

“Perception of Generation Z on Stock Market Investment in Rajkot City”

¹ Mr. Pratik Pravin, ² Dr. Shailesh J. Parmar

¹ Research Scholar, Department of Commerce & Business Administration, Saurashtra University, Rajkot, India

² Professor & Head, Department of Commerce & Business Administration, Saurashtra University, Rajkot, India
Email – ¹pratik.pravin33@gmail.com

Abstract:

This study examines the knowledge, investment activity, and perception of Generation Z towards the stock market. The researcher has collected data from 221 participants through a structured questionnaire from Gen-Z of Rajkot City, Gujarat (India). The main objectives of the study are to analyze the perception of Generation Z towards the stock market and to check the difference in the perception related to different factors like gender, stream of education investment attitude, etc. In this research, the researcher has used chi-square and T-test to test the hypotheses. The results showed that males were more likely to invest in the stock market than females and that social media and school/college were the most popular influencing sources of information to invest in the stock market. During analysis, it was found that education was a key factor in the investment decisions of Generation Z. To improve the investment potential of Generation Z, targeted efforts should be taken to encourage female participation in the stock market and to provide more resources for women to gain the knowledge and confidence to invest in the stock market.

Key Words: Stock Market, Behavioural Finance, Demographic Factors, Financial Attitude, Generation Z, Investment Activity, Perception.

INTRODUCTION:

The Indian stock market is a thriving and dynamic market that is essential to the expansion of the Indian economy. It is an significant factor of capital markets, which allow businesses to raise money from the general public and allow investors to purchase and sell stocks and other financial products. With a history that dates back to the 19th century and the founding of the Bombay Stock Exchange (BSE) in 1875, the Indian stock market stands as one of the oldest and most established in the world. The National Stock Exchange (NSE) was established in 1992, and today, the market capitalization of the Indian stock market is divided between the two exchanges to the tune of over 95%. With a total market value of nearly US \$3.31 trillion, the Indian stock market has expanded rapidly through time to become one of the greatest marketplaces in the world. Some of the largest and most liquid equities in the world are found there, providing investors with a wide variety of investing choices.

WHAT IS GENERATION Z?

Generation Z is the post-Millennial generation refers to the generation that was born between 1997-2012, following millennials. Gen Z is the newest generation of investors to enter the stock market. As the most tech-savvy generation yet, Gen Z investors are taking advantage of the many new ways to invest in the stock market. They are comfortable with online trading platforms and understand the stock market better than any other generation before them. Gen Z investors are more likely to use technology and research to invest in the stock market, making them more informed and educated investors. they are inclined to invest in companies with a strong commitment to social responsibility and actively seek opportunities in emerging markets. Additionally,

Gen Z investors are more likely to use artificial intelligence and machine learning algorithms to make their investment decisions.

STATEMENT OF THE PROBLEM:

Generation Z is relatively new to the stock market and has a mix of optimism and caution when it comes to investing. Gen Zers are taking advantage of the current low stock prices and the potential for long-term gains while also understanding the risks associated with investing. They are more likely than other generations to diversify their portfolios and spread out their investments in a more socially responsible manner. Gen Zers also tend to do research and invest cautiously, as they are aware of the volatility of the stock market and the potential for significant losses.

This has caused several questions to arise in the researcher's mind, leading him to believe that a study is required to explore the variables that affect Generation Z's perceptions toward stock market investments and offer suggestions for restoring or at least enhancing those investors' trust and confidence in the stock market.

As researcher selected the title "Perception of Generation Z on Stock Market Investment in Rajkot City" for the study.

LITERATURE REVIEW:

(Suryani et al., 2022) Have undergone the research on Factor Analysis of investment intention: Millennials and Gen Z perspective. The aim of this study was to identify the variables that affect millennials (Y) and Generation Z's interest in investing in North Sumatra. The study's sample size was 280, and it was conducted using a survey approach. The findings showed that two main variables, including information, transparency, social media influencers, and financial literacy, determine the investing intentions of millennials and Generation Z: (1) knowledge, self-motivation, social environment with investment experience, and initial capital; and (2) variables.

(Ruqayya Aljifri 2022) conducted research on Investor psychology in the stock market: An empirical study of the impact of overconfidence on firm valuation. This study provides evidence that overconfidence has a significant and positive effect on firm valuation in Saudi Arabia's emerging stock market. It also provides insight into the role of psychology in market efficiency and suggests potential actions that can be taken to minimize the effects of overconfidence.

(Rahman and Hossain, 2022) conclude in his research Impact of fixed asset revaluation practice on investor perception in Bangladesh stock market. This study utilized a sample of 191 investors in the Bangladesh to analyze their perception of fixed asset revaluation (FAR). The findings suggest that investors are highly suspicious of the motives and fairness of FAR in Bangladesh, believing that companies manipulate their stock prices and gain access to loans through this model. As such, regulators must establish appropriate policies and regulations to prevent motivated, manipulated, and selective disclosure of information.

(Nugraha and Rahadi, 2021) explore Analysis of Young Generations toward Stock Investment Intention: A Preliminary Study in an Emerging Market. This research aims to explore the perceptions of Indonesia's millennials (Gen Y) and Gen Z regarding their intention to invest in stocks. The Theory of Planned Behavior was applied to identify the perceptual variables, with demographics characteristics serving as moderating variables. An online questionnaire survey was conducted to collect 64 samples, which were analyzed using PLS-SEM. Multi-group analysis was used to examine any group differences. The results revealed that only attitudes towards the behavior had a significant effect on the young Indonesian generations' intention to invest

in stocks; this was contrary to previous research. Additionally, the participants' education level had a moderating effect on their investment intention.

(Wijaya and Afgani, 2021) carried out a Study analysis of the enthusiasm on stock investment among Generation Z in Bandung city. This study used a quantitative approach to assess the factors that affect the enthusiasm for Generation Z in Bandung towards stock investment, with 400 respondents from this demographic taking part. Results from multiple linear regression analysis showed that financial literacy and risk tolerance had a positive impact on enthusiasm for stock investment, though stock return was found to be insignificant.

(Omar et al., 2021) Perceptions of the threat to national security and the stock market. Their results provide evidence that national security concerns have a significant effect on equity markets, even in the absence of any actual event. This implies that investors should pay close attention to media coverage of national security issues when formulating their investment strategies. Additionally, their results suggest that policymakers should consider the potential economic impact of media coverage of national security threats when formulating policy.

(Baihaqqy and Sugiyanto, 2020) conducted research on Investment Decisions of Investors Based on Generation Groups. The purpose of this study is to quantify and describe the effect of financial literacy on investment decision-making among members of different generations, namely Gen Z, Gen Y, Gen X, and Baby Boomers. A quantitative descriptive methodology was employed and 137 investors registered with the Indonesia Stock Exchange were surveyed over two months (January-February 2020). The findings showed that differences in financial literacy between the generations have a significant impact on their investment decisions. The study determined that that financial literacy and investment experience are vital for successful capital market investments.

(Fungáčová et al., 2020) have studied Does the type of debt matter? Stock market perception in Europe. The results of this study suggested that debt announcements had a positive impact on the stock prices of borrowers in European countries and that certain factors could influence the magnitude of the reaction.

(Raju and Patra, 2020) to understand the elements that affect investors' investment decisions, researchers have conducted a study titled "An Analysis on Investor's Perception toward Investment Decision with Reference to Indian Scenario Andhra Pradesh." 100 participants from the Vizianagaram area made up the study's sample size, and primary data were gathered via a structured questionnaire. The percentage and ranking methods were used to analyse the data in this study. It has been discovered that a company's legal standing, financial might, new goods, and history all affect investment choices.

(Rosdiana, 2020) carry out the research on Investment behavior in Generation Z and millennial generation. the outcomes of this study offer valuable insight into the determinants of investment decisions among the Z and Millennial generations. This study provides a basis for further investigation into the factors influencing investment decisions among this demographic, which could be beneficial for both individuals and policy-makers. Furthermore, the outcomes of this study may help to inform financial literacy initiatives and the development of financial literacy curricula, which could lead to improved financial decision-making among the Z and Millennial generations.

(Ranasinghe and Ekanayake, 2019) explores Behavioral factor in investment decision making among generation Z – the post millennials: The development of a conceptual model. This study aims to direct the

focus of behavioural finance. The primary objective of the study was to develop a more applicable model to explain investor behaviour among this segment, using deductive reasoning to bring forth Generation Z-specific factors. The model consists of Against-the-tide Behaviour, Ethical Consideration, Digital Availability Bias, Hyperbolic Discounting, Prospect Theory and the Disposition Effect. It is concluded that behavioral finance is applicable to Generation Z, but with modifications and revised constructs.

(Chen et al., 2018) have conducted the research on Socially responsible investment by generation Z: a cross-cultural study of Taiwanese and American investors they have examined the views of Generation Z investors toward socially responsible investing using Hofstede's cultural dimensions theory (SRI). A total of 811 valid questionnaires were used to gather information from two nations, the United States and Taiwan. In order to examine how Generation Z perceives and accepts SRI, variables including country, gender, job experience, and share ownership were considered. The study's findings offer intriguing implications for cross-cultural study theory and practise as well as new directions for further investigation. This study clarifies Generation Z's social preferences as well as how perceived customer efficacy and trust affect the uptake of SRI.

(Dolot 2018) found in his research on “The Characteristics of Generation”. This study looked into how the Z and Millennial generations made investing decisions in relation to financial literacy, herding behaviour, risk aversion, and risk perception. The sample, which was made up of academics with incomes between 15 and 39 years old from the Faculty of Economics and Business at Mercuru Buana University, was chosen using a non-probability sampling method called accidental sampling. The data were analysed using multiple linear regression. The research found that investing decisions were positively impacted by financial literacy, herding tendency, risk aversion, and risk perception.

(Rahman, 2018) has research on Factors Affecting Investors' Perception towards Investment in Stock Market in Bangladesh: A Study on Investor's of Khulna City. In which 160 Dhaka Stock Exchange investors provided information using a structured, closed-ended questionnaire with a 5-point Likert scale and 25 factors. Seven fundamental factors—internal, informational, economic, individual, strong and affordable, goodwill, and external—that influence investor choices have been identified through the application of factor analysis. Gender, age, education, and income inequalities have been identified using the Independent Samples t-test, ANOVA, and Welch test. 24 out of 25 factors related to gender, 20 out of 25 variables related to age, 10 out of 25 variables related to education, and 23 out of 25 variables related to employment of the investors did not show any significant differences, according to the study.

(Kukreja, 2012) Have undergone the research on A Study on Investors' Perceptions towards Stock Market. The study's 120 samples are chosen. The study's main conclusions are that age has a big influence on investments and education has a big impact on tax benefits. This study employs 119 functional variables to gauge investors' perspective. These factors have a 72% influence on the measurement of investor perception. The perception of investors is mediated through fees, liquidity, and investing characteristics. Influences on investments and their rewards are very important.

RESEARCH METHODOLOGY:

1. Objectives of the study:

1. To find details about Generation Z's towards stock market investments.
2. To find out the source of information which affect most to Generation Z for invest in stock market.
3. To find out most preferred industry by Generation Z to invest in the stock market.

4. To check the association between Education and Investment Attitude towards the Stock market.
5. To check the association between the Generation Z’s stream of education and Knowledge about the Stock market.
6. To check the association between the Gender and Investment activity of Generation Z in the stock market.
7. To check the difference between the Gender and Investment perception of Generation Z towards the stock market.
8. To give suggestion to the Generation Z and other stakeholder about the stock market.

2. Sample Design:

In this study, 221 respondents of Gen Z of Rajkot city, Gujarat (India) born between 1997-2012 have been taken as a part of sample. For selection of sample, Researcher has used convenient sampling method.

3. Data Collection:

This study is totally based on the **Primary data** and data was collected through a **questionnaire**.

4. Tools & Technique:

The Researcher has used Chi-square and T test for testing the hypothesis. The main aim to use this test is to know the investment perception of Generation Z towards investment in stock market.

5. Hypothesis of the study:

H0: There is no association between Generation Z’s stream of education and Knowledge about the Stock market.

H0: There is no association between the stream of education and Generation Z’s investment Attitude towards the Stock market.

H0: There is no association between the Gender and Investment activity of Generation Z in the stock market.

H0: There is no significant difference between the Gender and Investment perception of Generation Z towards the stock market.

6. Analysis and Interpretation:

Table 1 Demographic information

PERCENTAGE ANALYSIS FOR DATA COLLECTED			
Variables	Particulars	Frequency	Percentage
Gender	Male	144	65.2
	Female	77	34.8
	Total	221	
Education	Science	47	21.3
	Commerce	113	51.1
	Arts	42	19
	Engineering	19	11.6
	Total	221	
Knowledge about the Stock market	Yes	159	71.9
	No	62	28.1
	Total	221	

(Source: Primary data)

The table no 1 shows that 221 people were surveyed about their gender, education, and knowledge of the stock market. 65.2% of the people surveyed were male and 34.8% were female. 51.1% of the people surveyed had a commerce background, 21.3% had a science background, 19% had an arts background, and 11.6% had an engineering background. 71.9% of the people surveyed had some knowledge about the stock market, while 28.1% did not know the stock market.

Table 2 knowledge about the stock market & Education

Knowledge about the Stock market * Education Crosstabulation						
		Education				Total
		Science	Commerce	Arts	Engineering	
They know about the market	Yes	37	98	14	10	159
	No	11	19	25	7	62
Total		48	117	39	17	221

(Source: Primary data)

The above crosstabulation shows respondent’s knowledge of the stock market among different educational backgrounds. Out of 221 people, 159 people (71.9%) know about the stock market and 62 people (28.1%) do not know the about stock market. Out of the 159 people that know about the stock market, 37 have a science educational background (23.3%), 98 have a commerce educational background (61.6%), 14 have an arts educational background (8.8%) and 10 have an engineering educational background (6.3%). Out of the 62 people that do not know about the stock market, 11 have a science educational background (17.7%), 19 have a commerce educational background (30.7%), 25 have an arts educational background (40.3%) and 7 have an engineering educational background (11.3%).

Table 3 Chi-square test

Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	29.315	3	.000

(Source: Primary data)

The chi-square test has been used to assess the association between the stream of Education and Knowledge about the Stock market. The Pearson Chi-Square value is 29.315 with a significance of 0.000, indicating that there is an association between Generation Z’s stream of education and Knowledge about the Stock market.

Table 4 Source of information about the market

Source of Information	Percent
Advertisement	8.8
Webinar	1.3
Financial adviser or Counsellor	1.8
Information published by different organization and Govt.	1.3
Google	10.1
News	11.3
Social media	22
Learning & Experience	17.6
School/College	22
Others	3.8

(Source: Primary data)

The above table shows the percentage of where people get information about the market. According to the table, the most popular source is social media and school/college (22.0%). Whereas advertisement (8.8%), webinar (1.3%), financial adviser or counsellor (1.9%), information published by different organizations and government (1.3%), Google (10.1%), news (11.3%), learning and experience (17.6%), and others (3.8%). In total, there are 159 response for this question.

Table 5 Preferred Industry

Preferred Industry	Frequency	Percent
Pharmaceutical	11	6.9
IT	44	27.7
FMCG	15	9.4
Automobile	17	10.7
Construction & Engineering	6	3.8
Financial Services	22	13.8
Food & Beverages	7	4.4
Textiles, Apparels & Accessories	8	5.0
Real Estate	10	6.3
Shipping & logistic	3	1.9
Others	16	10.1
Total	159	100.0

(Source: Primary data)

The above table shows the preferred industry and the percentage of the total number of industries preferred. The most preferred industry is IT, at 27.7%, followed by Financial Services at 13.8%, and Automobiles at 10.7%. Pharmaceuticals and FMCG are the next most popular, at 6.9% and 9.4% respectively. The smallest percentages of preference are for Shipping and Logistics (1.9%), Construction and Engineering (3.8%) and Food and Beverages (4.4%). With all other industries making up 10.1% of the total.

Table 6 Education & Investment Attitude towards the stock market

Education * Investment Attitude towards the stock market Crosstabulation					
		Investment Attitude towards the stock market			Total
		Aggressive	Moderate	Conservative	
Education	Science	10	20	7	37
	Commerce	22	61	15	98
	Arts	2	6	6	14
	Engineering	4	6	0	10
Total		38	93	28	159

(Source: Primary data)

The above crosstabulation shows the investment attitude towards the stock market based on the different levels of education. The table shows that among those with a science degree, 10 (26.3%) had an aggressive attitude, 20 (52.6%) had a moderate attitude, and 7 (18.4%) had a conservative attitude. Those with a commerce degree had 22 (17.1%) with an aggressive attitude, 61 (47.3%) with a moderate attitude, and 15 (11.6%) with a conservative attitude. Among those with an arts degree, 2 (14.2%) had an aggressive attitude, 6 (42.9%) had a moderate attitude, and 6 (42.9%) had a conservative attitude. Lastly, those with an engineering degree had 4 (40%) with an aggressive attitude and 6 (60%) with a

moderate attitude, with no one having a conservative attitude. In total, 38 (19.7%) had an aggressive attitude, 93 (48.2%) had a moderate attitude, and 28 (14.5%) had a conservative attitude which concludes most of the respondents of gen Z have a moderate risk attitude.

Table 7 Chi-Square Tests

Chi-Square Tests				
	Value	df	Asymptotic Significance (2-sided)	Exact Sig. (2-sided)
Pearson Chi-Square	9.973	6	.126	.122
Fisher's Exact Test	8.653			.170

(Source: Primary data)

Fisher's exact test is a statistical significance test used to determine the difference between the stream of education and Generation Z's investment Attitude towards the Stock market. It is used when the sample size is small or the expected frequencies are not large enough for the chi-square test of independence to be valid. In this case, the significance value is .170, which indicates that there is a 17% chance of obtaining a result as extreme as or more extreme than the observed result, given that the null hypothesis is true. Which Proves, that **there is no association between the stream of education and Generation Z's investment Attitude towards the Stock market.**

Table 8 Gender & Investment Activity in the Stock Market

Gender *Investment Activity in the Stock Market				
Total		Have you invested in the stock market?		Total
		Yes	No	
Gender	Male	66	38	104
	Female	16	39	55
		82	77	159

(Source: Primary data)

The above crosstabulation shows that out of 159 people, 104 (65.4%) are male and 55 (34.6%) of them are female. In the males, 66 (41.5%) have invested in the stock market and 38 (23.9%) have not. in the females, 16 (29.10%) have invested in the stock market and 39 (70.90%) have not.

Table 9 Chi-Square Tests

Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	17.016	1	.000

(Source: Primary data)

The above table is a summary that outlines the results of a chi-square test. The value of the chi-square test is 17.016, which has a significance level of 0.000, indicating the null hypothesis is failed to be accepted. It proves **that there is an association between the Gender and Investment activity of Generation Z in the stock market.**

Table 10 T test

Independent Samples Test						
	Levene's Test for Equality of Variances			t-test for Equality of Means		
		F	Sig.	t	df	Sig. (2-tailed)
Perception	Equal variances assumed	.088	.768	-1.617	157	.108

(Source: Primary data)

The above table shows the output of an independent-sample t-test. The t-test significant ($p=.108$), suggests that there is **no significant difference between the Gender and Investment perception of Generation Z** towards the stock market.

SUGGESTIONS:

- The researcher advises that courses can be created to give students more information about investments and the stock market. Courses on fundamental investing concepts and personal finance management should be included in these schools' curricula.
- The researcher also suggests to campaign for the availability of instructional materials to students, such as books, articles, videos, and other resources that can aid in their understanding of the stock market.
- The researcher recommends that educators get students access to internet discussion boards and other tools so they can communicate with experts and ask queries about the investment and stock market.
- The study concludes that more work needs to be done to support and encourage more females in stock market involvement. This can include offering more guidance and information on investment, as well as providing resources and incentives to encourage more women to become involved in stock market activities.
- Research should be done to determine the obstacles for women when they are investing in the stock market, and should get the solutions.

LIMITATIONS:

1. This study was conducted in a single city, Rajkot City in Gujarat, India, and may not apply to other regions.
2. This study was conducted with a limited sample size of 221 participants, and more research needs to be done to understand the investment behaviour of Generation Z on a larger scale.
3. The data was collected using an online survey, which may have been subject to selection bias.
4. The results may not be generalizable to other generations.
5. The study did not consider other factors that may be relevant to Generation Z's investment decisions, such as their economic environment and access to financial services.
6. Statistical tools have their limitations.
7. This study is based on primary data so the beliefs and attitudes of respondents may affect the research study.

CONCLUSION:

The research findings suggest an association between Generation Z's stream of education and knowledge about the stock market also it was found that there is no association between stream of education and Generation Z's investment Attitude towards the Stock market. Further, it can be said that there is an association between Gender and Investment activity of Generation Z in the stock market based on results. At last, the researcher has found that there is a significant difference between the Gender and Investment perception of Generation Z towards the stock market. It suggests that education is a key factor in the investment decisions

of Generation Z and targeted efforts should be taken to encourage female participation in the stock market, such as providing more resources for women to gain the knowledge and confidence to invest in the stock market. To improve the investment potential of Generation Z, it is necessary to provide comprehensive training and educational programs.

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