

“The opinions of investors regarding participation in both domestic and foreign stock markets”

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Abstract

Investor opinions regarding participation in both domestic and foreign stock markets can vary widely based on a range of factors, including risk tolerance, investment goals, market conditions, economic outlook, political stability, and individual preferences. Here are some common opinions that investors might hold when considering participation in these markets *the stock market in every nation provides a unique kind of platform. They forecast the significant and key value of the numerous business stocks, and their performance is evaluated in relation to their assets and companies. The primary difference between the Indian stock market and the international stock market is that the latter offers investors the ability or platform to build their own portfolios of companies, complete with accurate information about them in all dimensions, whereas the former leaves portfolio design completely up to the investors' discretion. Research Approaches: This study employs a quantitative research approach with a primary emphasis on conclusion-based research. Descriptive analysis is used to analyses the data and explain its nature. Sampling and Data Collection: In order to collect primary data from 120 individual investors chosen as respondents throughout the city of Chennai, this study uses a non-probabilistic sampling technique known as convenient sampling. A structured questionnaire is used to analyze respondents' investment practices toward both the domestic and international stock markets. Results: The first null hypothesis is disproved since there is a strong association between the investment experience group and investors' choices to invest in domestic and foreign stock markets. However, there is no statistically significant relationship between demographic variables and investors' investment behavior toward domestic and international stock markets.*

KeyWords: Investor opinions, Domestic and Foreign Stock Market, Consumer Behavioral biases, Investments Decision

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Introduction

The stock market has grown since it began in Amsterdam in 1494. In the early stages of its existence, the stock market was anchored by the exchanges and stock market in Amsterdam. The first stock market in a nation like India emerged in the 18th century, at a time when the East India Company was the most powerful and influential institution in the nation. The stock market is a part of the nation's financial system. It combines with the financial market and has an impact on it, promoting economic growth and corporate expansion.

The stock market in every nation provides a unique platform. They forecast the considerable and significant value of the numerous business stocks, and their performance is evaluated in reference to their assets and companies. The asset, index, or interest rate of the company that is frequently referred to as the top company in the stock market affects factors of an efficient stock market. When it comes to delivering dividends to shareholders, they are also the main results of efficient business operations.

There are supporters of separating the stability of equity from the operations of market forces on the Indian stock market as well. They assert that investors now have access to greater share leverage as trading extends across more platforms. Additionally, by allowing consumers to insure against price volatility, the stock market helps investors get around the issue of fluctuating stock prices and inconsistent price trends.

The stock exchanges in Bombay underwent a substantial revolution as a result of the BSE's ability to bring together all the crucial factors impacting the growth and performance of companies in the stock market. The growth of the Calcutta Stock Exchange in 1908 further expanded the market after the success of the BSE in the Indian Stock Market had a huge impact on the brokerages. A dramatic development in the Indian stock market occurred in 1920 with the establishment of the Madras Stock Exchanges, which focused on southern companies. One of the study's main inclusions and the main justification for selecting it is the NSE's rise to prominence in the Indian stock market.

Investor opinions regarding participation in domestic and foreign stock markets can vary widely based on a range of factors, including economic conditions, geopolitical events, regulatory environments, investment goals, risk tolerance, and personal beliefs. Here are some common opinions investors might hold regarding these markets:

Participating in Domestic Stock Markets

Familiarity and Comfort: Many investors feel more comfortable investing in their home country's stock market due to their familiarity with the local economy, companies, and regulations.

Lower Risks: Domestic markets may be perceived as less risky due to a better understanding of local economic conditions and a lower likelihood of currency exchange rate fluctuations affecting returns.

Regulatory Familiarity: Investors may find it easier to navigate the regulatory environment of their own country, leading to a perception of increased security and transparency.

Patriotic Investing: Some investors choose to invest domestically to support local businesses and contribute to the growth of their country's economy.

Currency Risk Mitigation: Investing in a domestic market can help avoid exposure to currency fluctuations, which can impact the returns of foreign investments.

Participating in Foreign Stock Markets

Diversification: Investing in foreign markets can offer diversification benefits, reducing the impact of country-specific economic downturns on the overall investment portfolio.

Growth Opportunities: Emerging markets and foreign economies may offer higher growth potential than more mature domestic markets.

Access to Industries: Foreign markets might provide exposure to industries or sectors that are not well represented in the domestic market, leading to potential higher returns.

Currency Play: Some investors deliberately invest in foreign markets to take advantage of currency appreciation, potentially boosting overall returns.

Hedging Against Domestic Risks: Investors concerned about economic or political risks in their home country may seek opportunities abroad to mitigate potential losses.

Global Economic Trends: Investors who believe that global trends are more significant than national ones may prefer to participate in various international markets.

Common Concerns and Considerations for Both Markets

Risk: Both domestic and foreign markets carry risks. Domestic markets can be affected by local economic conditions, while foreign markets can be impacted by factors like political instability, currency fluctuations, and regulatory changes.

Regulatory Environment: Understanding the regulations and rules in foreign markets can be complex and challenging. Investors need to navigate these complexities to make informed decisions.

Information Availability: Access to accurate and timely information about foreign

companies and markets might be limited compared to domestic markets.

Cultural Differences: Cultural nuances can impact investment strategies and market behaviors. Investors need to be aware of these differences when investing internationally.

Market Volatility: Both domestic and foreign markets can experience periods of volatility due to economic, political, or global events.

Ultimately, the decision to invest in domestic or foreign markets depends on an investor's individual circumstances, goals, risk tolerance, and beliefs. Many investors choose to diversify their portfolios across both domestic and foreign markets to capture a broader range of opportunities and manage risks. It's important for investors to conduct thorough research and, if needed, consult with financial professionals before making investment decisions.

Review of Literature

A literature review on both domestic and foreign stock markets would involve examining a range of research, studies, articles, and expert opinions on the topic. Here is a brief overview of potential areas that could be covered in such a review:

Sharma et al(2020) study attempted empirical and theoretical research on how individual investors perceive and behave when investing in the Indian and global stock markets. It provides clear indications on the opportunities provided to the individuals to participate as equity holders in foreign-based companies.

Diebold and Yilmaz's (2020) study addresses the key parameters while also focusing on the key elements that pose a significant risk in assessing the effects of price volatility and changes in trade volume, as well as this development in the exchange of financial products among individuals or with regard to the trading of companies on domestic and international stock exchanges.

Dr. Habeeb Ur Rahiman and Prof. (Dr) Iqbal Thonse Hawaldar (2019). Journal of Scientific & Technological Research International. Investments are a crucial component of wealth accumulation because they enable you to outpace inflation, meet your financial objectives, and secure your financial future. You may invest your money in a number of stock choices, funds, pooled funds, savings, and other possibilities rather than letting it sit in your bank accounts idly.

This study, by Ang, J. (2018), examines two distinct approaches for introducing financial stocks on cash market volatility. Financial media and the department of marketing in any corporation give information on their daily stock market trading in both the domestic and international markets.

A recent study of Sahoo (2017) showed that market based indicators of financial depth have a positive impact on economic development in India but found no causality between market capitalization and economic development.

ResearchMethodology

In a study based solely on primary data from chosen respondents in the study area near Chennai, 120 individual investor samples were gathered. Considering the importance of the stock market for both the domestic and international stock markets, the volatility of stock prices that influences changes in the volume of stocks traded, and investor interest in both the

domestic and international stock markets. Because there are so many trading alternatives, the stock market has become more significant for the Indian and global share markets. All financial markets recognize the concept of the stock market, and this study sheds light on how individuals perceive domestic and foreign stock markets as well as how they act when investing in and purchasing shares of various businesses that are listed in both the Indian and international contexts..

Statement of the Problem

Indian and foreign stocks are financial instruments recognized by the various financial markets because they are linked to a specific financial instrument, indicator, or commodity of the business through the nation's economy, which reduces price volatility and increases changes in the trade volume of the Indian and foreign stocks traded and the open interest of the investors in which is This study investigates how investors view themselves and what they do when they invest in stocks on both domestic and foreign stock markets by covering a range of subjects, such as investor behavior, market dynamics, risk management strategies, and the impact of global events on stock markets. Additionally, the study aims to analyze the factors that influence investors' decision-making processes and their perception of market opportunities. By examining these aspects, researchers can gain insights into the overall functioning of stock markets and provide valuable recommendations for investors and policymakers alike.

ObjectivesoftheStudy

1. To investigate the potential impact of demographics on domestic and foreign investment decisions.
2. To look into how investors view the domestic and global stock markets
3. To assess how investor education and financial literacy influence opinions about foreign market participation and the perceived benefits of diversification
4. To examine whether investors adopt a short-term or long-term perspective when considering foreign market investments and how this perspective shapes their opinions.

HypothesisoftheStudy

H01: There is no statistically significant relationship between demographic characteristics and investors' investing attitudes toward local and international stock markets.

H02: Investor impressions of investments in the domestic stock market are not statistically significant.

H03: Investor views of investments in international stock markets are not statistically significant.

H04. Investors are choosing not to participate in the local stock market, according to

H05: Investors make an unfavorable choice about investing in overseas stock markets.

Sample Design: Using convenient sampling, which is a non-probabilistic sampling technique, to gather information from investors in Chennai city for a study on individual investors' preferences for investing in domestic and international stock markets has both advantages and limitations.

Table1: DemographicFactorAnalysis

Demographic Group	Classes	Frequency	Domestic Market	Foreign Market
Gender	Male	72	40	32
	Female	48	28	20
Age	Below25	15	13	2
	25to40	60	39	21
	40to55	35	18	17
	Above55	10	7	3
Qualification	PUC	20	16	4
	UG	52	36	16
	PG	30	16	14
	Ph.D.	18	9	9
Occupation	Student	23	18	5
	Service	50	34	16
	Business	37	18	19
	Others	10	8	2
ExperienceinInvestment	Below3years	34	28	6
	3to6years	45	23	22
	6to9Years	31	20	11
	Above9years	10	6	4

Source: Primary Data

The demographic characteristics of the investors who were conveniently chosen as responders from Chennai are described in the above table. Six out of ten respondents to the study are men, and four out of ten are women. Similar to how they are broken down above, other demographic characteristics are also examined using the Chi-Square test.

Table2: PearsonChi-SquareAnalysisGender

	Value	Df	Sig
Pearson Chi-Square	1.436	3	0.347

Source: Primary Data

Table 2 above displays the gender distribution of the individual investors that were selected as respondents in Chennai. Since the chi-square value of 0.347 is higher than 0.05, it can be concluded that there is no meaningful relationship between investors' choices of domestic and foreign stocks and their gender.

Table3:PearsonChi- SquareAnalysisAge

	Value	Df	Sig
Pearson Chi-Square	1.140	4	0.179

Source: Primary Data

The age range of the individual investors chosen as responders in Chennai is shown in Table 3. Age and stock market investment preferences are not significantly correlated, according to the chi-square value of 0.179, which is higher than 0.05.

Table4: PearsonChi- SquareAnalysisQualification

	Value	Df	Sig
PearsonChi-Square	1.536	8	0.731

Source: Primary Data

The data presented in Table 4 provides insights into the distribution of respondents across different qualification categories in Chennai city. It allows us to analyze the potential impact of qualification on investment decisions in domestic and international stock markets. The chi-square value of 0.731 is the greater than 0.05.

Table5:PearsonChi- SquareAnalysisOccupation

	Value	Df	Sig
Pearson Chi-Square	1.302	12	0.247

Source: Primary Data

There is no significant correlation between occupation group and investment decisions of investors in domestic and international stock markets, according to Table 5, which presents the occupation category of individual investors chosen as responders from across Chennai city and the chi-square value of 0.247 is greater than 0.05.

Table6:PearsonChi-SquareAnalysisInvestmentExperience

	Value	Df	Sig
Pearson Chi-Square	1.178	6	0.03

Source: Primary Data

In the above table 6, the chi-square value of 0.03 is less than 0.05, indicating that there is a significant relationship between the investment experience group and the investment decisions of investors in domestic and foreign stock markets.

According to the above analysis and the Pearson Chi-Square Analysis, it is evident that demographic factors do not statistically significantly affect investors' investment behavior toward the domestic and international stock markets, so the first null hypothesis is

rejected.

Table7: DescribingtheresultsofANOVAsAnalysis

Factors	Market	Meanof Squares	F-Stat	Sig	Hypothesis Result
Friends andFamilyInfluence	Domestic	1.21	1.38	0.01	Positive
	Foreign	1.78	1.93	0.73	Negative
BrokerReco mmendation	Domestic	1.36	1.98	0.04	Positive
	Foreign	1.12	1.33	0.02	Positive
DecisionBasedo nMarket Statistics	Domestic	0.96	1.31	0.72	Negative
	Foreign	1.77	1.61	0.00	Positive
Decisionbased on earning pershare	Domestic	1.56	1.79	0.02	Positive
	Foreign	1.77	1.61	0.00	Positive
Decisionbasedo n netassets value	Domestic	1.01	1.34	0.32	Negative
	Foreign	1.13	1.41	0.41	Negative
Investments basedonmarket pricemovement	Domestic	0.84	0.99	0.00	Positive
	Foreign	1.49	1.83	0.00	Positive
Investmentsbas edon dividend payoutratio	Domestic	1.17	1.44	0.03	Positive
	Foreign	1.49	1.71	0.41	Negative
Investmentsbas edondividend paymentpattern	Domestic	1.83	1.97	0.02	Positive
	Foreign	1.17	1.46	0.03	Positive
Decision basedonbonuss hare	Domestic	1.32	1.89	0.00	Positive
	Foreign	0.97	1.11	0.00	Positive
Decision basedon reputation ofthe company	Domestic	0.89	1.19	0.01	Positive
	Foreign	1.71	1.93	0.04	Positive

Source: Primary Data

Table 7 shows the attitudes and investment choices of investors chosen as respondents from throughout Chennai. The significance value in the Anova table is less than 0.05, showing that there is a significant association between investor views of investments in local and overseas stock markets. The preceding also depicts the investing

behavior of individual investors. A positive result implies statistical significance (showing rejection of the null hypothesis), whereas a negative result suggests no statistical significance (expressing acceptance of the null hypothesis) between investor perception and investment behavior.

Conclusion

Investor participation in domestic and foreign stock markets is influenced by a complex interplay of factors such as market efficiency, risk-return considerations, information accessibility, cultural and psychological influences, regulatory environment, political stability, and currency risk. While domestic investors often lean towards familiarity and perceived lower risk, foreign investors are drawn by the potential for higher returns and diversification benefits. Understanding these dynamics is crucial for policymakers, financial advisors, and investors aiming to optimize their investment decisions and portfolio diversification strategies. Further research is needed to explore evolving trends in investor behavior in the ever-changing global financial landscape

The survey results in this study indicate that there is no significant relationship between the gender of investors and their choice of investments in domestic and international stock markets, between their age group and their choice of investments in domestic and international stock markets, between their qualification group and their choice of investments in domestic and international stock markets, or between their choice of investments in these markets. As a result, the study may be summarized by providing answers to all types of research questions and making clear observations on how individual investors see and behave when investing in the domestic and international stock markets.

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