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## A Study on the Impact of Extrovert Personality Traits on the It Working Professionals Stock Investment Decision

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### Introduction

According to Big five personality theory, personality is determined by five broad dimensions and one such dimension is extroversion. Extrovert is often described as talkative, sociable, action-oriented, enthusiastic, friendly, and out-going and they are also described as attention-seeking, easily distracted, and unable to spend time alone character.

Some of the general characteristics associated with extroversion include:

- ) Numerous, broad interests
- ) Likes to communicate by talking
- ) Enjoys being at the center of attention
- ) Tends to act first before thinking
- ) Enjoys group work
- ) Feels isolated by too much time spent alone
- ) Looks to others and outside sources for ideas and inspiration
- ) Likes to talk about thoughts and feelings

In this study particularly this Big Five personality trait is studied and its impact on the Stock investment decision of the IT professionals. To know the personality traits of the investor the adopted questionnaire is used. But to test the Investment pattern a questionnaire is constructed and its consistency is tested through Cronbach alpha. Only the Extrovert personality attributes are taken for the study.

### Review of Literature

**Oehler, A., Wendt, S., Wedlich, F., & Horn, M. (2017)** The authors in this paper analyzed the impact of extraversion and neuroticism traits on their decision making with respect to financial decision. This study also captured the trading behavior of the individual in the asset market. They found that extrovert pay higher prices for asset buying. Neurotic trait people hold less risky investment. Exploratory factor analysis is used to prove the same.

**Nandan, T., & Saurabh, K. (2016)** In their study they checked the relationship between personality traits and investments intentions having financial risk as mediated factor. Out of the five traits openness, extraversion and neuroticism have mediated relationship, agreeableness has partial relationship and conscientiousness does not have relationship with short term investment decisions.

**Mehmet Islamo lu, Mehmet Apan, Adem Ayvali (2015)** In this study the author investigate the factors which have an impact on individual investor behaviour. Reliability, validity tests and factor analysis are used. As a result they found majorly six factors which influence the investment behaviour.

**Charles. A, Kasilingam. R(2014)** This study found the importance of big five personality traits and its impact on investor's investment decision making. Sample methodology used in the study is multistage random sampling. SPSS canonical correlations are used. Thus they found that individual personality plays a significant role in the investment success.

**Kourtidis, D., Ševi , Ž., & Chatzoglou, P. (2011).** In this study the authors tries to group investors (individuals and professionals) into different segments based on their psychological biases and personality traits and then they found the impact of the same in investment decision. The final outcomes show that the higher the investors' profile, the higher the performance of the investors on stock trading.

**Durand, R. B., Newby, R., & Sanghani, J (2008).** They proved in their study that there exist a strong relationship between investment decision and personality traits. And they also vouched that gender traits do have an impact in investment decision.

Mayfield, C., Perdue, G., & Wooten, K. (2008)The authors examined several psychological traits with both short-term and long-term investment intentions. With SEM the study proved that individuals who are more extravert are intend to engage in short-term investing, while those who are higher in neuroticism and/or risk aversion avoid this activity.

### Objective of the study

1. To identify the major factors responsible for determining the Extrovert behavior of IT employees.
2. Those extrovert who warms up quickly is not correlated to those who likely to purchase investments that have been recommended by friends or colleagues
3. To know the impact of Extrovert trait attribute on the opinion suggestive of friends

### Hypothesis

#### 1. Hypothesis

H0: There is no significant difference between gender and extrovert personality attribute assertiveness

H1: There is significant difference between gender and extrovert personality attribute assertiveness

#### 2. Hypothesis

H0: Is assertive and takes charge does not predict I feel more confident in my own investment opinions over opinions of friends and colleagues

H1: Is assertive and takes charge does predict I feel more confident in my own investment opinions over opinions of friends and colleagues

#### 3. Hypothesis

H0: Those extrovert who warms up quickly is not correlated to those who likely to purchase investments that have been recommended by friends or colleagues

H1: Those extrovert who warms up quickly is correlated to those who likely to purchase investments that have been recommended by friends or colleagues

### Research design

#### Data source

Primary data is collected from the individual IT Employees with the help of structured questionnaire.

Secondary data is collected from the published source and through internet.

#### Sampling design

Random and convenient sampling is used and the sample size is 40 respondents as it is a pilot study and to check the questionnaire consistency

#### Data analysis

Correlation, regression and Independent t test are used for analysis

### Research methodology

1. The data used in this study is purely Primary data.(one part of the questionnaire is adopted).
2. The model used for the study is regression under SPSS.
3. The study has proposed a null hypothesis the same has been tested using correlation, regression and independent t test.

### Data Analysis and interpretation

#### Descriptive Mean

		[Warms up quickly to others]	[Prefers to be alone]	[Is always on the go]	[Can talk others into doing things]	[Seeks quiet]	[Is assertive and takes charge]	[Holds back from expressing my opinions]	[Enjoys being part of a group]	[Lets things proceed at their own pace]
N	Valid	40	40	40	40	40	40	40	40	40
	Missing	0	0	0	0	0	0	0	0	0
Mean		3.5	2.78	3.23	3.1	3.23	3.58	2.9	2.5	3.03
Std. Deviation		1.013	1.05	0.974	0.982	0.8	0.874	1.081	1.301	1.187
Skewness		0.078	-0.083	0.046	-0.893	-0.438	-0.241	0.208	-0.074	-0.05
Std. Error of Skewness		0.374	0.374	0.374	0.374	0.374	0.374	0.374	0.374	0.374
Kurtosis		-1.042	-0.766	0.423	-0.148	0.459	-0.511	-0.639	-1.757	-0.971
Std. Error of Kurtosis		0.733	0.733	0.733	0.733	0.733	0.733	0.733	0.733	0.733

### Interpretation

The above table shows the various questions related to Extrovert personality. Descriptive statistics of the table shows that the mean value of (Is assertive and takes charge) shows the highest mean value of 3.58. So it is understood that that particular factor talks more about the personality and for further more test the same question is used.

### Hypothesis

**H0:** There is no significant difference between gender and extrovert personality attribute assertiveness

**H1:** There is significant difference between gender and extrovert personality attribute assertiveness

### Independent t-test

#### Group Statistics

	Gender	N	Mean	Std. Deviation	Std. Error Mean
[Is assertive and takes charge]	0	25	3.48	.872	.174
	1	15	3.73	.884	.228

### Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
[Is assertive and takes charge]	Equal variances assumed	.262	.612	-.885	38	.382	-.253	.286	-.833	.326
	Equal variances not assumed			-.882	29.296	.385	-.253	.287	-.840	.334

### Interpretation

This study found that female participants had statistically significantly less assertive ( $3.48 \pm 0.872$ ) then compared to male participant ( $3.73 \pm 0.884$ ),  $t(38) = 262$ ,  $p = 0.612$ . Since the calculated value is above the p values the null hypothesis is rejected and the alternate is accepted (i.e) gender has a significant change in the attribute assertiveness.

### Hypothesis

**H0:** Is assertive and takes charge does not predict I feel more confident in my own investment opinions over opinions of friends and colleagues

**H1:** Is assertive and takes charge does predict I feel more confident in my own investment opinions over opinions of friends and colleagues

### Regression

#### Model Summary<sup>b</sup>

Model	R	R Square	Adjusted Square	Std. Error of the Estimate	Durbin-Watson
1	.128 <sup>a</sup>	.016	-.009	.633	2.003

a. Predictors: (Constant), [Is assertive and takes charge]

b. Dependent Variable: [I feel more confident in my own investment opinions over opinions of friends and colleagues]

### Interpretation

- $R = 0.128$ . R is the multiple correlation coefficient. R is the measure of the quality of the prediction of the dependent variable. R is the correlation between the predicted scores (assertive and takes charge) and the actual scores of the dependent variable ([I feel more confident in my own investment opinions over opinions of friends and colleagues]). A value of 0.128, in this table, indicates a low level of prediction

- $R^2 = 0.016$ . The independent variables explain 1.6% of the variability of the dependent variable in this model
- Adjusted  $R^2 = -0.009$ . The independent variable explains -0.9% of the variability of the dependent variable in the population.
- Durbin Watson score between 0-2 is acceptable and here the score 2.003 which is positive.

**ANOVA<sup>a</sup>**

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	.254	1	.254	.633	.431 <sup>b</sup>
Residual	15.246	38	.401		
Total	15.500	39			

a. Dependent Variable: [I feel more confident in my own investment opinions over opinions of friends and colleagues]

b. Predictors: (Constant), [Is assertive and takes charge]

**Interpretation**

Statistical significance. The  $F$ -ratio in the ANOVA table is the ratio of the mean sum of squares for regression to the mean sum of squares for the residuals. It tests whether the regression model is a good fit for the data. The table shows that the independent variables statistically significantly predict the dependent variable,  $F(1, 38) = 0.633$ ,  $p > .0005$  (i.e., the regression model is not a good fit of the data). The null hypothesis (the multiple correlation coefficient,  $R = 0.43$ ) is accepted. It means at least one regression coefficient (except the intercept) is statistically significantly different to zero.

**Hypothesis**

**H0:** Those extrovert who warms up quickly is not correlated to those who likely to purchase investments that have been recommended by friends or colleagues

**H1:** Those extrovert who warms up quickly is correlated to those who likely to purchase investment

**Correlations**

		[Warms up quickly to others]	[I am likely to purchase investments that have been recommended by friends or colleagues]
[Warms up quickly to others]	Pearson Correlation	1	-.130
	Sig. (2-tailed)		.422
	N	40	40
[I am likely to purchase investments that have been recommended by friends or colleagues]	Pearson Correlation	-.130	1
	Sig. (2-tailed)	.422	
	N	40	40

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### Interpretation

From the above correlation table it is clear that the relation between two variable is negatively low correlated having a -1.30 correlation and the significance value is 0.422 which is above 0.05 which means the null is accepted (i.e). Those extrovert who warms up quickly is not correlated to those who likely to purchase investments that have been recommended by friends or colleagues

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