stock exchanges in India. Stock exchange is regarded as an essential attendant of the capitalistic system of economy. It is indispensable for the proper functioning of the business enterprises. It brings together large amounts of capital necessary for economic progress a country.

Mohammed Rubani (2017) mentioned the features and role of securities markets in the Indian economy. A well-organized securities market is a backbone for the success and growth of the national economy. The modern securities market offers plethora of novel products to the high-risk takers to give them the opportunity to earn quick profits. Rakesh Kumar (2016) explained that capital market in India is partly responsible for the rapid industrialization. They are playing a very constructive role in the process of capital formation and in collecting small saving from the middle-class people and provide it to the corporate sectors. It performs several economic functions and renders invaluable services to the investors, companies and to the economy as a whole.

3. Objectives of the Study

1. To comprehend the motives and perception of business professionals in investing capital markets.
2. To identify the motives and perception of business professionals in investing capital markets.
3. To analyze the motives and perception of business professionals in investing capital markets

4. Hypothetical Statements(s)

- There is a significant difference in the preference choice of business professionals in investing capital markets
- There is a significant difference in the Motives influencing the Perception of Business Professionals towards Capital Markets [Income growth, Capital growth, Retirement, Liquidity and Safety of funds]
- The Perception of the Business Professionals are significant in investing Capital Markets.

5. Study Limitations

1. The study did not emphasize all the preference choices of business professionals in investing capital markets.
2. The results of this research were based on the information gathered from only Mumbai city and cannot be used to relate to the other cities.
3. The opinions expressed by the business professionals towards investing capital markets can't be considered as their final motives and perceptions due to the volatile investment environment.

6. Methodology of the study

6.1. Sources for the Data

➤ Primary data

- A well designed formal questionnaire was distributed to collect the information from business professionals towards investing capital markets.
- On a scale of 1-5, a structured questionnaire was administered using scaling techniques consisting of Interval Scale and a Likert-Rating scale.

➤ Secondary Data

- The literature has been reviewed from Text Books, Journals, Online Newspaper articles and websites regarding motives and perceptions of business professionals towards capital markets.

6.2. Research Design

Descriptive Cross-sectional design:

The views expressed by the business professionals are primarily based on their availability to share and exchange information about capital markets is a one-time study. As it is a onetime study, it can be referred as descriptive cross-sectional research design.

6.3. Sampling Design

Sample Size: A total of 100 business professionals have been identified and contacted to acquire the information about their investment preferences with respect to capital markets.

Sampling Method

Convenience Sampling: Convenience sampling method has been used to collect information exclusively from those business professionals who are willing to share information in capital markets.

6.4. Statistical tools

By using Microsoft Excel and SPSS 29, the data has been analysed and interpreted through the various statistical techniques like Simple Percentage Method for descriptive analysis. Reliability analysis using Cronbach Alpha, non-parametric tests of hypothesis [Chi-Square test, Friedman test and Kolmogorov Smirnov test] for testing the hypothesis.

7. Results of the Study

Reliability Analysis for Indicators for perception in investing capital markets

In the present study, reliability has been tested for perception in investing capital markets. Cronbach Alpha(α) is designed as a model for reliability analysis and it can be considered as a measure of internal consistency. The closer the α to 1, the greater the internal consistency of items in the instrument being assessed.

Table 1: Cronbach's Alpha (α) for Indicators for perception in investing capital markets

Item description	Cronbach's Alpha (α)
Speculation	0.816
Greed	0.804
Fear	0.808
Herd Mentality	0.807
Earning Easy money	0.818
Help during emergency	0.812
Ease of online Trading	0.803
Quick settlement of transactions	0.804
Additional Source of income	0.806
Overall Cronbach's Alpha (α)	0.808

Inference : It can be observed from the Table 1, the value of Alpha (α) is 0.808. The value Cronbach's Alpha (α) is more than 0.8 and hence we can conclude that the variables are having high internal consistency for Indicators for perception in investing capital markets.

Testing of Hypothesis

The following hypothesis has been tested by using Chi Square Test

Hypothesis 1

Null Hypothesis (H_{10}): There is no significant difference in the preference choice of business professionals in investing capital markets.

Alternative Hypothesis (H_{1A}): There is a significant difference in the preference choice of business professionals in investing capital markets.

Table 2: Observed & Expected values for preference choice of business professionals in investing capital markets

Dimension	Observed	Expected	Residual
Equity shares	22	12.5	9.5
Fixed Deposits	23	12.5	10.5
Saving Accounts	5	12.5	-7.5
Mutual Funds	26	12.5	13.5
Bonds and debentures	2	12.5	-10.5
Real estate	10	12.5	-2.5
Gold	11	12.5	-1.5
Postal deposits	1	12.5	-11.5
Total	100		

The table 2 depicts the residual values[difference between the observed and expected values] for preference choice of business professionals in investing capital markets

Table 2(a) : Chi-Square Analysis for preference choice of business professionals in investing capital markets

Description	Preference choice of business professionals in investing capital markets
Chi-Square	55.200
df	7
Sig	.001

Inference : From the table 2(a), it shows that the significance (0.001) is less than the assumed value (0.05). So we reject H_{2o} . This means that there is a significant difference in the preference choice of business professionals in investing capital markets.

The following hypothesis has been tested by using Friedman test

Hypothesis 2

Null Hypothesis (H_{2o}): There is no significant difference in the Motives influencing the Perception of Business Professionals towards Capital Markets [Income growth, Capital growth, Retirement, Liquidity and Safety of funds]

Alternative Hypothesis (H_{2A}): There is a significant difference in the Motives influencing the Perception of Business Professionals towards Capital Markets [Income growth, Capital growth, Retirement, Liquidity and Safety of funds]

Table 3 : Friedman test for Income growth, Capital growth, Retirement, Liquidity and Safety of funds

Description	Mean Ranks	Chi-Square Statistics	Sig. Level
Income growth	3.19	10.043	.001
Capital growth	3.06		
Retirement	2.67		
Liquidity	3.07		
Safety of funds	3.02		

Inference: The significance level less than 5% reveals that the null hypothesis can be rejected. It can be inferred that there is a significant difference in the Motives influencing the Perception of Business Professionals towards Capital Markets [Income growth, Capital growth, Retirement, Liquidity and Safety of funds]. The highest mean has been observed for Income growth, followed by Liquidity, Capital growth, Safety of funds and Retirement.

The following hypothesis is tested by using Kolmogorov-Smirnov Test

Hypothesis 3

Null Hypothesis (H_{3o}): The Perception of the Business Professionals influences are not significant in investing Capital Markets

Alternative Hypothesis (H_{3A}): The Perception of the Business Professionals are significant in investing Capital Markets

Table 4. Kolmogorov-Smirnov Test values for Perception of the Business Professionals influences are significant in investing Capital Markets

Item description	Kolmogorov Smirnov Value	Sig. Level
Speculation	3.68	.000
Greed	3.41	.000
Fear	3.51	.000
Herd Mentality	3.44	.000
Earning Easy money	3.78	.000
Help during emergency	3.74	.000
Ease of online Trading	3.82	.000
Quick settlement of transactions	3.72	.000
Additional Source of income	3.86	.000

Inference :

The significance value less than 5% reveals that null hypothesis can be rejected. It can be inferred that the Perception of the Business Professionals are significant in investing Capital Markets.

The highest value of Kolmogorov Smirnov Value has been observed for Additional Source of income as 3.86. The second highest value has been observed for Ease of online Trading as 3.82. The third highest value has been observed for Earning Easy money as 3.78.

It can be inferred that Perception of the Business Professionals in investing Capital Markets can be summarized as Additional Source of income, Ease of online Trading and Earning Easy money.

8. Discussion(s) of the Study

- Reliability analysis using Cronbach Alpha revealed high internal consistency for the indicators for perception in investing capital markets. The indicators for perception in investing capital markets in this study are Speculation, Greed, Fear, Herd Mentality, Earning Easy money, Help during emergency, Ease of online Trading, Quick settlement of transactions and Additional Source of income.
- The hypothesis testing using the Chi-Square test revealed that there is a significant difference in the preference choice of business professionals in investing capital markets. The respondents were asked to give their views on the varieties of investment preferences such as Equity shares, Fixed Deposits, Saving Accounts, Mutual funds, Bonds and debentures, Real estate, Gold and Postal deposits. The results of observed values revealed that Mutual funds followed by Equity shares and Fixed deposits were the most opted investment preferences amongst the respondents whereas Bonds and debentures followed by Postal deposits were the least preferred ones.
- The hypothesis testing using Friedman test highlighted that there is a significant difference in the Motives influencing the Perception of Business Professionals towards Capital Markets [Income growth, Capital growth, Retirement, Liquidity and Safety of funds]. The highest mean has been observed for Income growth, followed by Liquidity, Capital growth, Safety of funds and Retirement. As and when the market price of equity shares held increases it results into the growth of capital. Handsome dividends earned from the most popular stocks results into income growth. Capital market in terms of equities is highly liquid in nature as it can be easily sold out any time and gets converted into cash. The hypothesis testing using Kolmogorov-Smirnov Test depicted that the Perception of the Business Professionals are significant in investing Capital Markets. It has been studied that investing in capital markets offers an additional source of income to most of the business professionals. Capital markets also offers smooth, easy and quick digital trading platforms for buying and selling of various securities online, which promotes earning of easy money. Capital markets are also perceived as speculative markets as it is highly volatile and situational.

9. Conclusion(s) of the Study:

- Even though wide range of investment options are available to the investors in modern times, the capital markets are winning the hearts of novel and experienced business professionals by giving them the lucky chance to get rich at a given degree of risk.
- Despite of personalized, distinctive and subjective funding experiences of business professionals with respect to investment activities, there is a common consensus as regards the motives of investing in capital Markets [Income growth, Capital growth, Retirement, Liquidity and Safety of funds].
- Perception of the Business Professionals in investing Capital Markets can be summarized as Additional Source of income, Ease of online Trading and Earning Easy money.
- Business professionals being the leaned investors must show keen interest and dedication to devote quality time to their financial decisions so as to minimize the errors and loss and maximize the returns.

10. Scope for further research :

Further research can be conducted in the areas of :

Technical and fundamental analysis of current market trends, Learning about futures and options, Case study of successful stock brokers, Cyber frauds related to online trading, Volume of transactions by the millennials in the stock markets, Changing role of SEBI in FPI transactions, Protection of investors from unscrupulously managed companies, Trends in commodity market

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