



A STUDY ON THE IMPACT OF INVESTORS DECISION FOR INVESTING IN STOCK MARKET DUE TO VOLATILITY IN STOCK PRICES

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ABSTRACT

This research examines the investment habits and attitudes of women, focusing on the factors that influence their financial decision-making. With increasing financial independence and economic participation, women play a crucial role in wealth creation and management. The study explores key determinants such as risk appetite, financial literacy, income levels, and societal influences that shape their investment behaviour. By analyzing data from various sources, the research highlights trends, challenges, and opportunities in women's investment patterns. The findings emphasize the need for targeted financial education and awareness programs to enhance women's confidence and participation in investment activities. This study provides valuable insights for policymakers, financial institutions, and individuals seeking to empower women in financial decision-making and wealth accumulation.

KEYWORDS: Investment Habits, Women Investors, Financial Literacy, Risk Appetite, Traditional Investments, Wealth Management, Financial Decision-Making, Economic Empowerment, Savings and Investment, stock market volatility

INTRODUCTION

Motilal Oswal Financial Services Limited (MOFSL) is a well-diversified Indian financial services company founded in 1987 by Motilal Oswal and Raamdeo Agrawal. Initially a broking house, the company expanded into investment banking, private equity, mutual funds, and home finance over the years.

With a strong presence in over 550 cities and 2500+ business locations, MOFSL provides services in retail and institutional broking, private wealth management, asset management, and investment banking. Led by key figures such as Motilal Oswal, Raamdeo Agrawal, and Navin Agarwal, the company is known for its research-driven approach and commitment to wealth creation.

The study also delves into the concept of stock market volatility, explaining its significance in financial markets. Volatility refers to the rapid fluctuations in stock prices over time, influenced by economic, geopolitical, and corporate performance factors. It is measured through indicators like Beta, Standard Deviation, and the VIX index.

Understanding volatility is crucial for investors and traders as it affects sentiment, trading costs, and overall market trends. This research aims to analyze stock market volatility and its implications, particularly in the secondary market, providing insights into factors driving market fluctuations and their impact on investors.

LITERATURE REVIEW

Dr. Debesh Bhowmik (International Institute for Development Studies, Kolkata) The paper evaluated the multidimensional framework of stock market volatility. High indices of stock market in every aspect of measurement implied less variability of volatility. A country depression or recession turned into severe volatile stock market which cannot be cured in the short run. Political turmoil or instability or chaos made negative impact on stock market which spurs volatility. The stock market volatility has the negative nexus with the growth rate of a nation i.e. high volatility reduces growth rate. There is causality between them. Since stock market volatility brings forth economic crisis which has ultimately spill over on growth inversely to other countries as well. The international trade and stock market volatility is negatively related in the sense that volatility reduces the volume of trade and increases current account and capital account deficits.

Roni Bhowmik and Shouyang Wang: In the field of business research method, a literature review is more relevant than ever. Even though there has been lack of integrity and inflexibility in traditional literature reviews



with questions being raised about the quality and trustworthiness of these types of reviews. This research provides a literature review using a systematic database to examine and cross-reference snowballing. In this paper, previous studies featuring a generalized autoregressive conditional heteroskedastic (GARCH) family-based model stock market return and volatility have also been reviewed. The stock market plays a pivotal role in today's world economic activities, named a "barometer" and "alarm" for economic and financial activities in a country or region. In order to prevent uncertainty and risk in the stock market, it is particularly important to measure effectively the volatility of stock index returns.

Sartaj Hussain, Prof. K. V. Bhanu Murthy, Dr. Amit Kumar Singh Stock Market Volatility: A Review of the Empirical Literature. This study aims to gain insights on various issues that surround stock market volatility. For this purpose, more than forty empirical studies have been examined to critically assess issues like, heteroscedasticity, asymmetric effect, risk-return framework, spillovers and forecasting accuracy. With the help of time-series plots, the study demonstrates in layman terms how mean-reversion, clustering and heteroscedasticity exhibits in stock market volatility. This study finds GARCH variants to have a wider applicability in the modelling of volatility persistence despite fearing poorly in evaluation against naive methods like realised volatility, EWMA. The asymmetric effect doesn't seem to be as strong at firm level as it appears at the broad market index level. Evidence of statistically weak relation between conditional volatility and expected returns raises questions about accuracy of the volatility measures plugged for testing the relation. In case of spillover effects, immunity/propensity of a market to face/generate systemic shocks from/to other markets is likely to be determined by level of market development. On the whole, empirical findings lack a general consensus on the volatility properties. This may be due to sensitivity of different findings to the models and frequency and time length of sample data used by the study.

Priyanka Naik and Y. V. Reddy: Stock Market Liquidity: A Literature Review: The purpose of this study is to identify the key aspects that have been studied in the area of stock market liquidity, accumulate their important findings, and also provide a quantitative categorization of reviewed literature that will facilitate in conducting further research. The study analyses relevant research papers published after the global financial crisis of 2008 and finds that measurement of liquidity, factors influencing liquidity, the relationship between market liquidity and expected return, and market liquidity risk and its relationship with expected returns have been explored in the context of the stock market liquidity. Among these, the factors influencing liquidity have been prominently researched in the reviewed studies. The study concludes that the identified areas can be potentially researched concerning the emerging markets by considering the multidimensional quality of market liquidity. Also, the inter-linkages between the liquidity of emerging markets with that of the global stock markets can be further evaluated.

Francesco Audrino , Fabio Sigrist , Daniele Ballinari The impact of sentiment and attention measures on stock market volatility :We analyze the impact of sentiment and attention variables on the stock market volatility by using a novel and extensive dataset that combines social media, news articles, information consumption, and search engine data. We apply a state-of-the-art sentiment classification technique in order to investigate the question of whether sentiment and attention measures contain additional predictive power for realized volatility when controlling for a wide range of economic and financial predictors. Using a penalized regression framework, we identify the most relevant variables to be investors' attention, as measured by the number of Google searches on financial keywords (e.g. "financial market" and "stock market"), and the daily volume of company-specific short messages posted on Stock Twits. In addition, our study shows that attention and sentiment variables are able to improve volatility forecasts significantly, although the magnitudes of the improvements are relatively small from an economic point of view

Ching Mun Lim, Siok Kun Sek: Comparing the performances of GARCH-type models in capturing the stock market volatility in Malaysia. We conduct empirical analyses to model the volatility of stock market in Malaysia. The GARCH type models (symmetric and asymmetric GARCH) are used to model the volatility of stock market in Malaysia. Their performances are compared based on three statistical error measures tools, i.e. mean squared error, root means squared error and mean absolute percentage error for in sample and out sample analyses. Apart from that, we also determine the factors contribute to the stock market movements. The data is ranging from January 1990 to December 2010. The data is divided into three time frames, i.e. pre-crisis 1997, during crisis and post-crisis 1997. Our results reveal that symmetric and asymmetric GARCH models have different performances in different time frames. In general, for the normal period (pre and post-crisis), symmetric GARCH model perform better than the asymmetric GARCH but for fluctuation period (crisis period), asymmetric GARCH model is preferred. Our results also show that exchange rate and crude oil price have significant impacts on the Malaysia



stock market volatility in the pre-crisis and post-crisis periods and but the impact is not significant in the crisis period.

Endri Endri (Indonesia), Widya Aipama (Indonesia), A. Razak (Indonesia), Laynita Sari (Indonesia), Renil Septiano (Indonesia) Stock price volatility during the COVID-19 pandemic: This study examined the response of stock prices on the Indonesia Stock Exchange (IDX) to COVID-19 using an event study approach and the GARCH model. The research sample is the closing price of the Composite Stock Price Index (JCI) and companies that are members of LQ-45 in the 40-day period before the COVID-19 incident, 1 day during the COVID-19 incident (March 2, 2020) and 10 days after, January 6, 2020 – March 16, 2020. Empirical findings prove that abnormal returns react negatively to COVID-19, JCI volatility fluctuates widely during the COVID-19 event, and the GARCH(1,2) model can be used to assess volatility and predict stock abnormal returns in IDX in market conditions infected with COVID-19. The practical implication of the study's findings for investors is that the COVID-19 event caused stock price volatility, which affects abnormal returns. Therefore, to face the conditions of uncertainty and increased volatility in the future, several lines of risk management are needed in managing a stock portfolio. In addition, it also opens up opportunities for speculators to profit in an inefficient market environment. This study is based on the empirical literature currently being developed to investigate the phenomenon of stock price volatility behaviour during COVID-19 on the IDX. The GARCH model used proves that during the COVID-19 pandemic, stock price volatility increases and leads to a decrease in abnormal returns. The empirical findings also validate the efficient market hypothesis theory related to the study of events and the theory of financial behaviour related to uncertainty.

Maria Ghani, Usman Ghani: Economic Policy Uncertainty and Emerging Stock Market Volatility Accepted: The Author(s), under exclusive licence to Springer Japan KK, part of Springer Nature 2023 This research examines the effect of economic policy uncertainty (EPU) indices on Pakistan's stock market volatility. Particularly, we examine the impact of the economic policy uncertainty index for Pakistan and bilateral global trading partner countries, the US, China, and the UK. We employ the GARCH-MIDAS model and combination forecast approach to evaluate the performance of economic uncertainty indices. For volatility forecasting during the sample period. Lastly, we find evidence of all uncertainty indices during economic upheaval from the COVID-19 pandemic. We obtained identical results even during the Covid-19. Our findings are robust in various evaluation methods, like MCS tests and other forecasting windows.

Bushra Ghufuran, Hayat M. Awan, Aftab Khan Khakwani, and Muhammad Azeem Qureshi: We examined the presence of volatility at the Karachi Stock Exchange (recently changed the name to Pakistan Stock Exchange) (KSE) by fitting Exponential Generalized Autoregressive Conditional Heteroskedasticity (EGARCH) model to 25 years' index data. We found that the ARCH effects are present in the data indicating the stock market cluster volatility during the period under study. We found persistent high volatility in the stock market and presence of negative leverage effect. Moreover, we tried to identify the factors causing stock market volatility by collecting and analyzing the primary data obtained from 246 individual investors of stock market and 28 brokers listed with KSE. Our results show that investors consider political situation as the most important factor causing turbulence in the stock market. Interviews with the brokers also confirmed this. The second most important factor identified by investors is the herd behavior among investors that results in over- and underpricing of stocks and the overall market shows a volatile behavior. Our findings suggest that individual investor's behavioral dimensions of involvement, risk attitude, and overconfidence are significantly associated with factors causing market volatility

Algirdas Justinas Staugaitis Vytautas Magnus University, Lithuania : THE EFFECT OF DIARY FUTURES TRADING ACTIVITY ON THEIR PRICE VOLATILITY: LITERATURE Dairy futures price volatility plays an important role in dairy farmers' risk management as well as dairy commodities price discovery. Trading activity as a factor for agricultural futures price volatility has been studied extensively since the emerge of commodity index traders followed by commodity markets becoming more volatile in the last decade. However, the majority of research papers investigate major cereal future contracts whereas the research on dairy futures is not yet analyzed. The aim of this review is to present the current situation in the research of dairy futures trading activity effect on their price volatility, focusing on methodological progress and related issues. This review provides a comparative analysis of empirical research articles on dairy futures price volatility and its determinants published in 2005 and later.. Therefore, a further research on dairy futures should provide necessary tools to measure the exact effect of trading activity on price volatility in order to provide better insights on using dairy futures as an effective means for managing price risk .



RESEARCH METHODOLOGY

1. Problem Statement

“A Study on the impact of investors decision for investing in stock market due to Volatility in Stock Prices”.

2. Objectives of the Study

- Understand investor perception of market volatility.
- Analyze the role of risk tolerance in decision-making.
- Identify strategies used by investors to manage volatility.
- Assess the impact of decisions on stock market performance.

3. Theoretical Framework

- **Prospect Theory** – Investors fear losses more than gains, leading to risk aversion.
- **Cognitive Bias Theory** – Biases like overconfidence, anchoring, and herding impact decisions.
- **Modern Portfolio Theory** – Diversification helps investors manage risk in volatile markets.

4. Research Design

- **Descriptive Research** – Surveys to analyze investor demographics, risk tolerance, and strategies.
- **Exploratory Research** – Interviews for deeper insights into emotional responses.
- **Casual Research** – Informal observations without structured methodology.

5. Data Collection Methods

- **Primary Data**
 - Surveys with structured questionnaires.
 - Semi-structured interviews with select investors.
- **Secondary Data**
 - Historical stock market data from Bloomberg, Reuters, etc.
 - Review of academic research on investor behavior.
 - Financial news articles for context on market events.

6. Sampling Method and Data Analysis

- **Sampling** – Random sampling for surveys; purposive sampling for interviews.
- **Analysis**
 - Descriptive statistics (mean, standard deviation, frequencies).
 - Thematic analysis for qualitative data.
 - Statistical modelling for relationships between investor traits and volatility.

7. Tools and Techniques

- SPSS software for statistical analysis.

8. Limitations of the Study

- Sample size may not fully represent all investors.
- Self-reported data may have biases.
- The timeframe may not capture all volatility patterns.

9. Scope of the Study

- Focuses on how volatility affects investor decisions.
- Does not explore the causes of volatility or economic impacts.

10. Research Plan

1. **Literature Review** – Study previous research on investor behavior and volatility.
2. **Develop Research Instruments** – Create survey and interview questions.
3. **Data Collection** – Conduct surveys and interviews.
4. **Data Analysis** – Apply statistical techniques.
5. **Interpretation & Reporting** – Draw conclusions and compile findings into a report.

**DATA ANALYSIS****Occupation**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Student	74	73.3	74.0	74.0
Valid Business owner	12	11.9	12.0	86.0
Valid Working Professional	14	13.9	14.0	100.0
Total	100	99.0	100.0	
Missing System	1	1.0		
Total	101	100.0		

The above table shows that majority of respondents (73.3%) identified as students, followed by business owners (11.9%) and working professionals (13.9%).

Age

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 16-25	81	80.2	81.0	81.0
Valid 25-35	12	11.9	12.0	93.0
Valid 35-45	2	2.0	2.0	95.0
Valid 45-above	5	5.0	5.0	100.0
Total	100	99.0	100.0	
Missing System	1	1.0		
Total	101	100.0		

The above table shows that majority of respondents (80.2%) are aged 16-25, with smaller proportions in the 25-35 (11.9%), 35-45 (2.0%), and 45 and above (5.0%) age groups.

Income

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 0-15,000	61	60.4	61.0	61.0
Valid 15000-25000	11	10.9	11.0	72.0
Valid 25000-35000	10	9.9	10.0	82.0
Valid 35000-Above	18	17.8	18.0	100.0
Total	100	99.0	100.0	
Missing System	1	1.0		
Total	101	100.0		

The above table shows that largest portion of respondents (60.4%) reported an income of 0-15,000, while smaller groups earned between 15,000-25,000 (10.9%), 25,000-35,000 (9.9%), and 35,000 and above (17.8%).

**Marital Status**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	married	14	13.9	14.0	14.0
	Unmarried	86	85.1	86.0	100.0
	Total	100	99.0	100.0	
Missing	System	1	1.0		
Total		101	100.0		

The above table shows that vast majority of respondents (85.1%) are unmarried, while a smaller proportion (13.9%) are married.

Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	male	64	63.4	64.0	64.0
	female	36	35.6	36.0	100.0
	Total	100	99.0	100.0	
Missing	System	1	1.0		
Total		101	100.0		

The above table shows that majority of respondents (63.4%) identified as male, while 35.6% identified as female.

Education

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	HSC	14	13.9	14.0	14.0
	SSC	4	4.0	4.0	18.0
	Post Graduate	15	14.9	15.0	33.0
	Under Graduate	41	40.6	41.0	74.0
	Graduate	26	25.7	26.0	100.0
	Total	100	99.0	100.0	
Missing	System	1	1.0		
Total		101	100.0		

The above table shows that largest group of respondents (40.6%) holds an undergraduate degree, followed by graduates (25.7%), postgraduates (14.9%), HSC (13.9%), and SSC (4.0%)



One-Sample Test

	Test Value = 2					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
[Do you consider stock price volatility as a major factor influencing my investment decisions?]	2.523	99	.013	.210	.04	.38
[High volatility in stock prices increases my concern about potential losses?]	5.014	99	.000	.410	.25	.57
[Do you prefer stable stock markets over volatile ones when investing?]	2.149	99	.034	.190	.01	.37
[Do you believe that understanding market trends helps mitigate the impact of volatility?]	2.390	99	.019	.230	.04	.42
[Do you think that technical analysis is crucial for investing in volatile stock markets?]	1.823	99	.071	.170	-.02	.36
[Are you willing to take calculated risks in a volatile stock market?]	3.288	99	.001	.320	.13	.51
[Do you trust that the stock market will recover even after periods of high volatility.]	4.190	99	.000	.390	.21	.57
[Do you believe that the stock market operates efficiently, even during volatile times?]	5.504	99	.000	.510	.33	.69
[Do you think that long-term investments are safer despite short-term volatility?]	3.254	99	.002	.320	.12	.52
[Do you prefer stable stock markets over volatile ones when investing]	3.288	99	.001	.320	.13	.51
[Does Rapid price changes in the stock market discourage you from investing.]	5.745	99	.000	.550	.36	.74
[Does Stock price fluctuations motivate me to diversify your investment portfolio]	4.710	99	.000	.430	.25	.61
[How do you feel about investing in emerging markets during periods of high volatility?]	3.954	98	.000	.384	.19	.58



[Have you ever used any automated trading systems to navigate volatility? If yes, how was your experience?]	7.698	96	.000	.784	.58	.99
[How do you feel about the potential for profit in volatile markets?]	4.943	98	.000	.444	.27	.62
[Have you ever experienced panic selling due to market volatility? Please elaborate.]	3.339	99	.001	.350	.14	.56
[How does news and media coverage affect your investment decisions?]	2.771	99	.007	.240	.07	.41
[Have you ever missed investment opportunities due to fear of volatility?]	2.095	99	.039	.190	.01	.37

The above table shows that one-sample test results indicate that respondents generally perceive stock price volatility as a significant factor influencing their investment decisions, with several statements showing statistically significant mean differences from the test value of 2. Notably, concerns about potential losses due to high volatility (mean difference of 0.410, $p < 0.001$) and the belief that the stock market will recover after periods of high volatility (mean difference of 0.390, $p < 0.001$) received strong support. Additionally, the willingness to take calculated risks in a volatile market (mean difference of 0.320, $p < 0.001$) and the motivation to diversify investment portfolios in response to stock price fluctuations (mean difference of 0.430, $p < 0.001$) were also significant. Overall, the findings suggest that volatility is a critical consideration for investors, influencing their strategies and perceptions.

FINDINGS

The study reveals that the majority of respondents (73.3%) are students, with a smaller percentage being working professionals (13.9%) and business owners (11.9%). Additionally, most participants (80.2%) fall within the 16-25 age group, indicating that the sample primarily consists of young adults who are either studying or in the early stages of their careers. This demographic composition suggests that their financial decisions and habits may be influenced by their educational and professional status.

In terms of income, a significant portion (60.4%) of respondents earn between 0-15,000, reflecting financial dependence, likely due to their student status or early career phase. Only a small percentage (17.8%) report earning above 35,000, further reinforcing the notion that most participants are yet to attain financial stability. Additionally, marital status data shows that 85.1% of respondents are unmarried, which aligns with the youthful nature of the sample.

Gender distribution indicates that 63.4% of respondents are male, while 35.6% are female, pointing to a slight gender imbalance in the study. Regarding education, the largest group of respondents (40.6%) are undergraduates, followed by graduates (25.7%) and postgraduates (14.9%). A smaller percentage have completed only HSC (13.9%) or SSC (4.0%), suggesting that most respondents are either in the process of completing higher education or have recently entered the workforce.

Overall, the findings highlight a young, financially dependent population that may require greater financial literacy and investment education to make informed financial decisions. Their educational background and early career stages may influence their financial behavior, emphasizing the need for targeted awareness programs to enhance their financial decision-making skills.

CONCLUSION

The study provides valuable insights into the demographic composition of the respondents, highlighting a predominance of young, unmarried students with limited income. The majority fall within the 16-25 age group and are still in the process of completing their education, which significantly influences their financial habits and



decision-making processes. This suggests that factors such as career stability and financial independence may play a crucial role in shaping their behaviors and attitudes.

Furthermore, the gender distribution indicates a higher representation of males, while the education levels show that most respondents are pursuing or have completed undergraduate studies. The income analysis reinforces the notion that financial dependence is a key characteristic of the sample, with only a small percentage earning above 35,000. These findings suggest that financial literacy and investment awareness among young individuals could be a crucial area for further exploration.

Overall, the study underscores the need for targeted financial education and investment awareness programs, especially for students and young professionals. Future research could aim for a more diverse sample, including individuals with different income levels and professional backgrounds, to gain a broader perspective on financial behavior and decision-making trends.

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