



Financial Literacy And Risk Tolerance In Investment Decisions Of Working Professionals In J&K Ut

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ABSTRACT

Financial literacy aids in making appropriate recommendation regarding financial services. Financial literacy is a very vital factor which has been sketched back in the past to device the speculation process. Financial literacy is significant for making effective investment for economic growth of an individual and country. Financial risk tolerance could be described by persons' willingness towards taking risks while making an investment or monetary assessment. Financial risk tolerance is the phase of one's readiness to agree hazards from savings. It also denotes the approach an individual reacts to and proceeds act about hazards in a deal. It is absolutely promising for depositors to alike risk, evade risk, or do not even overhaul about the threat. Hence, the current study focused on evaluating between financial behavior due to financial literacy and financial risk tolerance. The study also analyzed the impact of risk tolerance on investment decision of working population in Jammu Kashmir, Union Territory. The study employed quantitative and qualitative method to gather data from working population. The study congregated data from working population in JK, UT. For qualitative analysis, the current study congregated data through interview whereas for quantitative analysis, structured questionnaire has been employed. The study utilized SPSS software to analyze the congregated data. ANOVA and Regression analysis have been employed to analyze the accumulated data. The outcome of the study illustrates that financial behavior impacts the risk tolerance level of working population. Meanwhile, risk tolerance level affects the investment decision of working population. Hence, the study concludes financial behavior is significant for the managing risk tolerance level and also to make effective investment decision.

Keywords: Financial Behavior, Risk Tolerance, Investment Behavior, Financial Literacy and Decision Making

1. Introduction

A challenging process which covers an essential place in the area of behavioral economics is Decision making. Investing person's attitude depends on multiple features other than opportunities and market volatility (Murendo & Mutsonziwa, 2017) and also for income maximization. (FL) Financial literacy is a very vital factor which has been sketched back in the past to device the speculation process. This concept offers a clear understanding of funds which will give business profit to a depositor's assurance along with participation. The variety of studies highlighted the significance of financial literacy for making some previously told investment choices. Previous studies tells that less economically literate people are opposed the marketing participation, paying high debts and utilizing high-cost methods (J. E. Grable, Rabbani, & Planning, 2014). When creating willingness to take hazards or personal monetary decisions on occasions to attain more income that is termed as the maximum uncertainty. Individuals who are more financially stable and literate have a tendency to be more aware of risk is proven. Apart from socioeconomic characteristics and demographics, the monetary awareness is the most significant factor for forecasting risk acceptance.

Similarly, in achieving financial success, Grable declared that there is a combo of socioeconomic experience and personal features. Nowadays, individual prosperity among middle and upper income earnings has been increased, many simple investors want to take wise decisions while investing. It is essential to understand that investments are well-matched with high risks because most of the investments are connected with various risks (Ainia, Lutfi, & Ventura, 2019). Most of the investors are spinning to financial consultants for guidance because profiling risk is time-consuming and difficult (Sabri & Juen, 2014).

As per view of McCrae, most of the risk valuation approaches are employed by consultants to judge their customers' boldness toward risk are familiar and their rationality is questionable still now. By observing the clients' perception of risk tolerance, consultants focus exclusively on economic risk lenience (Pompian & Wealth monitor, 2017). Financial advice differ for Simple depositors. The incompatibility between clients and their financial consultants' might end in failure in the risk valuation procedure (L. Nguyen, Gallery, Newton, & Journal, 2016). The end result of self-assurance and financial data is financial behavior.

In 2016, Baker and Tang recommended that emotional behaviors like self-confidence have a significant role in enlightening dissimilarities in economic performances. A study conducted from a generally representative dataset of US grownups, concluded that self-confidence meaningfully influences monetary activity both indirectly and directly through socioeconomic factors and other subjective monetary information.

(FRT) financial risk tolerance could be described by persons' willingness towards taking risks while making an investment or monetary assessment. For women, higher risk tolerance is only to standard investments. But for men, it is possible to both classy investments and standard. There is no connection found between classy investments and risk tolerance for women. The preceding education on FRT had been absorbed on the issues that disturb FRT levels within monetary follows for growing FRT. There is theoretical knowledge and conceptual knowledge in monetary studies for discussing about the influence while taking investment decisions. The study explains about relation with FRT and its financial behavior in making investment assessments.

As per (TPB) the theory of planned behavior, perceived control behavior, norms and attitudes are referred. Usually, behavioral decisions are the result of the cognitive procedure. The theory also describes about social psychosomatic theories to forecast human actions. Through the existing proposed conceptual reading, monetary activity is studied to clarify its association to FRT in investment decision-making (Bunyamin & Wahab, 2022)

Background of the study:

The dispute of financial literacy has been improved its call for enriching financial literacy and importance midst the depositors due to the growing difficulty of the monetary market. The skills to make competent investment decisions and adequate financial knowledge is a significant precondition for well-versed monetary assessment. A challenging process which covers an essential place in the area of behavioral economics is Decision making. Investing person's attitude depends on multiple features other than opportunities and market volatility and also for income maximization.

(FL) Financial literacy is a very vital factor which has been sketched back in the past to device the speculation process. Economic literacy advances an entity's level of monetary understanding and also allow them to create real use of commercial services and products by assessing revenues and related risks and also lastly selecting those products which are well-matched to them. Monetary literacy allows them to practice economic statistics and also makes well-versed choices. Economic literacy helps in enlightening the value of economic facilities and subsidize to financial development and growth of a nation.

Financial Intelligence and Investment Decisions Economic literacy states to an individual's capability to understand how money is accomplished. For instance, how to utilize, manage, and invest the capital owned by the person. A depositor's grasp of the commercial (Sivaramakrishnan, Srivastava, & Rastogi, 2017) the world would rise with their level of economic literacy because they turn out to be more educated about the threats they will look in the forthcoming years and change their fund administration abilities. It would increase the opportunity of making a choice about the share they previously made. Those prospects might occur due to their abilities in forecasting the probable chance in building the share. Or else, if an individual has a deprived ability in economic literacy, they would be more cautious in building an investment choice. (Novianggie, Asandimitra, & Sciences, 2019)

(FRT) financial risk tolerance could be described by persons' willingness towards taking risks while making an investment or monetary assessment. For women, higher risk tolerance is only to standard investments. But for men, it is possible to both classy investments and standard. There is no connection found between classy investments and risk tolerance for women. The preceding education on FRT had been absorbed on the issues that disturb FRT levels within monetary follows for growing FRT. There is theoretical knowledge and conceptual knowledge in monetary studies for discussing about the influence while taking investment decisions. The study explains about relation with FRT and its financial behavior in making investment assessments.

There are certain types of factors that affect the Financial Risk Tolerance (Chavali, Mohanraj, & issues, 2016). They are namely Bio psychosocial factors, demographic factors, Environmental factors, Precipitating Factors, behavioral factors and also some other factors associated with economic risk lenience. Financial risk tolerance (J. E. J. H. o. c. f. r. Grable, 2016) is the phase of one's readiness to agree hazards from savings. It also denotes the approach an individual reacts to and proceeds act about hazards in a deal. It is absolutely promising for depositors to alike risk, evade risk, or do not even overhaul about the threat. Rendering to threat lenience level, a being can

be gathered into risk-seeker, risk averter and unbiased to risk. Risk lenience (Guillemette, Finke, & Gilliam, 2012) can aid an individual to recognize the level of threat from speculation and aid somebody to be capable to bear and tone prevailing risks to ensemble the share objectives so that the threat (J. E. Grable et al., 2014) that somebody has been ready to agree will be in harmony with the speed of return that will be acknowledged in the future.

1.1 Problem identification:

In the current study, several aspects such as qualification, gender, income, demographic factors and age, disturbing share choice of entities is argued. For discovering the influence of these numerous aspects about economic decision building, countless revisions have been completed, but then again in this conventional study the influence of economic behaviour on economic risk lenience in speculation decision is considered.

1.2 Significance of the study:

In current research, the Jammu Division of Kashmir UT and Jammu has been reserved as the zone of learning. In Jammu and Kashmir, all the paid individuals, whether in the private, government or non-government sectors, are measured the inhabitants in this investigation work. Generally, there are 10 districts in Jammu Division, specifically Rajouri, Jammu, Kathua, Kishtwar, Ramban, Udhampur, Reasi, Doda, Poonch, and Samba. The existing research would discover the investment behaviour of working professionals, income, saving, financial risk tolerance and demographic profile.

1.3 Objectives of the study:

- To study the various types of behavioural traits and risks persuading economic risk tolerance.
- To inspect the preference of investors for aspects affecting stock choice and share replacements.
- To regulate the association between a set of the threat lenience level of working authorities and socio-economic variables.
- To examine the influence of demographic outline on the share choices of employed professionals.

1.4 Paper Organization

The paper is organized in the following order in which Section 1 provides elaborated introduction regarding the financial literacy and risk tolerance. Furthermore, the introduction section illustrates the significance of the research. In section 2, prevailing research works related to current study will be reviewed. The current study's research methodology will be elucidated in the section 3. In section 4, the outcome of the analysis will be discussed. In section 5, the outcome of the analysis will be discussed with existing studies. Finally, in section 6, the brief conclusion regarding the current study will be discussed along with limitation and future recommendations of study.

2. Literature review

2.1 Concepts of Financial literacy:

(Boon and Naseem) (Naiwen et al., 2021) The conventional research discovers the result of economic literacy and economic risk lenience on choices making for share by males and females in the fabric division of Pakistan. It also inspects the part of risk lenience as moderator in relation amongst economic literacy and personality's share policymaking. The existing literature inspects the most public method for the gathering of data in present research is the quantitative method. So that method is used. The research concluded the part of economic literacy and threat lenience with sex differences as mediators for study in the fabric sector of Pakistan.

(Van Rooij et al) (T. A. N. Nguyen, Polách, Vozňáková, & Policy, 2019) The existing research spreads the prose on own investment by inspecting the influence of both financial literacy ranks and annuity knowledge on workers' share prime resolution for their superannuation. The existing study (Parmitasari, Hamzah, Alam, & Laba, 2018) project progresses and suggests a theoretical framework which inspects the differences in how workers who have and have not trained excellent make superannuation share decisions for their superannuation. Predominantly, the existing theoretical framework contains vital reasons like advanced and basic economic literacy, professed economic literacy and annuity awareness. Launching a theoretical agenda is the major objective of the existing study in order to inspect and describe what part monetary literacy, annuity awareness and other main aspects play in reassurance to those in the labor force to get ready for their commercial well-being in superannuation by taking superannuation stock choice resolutions. The research concluded that, concerning data collection, impartial defendants who are presently workers in isolated and communal subdivision were composed grounded on the particular features of Vietnam's budget and topographical region with a stratified casual method.

2.2 Perception of risk and investment decision:

(Grable and Lytton) The empirical research discovers the pattern of speculation and economic decision building of entities and also their threat lenience. The existing study has been agreed economic risk tolerance gauge projected by Lytton and Grable to extent the dissimilar scopes of economic risk. It also implements the cross sectional research design and descriptive research design. Non-probabilistic convenient sampling technique is used whose sample respondents are consistent stockholders. Grable and Lytton developed Risk Tolerance Scale

which is implemented for this revision. The study concluded that these aspects, measures and significance are to find that the gender is the only demographic variable which has an impact on investment patterns. Risk insight is the depositor's affinity to relate the risk that might happen in the application of speculation decision (Yao, Sharpe, & Wang, 2011).

(Ariani et al)(Ainia et al., 2019) The existing study wishes to study the outcome of risk awareness, risk lenience, bullishness, and loss abhorrence on speculation policymaking. The residents of the existing research sample was Jombang and Surabaya. Convenience sampling and purposive sampling where research objects are effortlessly available are the sampling methods in the existing study. A sampling technique grounded on standards that are connected to the research points is purposive sampling. The sample was limited to people who had worked and resided in Indonesia, East Java, Surabaya and Jombang, for at least three years. From the study's findings, it can be said that risk perception has a considerable and detrimental impact on making investment conclusions. This implies that the likelihood that a person will assign money to high-risk possession drops as their awareness of risk. The study concluded that risk observation has an important and destructive effect on speculation policymaking.

(Strauss & Howe)(Yao et al., 2011) The prominence of speculation portfolio distribution has converted more deceptive meanwhile the arrival of the late 2000s Abundant Downturn. The existing study uses an analytical technique to discrete such special effects on economic risk lenience. It proposes that the aggregate measure that has commonly been termed the "age effect" in fact, consists, of three different effects: the aging effect, the generation effect, and the period effect. It uses the conceptual framework of the collective analysis of the three factors. The results concluded and supported the hypothesis that age has a negative effect on the willingness to take financial risks.

The stockholder will recompense more consideration to some of the threats which is received in the investment made. The standard (Banner & Neubert, 2016) used to sort the depositor more assured about the stock decision made. As depositor's consideration to the possible risk increases, optimism towards investment also increases. Similarly, it too has an optimistic effect on the choice they made. Marino and Robinson in (2015) debated that depositors' risk awareness is destructively connected with fresh endeavor creation conclusions. It is concluded that if risky investment decisions are made, it might harmfully disturb their stock enactment. (Ahmad, Shah, & Sciences, 2020)

2.3 Factors affecting Financial Risk tolerance:

(Newton et al) Customer risk lenience is commonly evaluated in the consultative process to aid monetary consultants offer apt guidance that supports customers in their speculation decision-making. The goal of the existing study is to inspect the effect with a effort on the key predictable risk lenience causes: faith in the economic advice facility, client economic literacy and association span with the facility. Data collected in the existing study were obtained from a related research where mentors from nine FSC Financial Services Council member organizations in Australia were requested to contribute in the scheme and demanded to allocate the unidentified connected survey to their customers across the nation. The study concluded that, consuming statistics composed from 538 economic consultant patrons in Australia, the existing study has been delivered proof for the effect of threat lenience and its factors on personalities' stock decision-making in the economic guidance perspective.

(Sugiyono and Ghozali)(M. R. Mubaraq, M. Anshori, & H. J. J. E. B. D. K. Trihatmoko, 2021) The existing study targets to offer experimental evidence of the result of economic knowledge and risk lenience on speculation policymaking. The kind of research proposed is associated research with statistics gathering approaches using analysis samples. The existing study uses the main data gained using a survey given to depositors who have performed the Capital Market School at the Indonesia Stock Exchange Representative Office of West Nusa Tenggara and previously have a (SID), (Akhtar & Das, 2019) the single investor identification population. Rationality and dependability analysis in the conventional study was showed to guarantee that the items on the investment decision-making variables, risk, tolerance and financial knowledge can measure the prevailing phases. The conventional study was accompanied to empirically check the association among economic data and risk lenience for stock decision-making on stockholders. The study concluded that it was directed to empirically check the association between economic knowledge and risk lenience for speculation policymaking on stakeholders.

2.4 Behavioral factors and investment decision process:

(George and Hwang) The goal of the existing paper is to methodically evaluate the fiction printed in previous 33 ages on behavioral prejudices in speculation decision-making. It also highlights the main gaps in the prevailing studies on behavioral biases. It (Chang, 2012) also goals to increase particular queries for upcoming research. The importance of the existing study is dignified by reviewing country of education, forms of statistical approaches used, quotation analysis and gratified analysis on behavioral biases. The conventional study emphases on entities' behavioral biases in speculation decision-making. The aim of the study is to examine the influence of reasoning biases on tradeoff behavior, instability, marketplace returns and assortment selection. Herding Bias (Lu, Fang, Nieh, & Accounting, 2012) is in Investment Decision process in a propensity of a financier (Kumar & Goyal, 2015) is to track some other depositor's choice in choosing the deal assessment is called herding. The investor lean towards cheerfulness about the share they made through ensuing other entity's idea. In the starting stage, this type of opinion happened because they trust in the understanding of other depositor's share more than their own. The

irrational stock choice that the learner depositor makes is the advanced herding preference of the stockholder. If the stakeholder follows other stakeholder's proposal without comparing, it will affect their own investment (Weber and Camerer) The existing paper experimentally revises the natural effects of squads and persons. The disposition effect defines the singularity that stakeholders are unwilling to understand fatalities, whereas victors are sold too quickly. The experiments made associate the savings of two-person squads to a location where stakeholders trade unaccompanied. The subjects investing together display more marked disposition belongings than persons. A nearer look discloses that depositor squads barely understand fatalities and predominately sell victors. The statistics propose that decision-dependent reactions may clarify the alterations. Meanwhile, teams recording great levels of guilt display meaningfully advanced natural effects than persons. Disposition effect (Rau & Finance, 2015) states to the propensity of an investor to rapidly purchase or trade stocks. The standard can root the worth of stocks to oscillate in the stock marketplace and also sort some choices look irrational. Experience Regret (Shani & Zeelenberg, 2007) is a propensity of a shareholder in spending their evil practice in the past in creating the resolution of speculation. The immoral involvement might disturb the stock choice that they would choose in the upcoming years. The awareness of a knowledge as an excessive one would make a depositor bolder for the unsafe deal and support them evaluate the possible threats ahead. Equally, the other stakeholder would be more concerned to make as much currency as probable deprived of experiencing harms.

2.5 Research Gap:

- There are many variables that influence investment decisions and patterns, but most researchers have focused on only one or two of these variables rather than emphasising all of them. This study takes a comprehensive analysis of types of risk, different level of risk tolerance and factors affecting investment behaviour in a single study.
- The study will try to present the comparison among the different types of risk with risk tolerance level for factors affecting investment behaviour over different demographics.
- Most previous studies in this field had rarely included new investors as study participants. A maximum study has conducted studies in the light that concept investment mostly starts after the age of approximately after 35 years. The proposed respondents are mostly between the ages of 25 and 55. The study will also include young investors and tries to put forth the investment choices preferred by them.
- Studies on investment decisions and investment patterns have primarily been conducted in southern India. No research has been conducted specifically on financial literacy about different types of risk involved in investment and risk tolerance in the Jammu division of the UT of J&K.
- Earlier studies had been restricted to demographic factors, but the investment patterns of working professionals have not been emphasised in many of the research studies.

3. Research Methodology

3.1 Research Design

The current study adopted descriptive research approach. The descriptive research approach incorporates both quantitative and qualitative technique. The quantitative method describes the occurrence through accumulating numerical unchangeable data that has been estimated with aid of mathematical approaches. This provides statistics associated to questions of when, how, where, what, how much and how many. It incorporates the objective, logic and number stance (Baur). It is an innovative method which is used to investigate a certain research question, accumulates quantifiable data from the participants as well as it will evaluate those numbers through utilization of statistics (Mohajan, 2020). The quantitative method employs questionnaire and survey method for amassing primary data (Sürücü & MASLAKÇI, 2020). The qualitative research approach is considered as multi-approach which comprises of naturalistic and interpretative technique. This method employs various techniques like interview, visual text, case study, interactional and historical. These technique illustrate themes and solutions related to research objective (Aspers & Corte, 2019). The current study embraces both quantitative and qualitative technique to accumulate the data.

3.2 Sampling method and Participants

A sampling technique is significant to pile up the data from particular populace rather than focusing on entire populace (Stratton, 2021). Hence, it is significant for selecting relevant sample size to involve in the statistical study. Moreover, the sample size aids in making an implication based on the data gathered from sample populace (Lakens, 2022). The sample size is designated as the study units' number and participants which need to be included for encountering the structured questionnaire of the research. The study has to choose appropriate number of sample for the study because large number of sample would waste of cost, time and resource. Meanwhile, small number of sample is not adequate to the prove the research hypothesis (Fowler & Lapp, 2019). Therefore, it is significant for evaluating appropriate sample size for creating significant outcome with aid of statistical procedure (Adhikari, 2021). Hence, the current study incorporates convenience sampling method to amass data from 385 for the quantitative research method. For qualitative research, the current study

incorporates 5 respondents from working population. The study collects data from the working population of both public and private sectors in JK, UT.

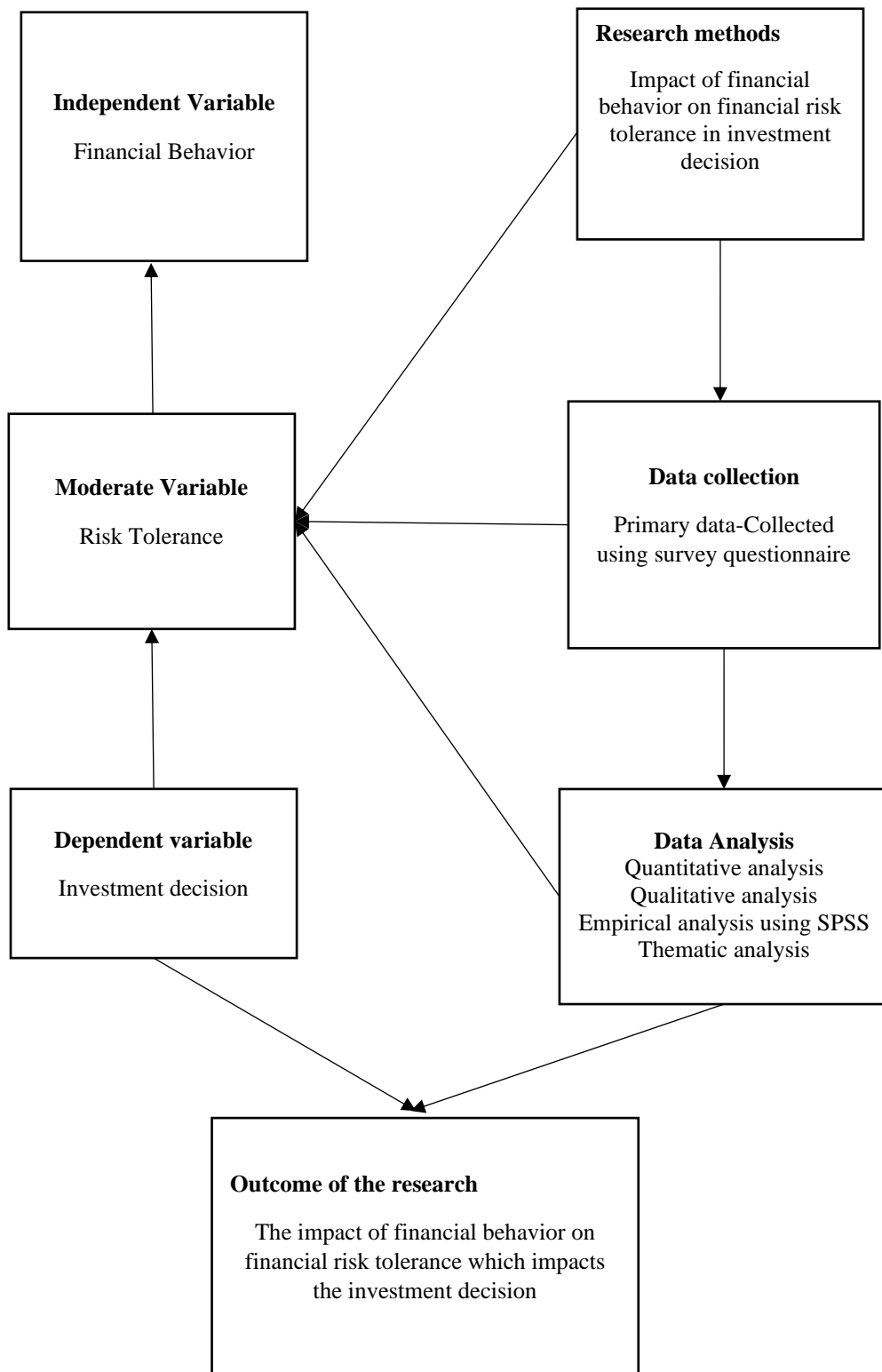
3.3 Research Instrument

The current study adopts primary data collection technique to collect data related to research objective. Primary data is regarded as effective optimal data since the data are gathered directly from the target populace. This method gathers data using structured questionnaire, survey and polls etc. (Mazhar, Anjum, Anwar, & Khan, 2021). The current study embraces structured questionnaire to accumulate data from the working population of both public and private sectors in JK, UT.

3.4 Data Analysis

Quantitative data analysis is denoted as a systematic phenomenon for gathering data as well as accomplishing mathematical, statistical and computational techniques (Jung, 2019). Meanwhile, qualitative data employs subjective conclusion for evaluating the values of organization depending upon non-quantifiable data. Qualitative analysis is employed to evaluate the quality of the data rather than its quantity of the data (Ezzy, 2013). The quantitative analysis gathers data from working population with aid of sampling technique for providing outcome related to research objective. The outcome of the quantitative analysis are determined numerically whereas qualitative analysis determines its outcome in descriptive form. The outcome of both quantitative and qualitative analysis are employed to develop future of the research and produce appropriate modifications.

For quantitative analysis, the collected data will be entered in MS Excel. Then, the data in MS Excel will be analyzed using SPSS software. The outcome of the study is evaluated with aid of ANOVA, multiple regression and demographic analysis. For qualitative analysis, the accumulated data will be analyzed using thematic analysis and the outcome will be described in descriptive form.



The data is gathered from the sample respondents in JK, UT. Regression method is employed for determining the impact between two study variables. Similarly, ANOVA is employed to identify the difference in the study variables. Frequency distributions are designated as the visual displays that form frequency counts and this aids the information concluded simply. The progress incorporated in the current study is demonstrated in Figure 1. SPSS software is utilized to illustrate the effective outcome for the research objective. The accumulated data was analyzed with the aid of Excel and SPSS software. ANOVA and linear regression are employed for assessing the data for rejecting the null hypothesis. The data analysis comprises of three stages such Excel which is used to determine predicting the mean (M), median range (MR) and standard deviation (SD) of various study variables in the current research. SPSS software is used in the current study to analyze the study variables. Regression and ANOVA are employed for analyzing the research hypothesis.

3.5 Ethical Consideration

In prior to the survey, the demographic details of the respondents will be accumulated. The demographic detail comprises of name, job description, age and other personal details which will be kept confidentially of every respondents who will be taking part in the survey process.

4. Results

4.1 Demographic Data of Respondents

The total number of 385 respondents of working population in JK, UT is regarded as participants of the present study. The demographic details of the participants are given in the table 1.

Table 1 Demographic data of Respondents

Demographic Profile	Factor	Participants	%
Age	Below 30	125	33%
	31-40	102	26%
	41-50	112	29%
	Above 50	46	12%
	Total	385	100
Marital status	Married	195	51%
	Unmarried	190	49%
	Total	385	100
Annual Income	Below 5 lakh	140	36%
	5-10 lakh	130	34%
	Above 10 lakh	115	30%
	Total	385	100
Education Qualification	Undergraduate	123	32%
	Postgraduate	110	29%
	PhD/doctorate	87	23%
	Others	65	17%
	Total	385	100
Employment status	Govt. Job	55	14%
	Private Job	77	20%
	Business	68	18%
	Professional	118	31%
	Others	67	17%
	Total	385	100
Experience	Less than 5 years	65	17%
	5-10 years	78	35%
	10-15 years	68	28%
	Above 15 years	73	19%
	Total	385	100

The table 1 represents the demographic data of the respondents who have been participated in the survey. As per above given table, 125 respondents belong to the 'below 30 years' age category. Besides, the age group 31-40 and 41-50 are found to be prevalent among the respondents. Compared to other age group, above 50 age group is found to be less prevalent among the participants. Based marital data, 51% of respondents are married whereas 49% of respondents are unmarried. The outcome of the demographic details illustrate that 26% of the respondents earn below 5 lakh annually whereas 39% of participants earns around 5-10 lakh annually. Only 35% of participants earn above 10 lakh annually. As per educational data, 123 respondents are undergraduate whereas 110 participants are post-graduate. 87 participants are doctorate and 65 respondents have chosen 'others'. The data of demographic details illustrates that 55 respondents are working in government sector whereas 77 respondents are working in private sector. Nonetheless, 118 respondents have chosen 'professional' and 67, 68 respondents have chosen others and business respectively. The outcome of the demographic data of respondents illustrates that the current study has accumulated data from working population in JK, UT.

H₁₁: Financial behaviour has significant impact on risk tolerance levels of working professionals.

H₀₁: Financial behavior does not have significant impact on the risk tolerance levels of working professionals.

4.2 Regression Analysis

Regression analysis is used to test the above hypothesis. Regression analysis method is utilized for analyzing the association between the independent and dependent variable of the study (Astivia & Zumbo, 2019). This method aids in assessing the value of independent and dependent variable of the current study. This method is used to analyze the impact between financial behavior and risk tolerance levels of working professionals. The moderate variable 'risk tolerance' has been regarded as dependent variable.

Table 2 Model Summary

M	R	R ²	A-R ²	SE of the estimate
1	0.283	0.08	0.073	0.689
a. Predictors: (Constant), Gold, real estate and life insurance b. Dependent Variable: Level of risk				

The co-efficient value for the research hypothesis is 0.08 which illustrate aspects of working professionals' financial behavior which impacts the risk tolerance levels. The outcome of the regression analysis is 0.08 which demonstrate investment behavior like gold, real estate and life insurance (independent variable) has 8% of variability on level of risk such as insurance policies (dependent variable).

Table 3 ANOVA

M	SOS	df	M ²	F	S
Regression-(R)	15.754	3	5.251	11.060	0.000 ^b
Residual-(RL)	180.431	380	0.475		
Total	196.185	383			
a. Dependent Variable: Level of risk b. Predictors (constant): Gold, real estate and life insurance					

Table 4 Co-efficient

M	USC (Unstandardized Co-efficient)		SC (Standardized Co-efficient)	T	s
	B	SE			
Constant	2.636	0.137		19.28	0.00
Gold	0.066	0.071	0.050	0.925	0.36
Real estate	0.103	0.085	0.068	1.208	0.23
Life insurance	0.139	0.031	0.234	4.431	0.00
a. Dependent Variable: Level of risk					

The outcome of the regression co-efficient demonstrates that financial behavior of working professional impacts the risk tolerance levels. As illustrated in the table 3, p-value is .000 which portrays the significant impact between investment behavior and risk tolerance level. Hence, the outcome of the regression analysis rejects the null hypothesis. Besides, the table 4 illustrate the outcome of the regression co-efficient which shows the significant impact between independent and dependent variable. The outcome of the regression analysis shows that there is

a significant impact between factors of financial behavior and level of risk tolerance. The p-value of gold is 0.36, real estate is 0.23 and life insurance is 0.00 which illustrates the impact between financial behavior such as investment as gold, real estate and life insurance and level of risk tolerance.

4.3 ANOVA

ANOVA is employed to determine the impact of independent variable on dependent variable and also it will evaluate the variation in the study variables (Liang, Fu, & Wang, 2019). The present study adopted ANOVA for assessing the impact of financial behavior on risk tolerance. This method evaluated the impact of financial behavior like investing in mutual funds (independent variable) on level of risk (dependent variable).

Table 5 Descriptive Statistics

	N	M	SD	SE	95% Confidence Interval for Mean		Maxi.
					LB	UB	
Very high (VH)	108	1.95	.224	.050	1.85	2.05	2
High (H)	106	2.23	.703	.098	2.03	2.43	5
Low (L)	77	2.00	.000	.000	2.00	2.00	2
Very Low (VL)	47	1.73	1.009	.304	1.05	2.41	3
Either high or low (EHL)	47	3.67	.516	.211	3.12	4.21	4
Total	385	2.18	.744	.074	2.03	2.33	5

Table 6 ANOVA

	SOS	df	M ²	F	S
BG	17.064	4	4.266	10.751	.000
Within-Groups	37.696	380	.397		
Total	54.760	384			

The table 5 and 6 illustrates the impact between financial behavior and risk tolerance of working population. The outcome of the ANOVA illustrate that working population agreed that investing in mutual funds impacts the level of risk. As per the table 6, the p-value is .000 which demonstrate that there is significant effect between investment behavior and level of risk. Hence, the outcome of the ANOVA contradicts the null hypothesis. Financial behavior of working population impacts the risk tolerance.

H12: Risk tolerance levels has significant impact on the investment decisions of working professionals.

H02: Risk tolerance levels does not have impact on the investment decisions of working professionals.

4.4 Regression analysis

This method is employed to evaluate the impact between independent variable and dependent variable of the selected hypothesis. In this method, impact of risk tolerance levels (independent variable) on investment decision of working professionals (dependent variable).

Table 7 ANOVA

M		SOS	df	M ²	F	S
1	Regression	59.402	1	59.402	24.014	.000 ^b
	Residual	947.413	383	2.474		
	Total	1006.816	384			

a. Dependent Variable: Source of investment

b. Predictors: (Constant), National savings/PPF/PF and Fixed deposits.

Table 7 illustrate the outcome of the regression co-efficient. The table demonstrates the impact between risk tolerance levels and source of investment. The p-value of the regression analysis is 0.000 which shows the significant impact between dependent and independent variable. Based on the outcome of the regression analysis, risk tolerance level impact the investment decision making of working professionals. Hence, the outcome of the regression analysis rejects the null hypothesis.

4.5 ANOVA

Table 8 ANOVA Test

		SOS	df	M ²	F	Sig.
Source of investment	Between Groups	39.676	5	7.935	3.461	.005
	Within Groups	868.958	379	2.293		
	Total	908.634	384			
Share market	Between Groups	56.421	5	11.284	5.662	.000
	Within Groups	755.320	379	1.993		
	Total	811.740	384			

Table 8 illustrate the outcome of the ANOVA test. The outcome represents the impact between risk tolerance level and investment decision making. The p-value is 0.000 and 0.005 which illustrate that there is significant impact between independent and dependent variable. The outcome shows that risk tolerance level impact the investment decision of working population. Hence, the outcome of the ANOVA test rejects the null hypothesis.

4.6 Qualitative Analysis

From qualitative data, some of the investment preference of the respondents could be identified. The respondents listed that mutual funds, fixed deposit, real estate, household expenses and share markets, are the investment preferences. Some of the respondents also stated that they could invest in some of the government schemes like Sukanya simridhi yojana and Term plan etc. They even stated that financial literacy is the main factors for the enhancing the investment behavior. Financial literacy aids in making proper investment for the future purposes. The awareness regarding the certain financial schemes and policies impacts the financial behavior of an individual. The respondents also stated that risk level has been decreased due to the proper knowledge regarding the investment and policies. Most of the respondents stated that the risk level moderate because of the proper fiscal knowledge. Hence, outcome of the qualitative analysis states that financial behavior of an individual is based on the one's financial literacy level. Also, financial behavior impacts the risk tolerance level which impacts investment decision making of working population.

5. Discussion

From the analysis of the accumulated data utilizing SPSS, the inference of the current study is developed. The outcome of the current study illustrate that financial behavior of the working professionals have significant impact on the investment decision making of an individual. The financial behavior like investing in mutual funds, fixed deposit and other investment method, impacts the risk tolerance level of working population which affects the investment decision. The regression and ANOVA analysis illustrate the significant impact between financial behavior and investment decision.

The existing study of Naiwen et.al (Naiwen et al., 2021) illustrated that financial literacy of an individual impacts the risk tolerance and investment decisions. The prevailing study has selected insurance, real estate, retirement planning and funds as factors for financial literacy which affected the risk tolerance. The outcome of the existing study also illustrated that investment decision making has been affected through financial literacy level. Meanwhile, the current study has chosen insurance, real estate, shares, gold, government schemes and mutual funds as a working professionals' investment behavior which impacts the risk tolerance and also investment decision.

The prevailing study of Mubaraq et.al (M. R. Mubaraq, M. Anshori, & H. Trihatmoko, 2021) demonstrated the association between fiscal awareness and risk tolerance for making appropriate investment decision. The finding of the prevailing study demonstrated that financial literacy and risk tolerance have significant impact on the investment decision making of investors. Similarly, the outcome of the present study also illustrated that financial behavior impacts the risk tolerance level which affects the investment decision making of working professionals.

The existing study of Ainia et.al (Ainia & Lutfi, 2019) illustrated the impact of risk perception and risk tolerance on investment decision making. The outcome of the prevailing study portrayed that risk perception has pessimistic impact on the investment decision making whereas risk tolerance has significant impact on the investment decision making. Meanwhile, the current study illustrated the impact between financial behavior and risk tolerance which later affects the investment decision.

5.1 Limitation

The study has its limitation for deriving effective outcome. The foremost limitation of the current study is that the respondents has been selected from Jammu Kashmir UT, especially from chosen districts. Hence, the results might lack in generalizability. Nevertheless, the inference provided by the study could be useful to enhance the financial behavior and decision making of working population.

6. Conclusion

Financial literacy is significant for the economic growth of the nation. Financial literacy enhances the investment behavior of an individual. The fiscal awareness has the ability to improve the knowledge regarding the proper investment process which impacts the attitude towards the investment. The working professionals prefers investing in gold, real estate, mutual funds, government schemes and life insurance. Nonetheless, investment could be subjected to risk which affects the decision making process. The risk tolerance level of working professionals also impacts the investment decision making. The level of risk tolerance such as aggressive investor, growth investor, moderate investor and conservative investor, determines the investment decision of working professionals. Also, the risk tolerance levels could be enhanced with proper financial literacy which also improve the financial behavior. Hence, financial behavior optimistically impacts the risk tolerance level which enhances the investment decision of working professionals.

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