Decision-Economic Factors and Demographic Factors Influencing the Psychology of Investors towards Investing in Gold: An Empirical Study

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The paper is an exploratory attempt to analyze the perception of individual investors of stock market of Punjab towards investing in gold. For the purpose, factors affecting the decisions of individual stock investors to invest in gold were gauged. A pre-tested, well-structured questionnaire which was administered personally and the responses of 207 respondents were analyzed. The responses have been analyzed with the help of Factor Analysis applied to group variables into identifiable categories. Variables could be grouped into eight factors with the help of factor analysis influencing investors to invest in gold i.e. Benefits factor, market information factor, credibility factor, security needs factor, personal financial needs factor, opinions factor, pocket friendly factor, pre-investment analysis factor. Significant difference is found in preferences of investors for gold across various age groups and income groups. However, no difference in preference for gold across gender is found. The current research will be helpful for financial service providers in understanding the psychology of the individual stock investors on the basis of factors influencing their preferences to invest in gold and suggest them investment options as per their needs and also provides implications to marketers of gold who need to seek information concerning psychology of customers towards investing in gold.

Keywords: *individual investors, factor analysis, weighted average scores, gold, investor behaviour.*

INTRODUCTION

Every investor has his own motive behind investment. The primary motive of investment among the small and individual investors is to earn a regular income either in the form of interest or dividend on the investment made (Chandra, P., 1995). Investors are generally selective in investing. The investment behavior of individuals is methodical and logical function of personal circumstances and hence attitudes. Investment attitudes result in selecting particular instruments in portfolio (Kiran, D. and Rao, 2004). Today, the financial services and the economic sector are more highly diversified than ever. This diversification means that the individual investors have a wider range of investments and a greater choice of how to invest their money (Warren, et.al, 1990).

Investing is not a game but a serious subject that can have a major impact on investor's well being. Virtually everyone makes investments. Even if the individual does not select specific assets such as stock, investments are still made through participation in pension plan and employee saving programme or through purchase of life insurance or a home or by some other mode of investment like investing in Real Estate or in banks or in saving schemes of post offices. Each of this investment has common characteristics such as potential return and the risk one must bear. The future is uncertain, and one must determine how much risk you are willing to bear since higher returns is associated with accepting more risks (Kabra, G. et.al, 2010).

Unlike any consumer goods, the investments have several distinct characteristics. Investment products have their own value and can be further sold, pledged at different period of the time and places (Kumar S. K. et.al, 2008). While choosing a specific investment, investors need to understand and know regarding the features their investments should possess. There are many assets (e.g. stocks, bonds, derivatives, fixed deposits, gold real estate etc) which an investor can include in his portfolio (Mayo, B.H., 2009). Each of this investment has common characteristics such as potential return and the risk one must bear. The future is uncertain, and one must determine how much risk you are willing to bear since higher returns is associated with accepting more risks (Kabra, G. et.al, 2010).

LITERATURE REVIEW

Lease, Lewellen and Schlarbaum (1974) focused on finding out who the individual investor is, how he makes his decisions, his dealings with his broker, and analysis of his asset portfolio among the U.S. investors. With the help of questionnaire, the investment strategies followed by investors were determined. The responses portrayed that the investors followed a fundamental approach preferring a balanced and well-diversified portfolio of income. It was found that investors preferred long term capital appreciation securities with dividend income instead of short-term gains. The decision framework of investors revealed by their responses was that the groups preferred journals and newspapers as sources of information. The factors such as age, income level and sex (in descending order) were found as dominant elements in effecting individual investor's behavior regarding taking investment decisions and forming strategies. Kumar, et.al (2008) studied the financial product preferences of Tiruchipalli investors to rank their product preferences among investment choices i.e. post office savings, bank deposits, gold, real estate, equity investment, mutual fund. The preferences of the respondents were known according to their attributes i.e. safety of principal, liquidity, stability of income, capital growth, tax benefit, inflation resistance and Concealability. The authors studied this concept as they found that the investors are unlikely to determine the financial product preference i.e. which is better on each attribute. So, the investors needed to make choices depending on what is available and what are his own priority ratings of attribute he wants in his product. The rank preferences of investors were post office, bank deposits, gold, real estate, equity investment and mutual fund. Walia, et.al (2009) evaluated the investor's perception towards risk-return trade off for mutual fund services in comparison to other avenues like insurance, government securities and shares. The authors made use of a structured questionnaire to know the experience of existing investors. Selective systematic sampling was taken for consideration. For reliability of questionnaire 100 individual investors were selected from different regions of Punjab which included selective investors who were assumed to be having complete knowledge of financial environment. Age constraint considered in. The authors identified critical gaps in the existing services and found the need of some innovations and added quality dimensions in the existing services. It was concluded that due to stock market volatility movements, most of the investors were holding stock with calculated risk in shape of mutual funds. Age constraint considered in this questionnaire was minimum 18 years. Another objective was to find critical gaps in mutual funds services towards transparency and disclosure practices .Chi-square test was applied on the data collected. So, the mutual funds were proved to be the most preferred financial avenue as compared to other avenues provided they were put before the investors in the desired form in addition to quality services.

Kabra et.al (2010) studied the various factors that influenced investment risk tolerance and decision making process among men and women and among different age groups. The major variables considered for the study were investing background, opinion, leadership, duration of investment, awareness of investments and security. The authors concluded that risk averse people opted for insurance policies, fixed deposits with banks, post office, PPF and NSC. Bashir, T., et.al. (2013) analyzed the differences across demographics regarding investment preferences consisting of stock investment and gambling decisions of the salaried individuals of finance teachers and bankers of Gujarat and Sialkot of Pakistan. A sample of 120 individuals was distributed questionnaires developed by Lennar Sjoberg and Elisabeth Engelbergare distributed among bankers and finance teachers of Gujarat and Sialkot. Out of 150 questionnaires distributed, 120 were returned. The main objectives of the study included measuring the risk level of salaried individuals was determined according to their income, education and age, analyzing the risk differential between salaried males and females and gauging the preferences of salaried individuals in stocks and gambling. To test the reliability of the questionnaire of Cronbach's Alpha coefficient of gambling, stock investment and risk level was calculated. Correlation Analysis was done to find significant differences between demographics vis a vis with investment and gambling. Females were found more risk averse than males. The factors such as emergence of frequent religious issues, non conducive economic environment and culture were found to be the main factors having negative relationship with gambling. The young and educated people were found attracted towards new risky investment opportunities.

NEED OF THE STUDY AND OBJECTIVE

The need for the study arises, as in Punjab; the research focusing on identifying the factors that influence the preferences of investors for gold on the basis of the studied variables, has not been researched so far. So, the present study aims to fulfill the gap with the following objective:

- To gauge the factors that influence individual investors of Punjab to invest in gold.
- To identify the level of significance of each factor to investors of Punjab towards investing in gold.

METHODOLOGY

The present study is based on responses of 207 individual stock investors of Punjab. The total primary data was collected from 607 individual stock investors from three major cities of Punjab i.e. Amritsar, Jallandhar and Ludhiana. The investors were interviewed through a pre-tested, well structured questionnaire which was administered personally. Convenience cum Judgmental Sampling Technique has been used to select Stock Broking Houses in three Districts of Punjab. To select the respondents', list of regular investors were taken from broking houses and investors were selected from the list provided with the help of simple random sampling. Further, the process was repeated unless required sample was not fulfilled. The lists included the name and contact number of the individuals. It is worthwhile to mention here that the individual stock investors were residents of the cities surveyed and the study is confined to the octroi limits of the mentioned cities. Out of 675 questionnaires distributed, 607 complete and usable responses were used for analysis purpose.

RESEARCH INSTRUMENT (QUESTIONNAIRE)

Twenty eight variables were retrieved from the review of literature to identify the variables that influence the purchase decisions of investors for low and medium risk investment. The responses of the respondents were sought on a five point likert scale ranging from Most Important to Least Important. To analyze these responses, weights were assigned to

these responses (5 for Most Important, 4 for important, 3 for Indifferent, 2 for Unimportant and 1 for Least Important).The investors were asked about one of the highly preferred low or medium risk investments by them and then rate variables on scale of 28 variables of most important to least Important that influence their preference.

207 respondents out of 607 respondents preferred gold as a highly preferred low risk investment. Likewise 241 respondents stated their preference for fixed deposits and 124 respondents retorted real estate as their highly preferred investment, 10 respondents stated insurance, 14 respondents stated mutual funds, 5 respondents stated infrastructure bonds/ govt. securities and 6 respondents stated SIP's as their highly preferred investment. So, in the present study responses of 207 respondents who stated gold are considered for analysis purpose. Factor analysis is applied to the data to group the variables that influence individual investors to purchase gold into identifiable categories.

Identifying the most and least influencing variables while investing in gold

This section deals with identifying the variables that most and least influence the purchase decisions of the individual investors while investing in gold. The investors were asked about one of the highly preferred investment by them except stocks and 207 respondents out 607 respondents preferred gold as a highly preferred investment even when investing in stocks. As done in Part A, weights have been allocated to the responses ranging from Most Important to Least Important (5 for Most Important, 4 for important, 3 for Indifferent, 2 for Unimportant and 1 for Least Important). Twenty eight variables were retrieved from the review of literature and the responses were sought on a five point likert scale ranging from Most Important to Least Important. To analyze these responses, weights were assigned to these responses (5 for Most Important, 4 for important, 3 for Indifferent, 2 for Unimportant and 1 for Least Important The responses of the individual investors have been interpreted according to the following criteria:

- MImp/ Imp if WAS < 3.25
- Indifferent if 2.25< WAS > 3.25
- Unimp/ Limp if WAS >2.25

A description of these variables in terms of frequencies, percentages, values, weighted average scores and standard deviation is given in Table 3. However, ranks have been assigned according to the importance of each variable to the respondents as per the weighted average score of each variable.

The table below shows that the respondents have been found agreeing 19 variables as MImp/ Imp i.e. High returns, Liquidity, Convenience, Safety of principal, Capital growth, Future Security, Flexibility, Concealability, Diversification needs, risk associated, Professional management, Current economic indicators, religious reasons, inflation resistance, financial analyst and advisory recommendation, past performance of your portfolio, coverage in financial news, family member opinion, fluctuation in stock index and 8 variables as indifferent i.e. tax benefit, low transaction cost, legality, rumors, competing financial needs, terms and conditions, friend or peer recommendation and general trend of investments in public and only one variable i.e. stability of income has been found as the Unimp/ Limp influencing variable while making decision to purchase gold .

FACTORS INFLUENCING INVESTORS TO INVEST IN GOLD

There are several key factors that influence investment behaviour and the decision making process of individual investors. There is a need to identify the factors that appear to have the greatest influence on the individual stock investor while investing in gold.

Table 3: Most and least influencing variables affecting purchase decisions of gold

Variables	MImp (Freq.)	Imp (Freq.)	ID (Freq.)	Unimp (Freq.)	Limp (Freq.)	WAS	Standard Deviation	Rank
High Returns	130	76	1	0	0	4.62	.496	2
Liquidity	125	81	1	0	0	4.60	.501	4
Convenience	111	81	12	3	0	4.45	.673	9
Tax Benefit	23	50	73	25	36	3.00	1.229	25
Safety of Principal	127	78	2	0	0	4.60	.510	3
Capital Growth	113	84	10	0	0	4.50	.590	8
Future Security	122	75	10	2	0	4.54	.589	6
Flexibility	127	74	6	0	0	4.58	.550	5
Concealability	42	47	84	28	6	3.44	1.050	12
Diversification Needs	33	70	54	89	11	3.36	1.119	19
Stability of Income	2	3	43	86	73	1.91	.837	28
Low Transaction Cost	32	55	66	34	20	3.22	1.181	20
Risk Associated	116	84	7	0	0	4.53	.564	7
Professional management	40	94	45	16	12	3.65	1.060	17
Legality	17	31	110	41	8	3.04	.913	22
Rumors	12	34	112	41	8	3.00	.867	26
Competing financial needs	29	52	72	31	23	3.16	1.178	21
Terms and conditions	17	31	106	45	8	3.02	.924	24
Current economic indicators	43	128	36	0	0	4.03	.618	14
Religious reasons	110	82	14	1	0	4.45	.644	10
Inflation Resistance	138	68	1	0	0	4.66	0.484	1
Financial analyst and advisor recommendation	46	103	36	11	11	3.78	1.022	16
Past performance of your portfolio	27	90	39	32	19	3.36	1.165	18
Coverage in financial news	45	126	36	0	0	4.03	.618	15
Family member opinion	109	83	15	0	0	4.45	.628	11
Friend or Peer recommendation	23	50	72	32	30	3.02	1.194	23
General trend of investment in public	15	35	91	53	13	2.93	.983	27
Fluctuations in stock index	47	128	32	0	0	4.07	.615	13

Table 1: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.701
Bartlett's Test of Sphericity	Approx. Chi-Square	2243.822
	df	378
	Sig.	.000

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RESULTS AND DISCUSSION

Before applying the factor analysis, testing of the reliability of the scale is very important as it shows the extent to which a scale produces consistent results if measurements are made repeatedly. This is done by determining the association between scores obtained from different administrations of the scale. If the association is high, the scale yields consistent results, thus, is reliable. Cronbach's alpha is most widely used method. It may be mentioned that its value varies from 0 to 1 but, satisfactory value required is more than 0.6 for the scale to be reliable (Malhotra, 2002).In the present study, the value of Cronbach's alpha comes out to be 0.791 which is significant.

Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy is a useful method to show the appropriateness of data for factor analysis. The KMO statistics varies between 0 to1. It is recommended that the value greater than 0.5 is acceptable. Kaiser-Meyer-Olkin measure of sampling adequacy is found to be 0.701. It is indicated that the sample is good enough for survey. The overall significance of correlation matrices is tested with Bartlett test of sphericity, approx chi-square =2243.822 and significant at 0) provided as well as support for validity of the factor analysis of the data set. Table 1 indicates that data is appropriate for factor analysis.

PRINCIPAL COMPONENT FACTOR ANALYSIS

Principal Component Factor Analysis followed by varimax rotation (Hair, et.al, 1990) is employed for extracting factors. Only the factors with latent roots greater than one are considered significant and all the factors with the latent roots less than one are considered insignificant and disregarded. Table 2 depicts the construct that can be represented by eight factors (Eigen values>1) with their respective loadings, Eigen values and cumulative percentage of variance explained.

These factors explained 79.475% of the total variance, which is very much acceptable for the Principal Component Varimax rotated factor loading procedure i.e. 50 % (Johnson and Wichern, 2002). In interpreting factors, there is a need to determine that which factor loadings are to be considered.

INTERPRETATION OF FACTORS

In interpreting factors, a decision must be made regarding which factor loadings are worth considering. Factor loadings are the correlation of each variable and its factor (Hair et.al, 2010).The higher factor loading makes the variable more representative of the factor. The criterion given by Hair, et.al. (1990),where factor loading based on sample size is taken as the basis for decision about significant factor loading, was adopted. For our sample of 207 respondents, a factor loading of 0.4 and above has been considered significant.

Factor 1: Benefits Factor

The first factor explains 20.499 % of the variation. The factor includes eight variables i.e. Capital growth, Risk Associated, Religious reasons, Tax benefit, Convenience, Future Security, Flexibility and Safety of Principal revealing that the benefits derived like appreciation of capital in future, security , marriage purposes form as major factor for investing in gold.

Factor2: Market Information Factor

This factor explains 13.514% of variance and includes the following variables i.e. Coverage in financial news, Current economic indicators, fluctuations in stock index, financial analyst and advisory recommendation and professional management revealing the influence of information retrieved from financial newspapers , indicators, stock indexes and financial advisors recommendations on investment decisions.

Factor3: Credibility factor

The third factor explains 12.456% of variance. It includes variables i.e. legality, terms and conditions, rumors, Concealability and stability of income. The factor explains that the investors consider investments that are within applicable laws.

Factor4: Security Needs Factor

The fourth factor explains 12.676% of variance and includes variables High Returns, Liquidity, Inflation resistance portraying that investors expect investment in gold to give high returns and conversion into cash easily and has power to beat inflation which fulfills their security needs.

Table 2: Principal Component Analysis with varimax rotation

	Component							
	1	2	3	4	5	6	7	8
Capital growth	**.942**	.028	.042	.051	.036	-.016	.029	-.095
Risk Associated	**.925**	.053	.012	.047	.054	.088	.111	.057
Religious reasons	**.899**	.066	-.004	.018	.029	.008	.008	-.168
Tax benefit	**.881**	-.011	-.002	-.060	.066	-.039	.017	-.062
Convenience	**.853**	.146	-.025	-.062	.095	.005	-.046	-.019
Future Security	**.850**	.022	.033	.122	.047	.101	.134	.084
Flexibility	**.723**	.044	.036	.080	-.080	.076	-.105	.259
Safety of Principal	**.571**	.024	-.038	-.150	.009	.098	-.030	.531
Coverage in financial news	.084	**.953**	.088	-.022	-.092	.038	-.061	.091
Current economic indicators	.092	**.939**	.098	-.095	-.055	.014	-.096	.045
fluctuations in stock index	-.018	**.938**	.077	-.040	-.091	.088	.002	.167
Financial analyst and advisory recommendation	.117	**.680**	.009	.122	.177	.103	.487	-.109
Professional management	.140	**.678**	-.130	.067	.237	.078	.428	-.221
Legality	-.007	.072	**.947**	.126	.108	-.014	.060	.024
Terms and conditions	.030	.073	**.942**	.106	.118	-.038	.027	-.017
Rumors	-.052	.045	**.903**	.010	-.012	-.073	.137	-.027
Concealability	.110	.007	**.748**	.049	.044	.006	-.316	.021
Stability of Income	-.015	.001	**.439**	-.101	-.095	.186	.352	.025
High Returns	.074	-.019	.117	**.953**	-.020	-.056	-.039	.041
Liquidity	.066	-.037	.070	**.946**	-.032	-.051	-.029	.074
Inflation resistance	-.043	.003	.019	**.917**	.010	-.001	.081	-.074
Competing financial needs	.063	-.021	.019	-.011	**.958**	.033	-.013	.049
Diversification needs	.117	-.045	.139	-.015	**.944**	-.005	-.015	.051
Friend or peer recommendation	.084	.090	-.012	-.041	.033	**.968**	.006	-.032
Family member opinion	.084	.102	-.019	-.054	.005	**.966**	.030	-.014
Low Transaction Cost	.056	.025	.025	.027	-.038	-.029	**.679**	.159
General trend of investment in public	-.034	.049	-.040	.115	.039	-.073	.102	**.686**
Past performance of your portfolio	-.010	.141	.219	-.191	.282	.031	.286	**.496**
Eigen value	6.142	3.904	3.507	2.669	1.963	1.812	1.173	1.082
Percent of variance explained	20.499	13.154	12.456	10.094	7.376	7.097	4.605	4.195
Cumulative percentage of variance	20.499	33.653	46.109	56.203	63.579	70.676	75.280	**79.475**

Factor 5: Personal Financial Needs

The fifth factor explains 7.376% of variance and includes variables i.e. competing financial needs and diversification needs revealing the need of investors to diversity their investments.

Factor6: Opinions factor

The sixth factor explains 7.097% of variance and includes variables i.e. Friend or peer recommendation, Family member opinion revealing the influence of opinion of friends, peers and family members on the decision of investors towards investing in gold.

Factor7: Pocket friendly factor

The seventh factor explains 4.605 % of variance and includes only one variable i.e. Low Transaction Cost revealing that low cost involved towards making investment influences decision to invest on gold.

Table3: Factor Summary of factors influencing investors to invest in gold

Factor Number	Factor Name	Factor Loading	Constituent Variables included in factor
1	Benefits Factor	**.942**	Capital growth
		.925	Risk Associated
		.899	Religious reasons
		.881	Tax benefit
		.853	Convenience
		.850	Future Security
		.723	Flexibility
		.571	Safety of Principal
2	Market Information Factor	**.953**	Coverage in financial news
		.939	Current economic indicators
		.938	fluctuations in stock index
		.680	Financial analyst and advisory recommendation
		.678	Professional management
3	Credibility factor	**.947**	Legality
		.942	Terms and conditions
		.903	Rumors
		.748	Concealability
		.439	Stability of Income
4	Security Needs Factor	**.953**	High Returns
		.946	Liquidity
		.917	Inflation resistance
5	Personal Financial Needs	**.958**	Competing financial needs
		.944	Diversification needs
6	Opinions factor	**.968**	Friend or peer recommendation
		.966	Family member opinion
7	Pocket friendly factor	**.679**	Low Transaction Cost
8	Pre-investment analysis factor	**.686**	General trend of investment in public
		.496	Past performance of your portfolio

Factor8: Pre-investment analysis factor

The eighth factor explains 4.195 % of variance and includes variables i.e. general trend of investment in public and past performance of your portfolio revealing the influence of trends in people and returns from past investment influence investor behavior.

The eight factors, their names and the variables loaded on these factors have been summarized in Table 3 below.

After grouping the variables into eight factors, these factors were further analysed. In order to find out which factor is most significant one in influencing the decision to purchase gold, the average scores of these factors were examined and analysed with the help of following measure:

Average Score	Significance Level
4.00-5.00	Highest
3.00-3.99	Moderate
2.00-2.99	Slightest
1.00-1.99	Lowest

The average scores of the eight factors are explained in Table 4 showing that factors have been found in the bracket of highest to slightest significance level. The results reveal that Security needs factor and Benefits factor with WAS of 4.62 and 4.33 respectively are the two factors that highly influence the purchase decisions of individual stock investors to invest in gold. Factors i.e. Market information factor, personal financial needs factor pocket friendly factor, pre-investment analysis factor and opinions factor have moderate significance level. However, Credibility factor with WAS of 2.88 has the slightest significance level towards purchase decisions of gold.

Investment Preferences and Demographics

One among other objectives, the objective of study is to have analysis of the investment preferences for gold across their demographics. The survey results in this regard are scrutinized across number of dimensions such as age, gender and family income of the individual investors in Punjab. To explore in depth whether these demographic variables exert significant impact on the choice of gold, chi-square test has been applied.

The study also explores whether there is any significant difference in the investment preferences of respondents across the demographics i.e. age, gender and income. To explore in depth whether these demographic variables exert significant impact on their preference for gold, chi-square test has been applied.

Table 4: RANKING OF FACTORS INFLUENCING INVESTORS TO INVEST IN GOLD

Factor	Average Score	Significance Level	Rank
F4: Security needs factor	4.62	Highest	1
F1 : Benefits factor	4.33	Highest	2
F2: Market Information factor	3.91	Moderate	3
F5: Personal financial needs factor	3.26	Moderate	4
F7: Pocket friendly factor	3.22	Moderate	5
F8: Pre-investment analysis factor	3.14	Moderate	6
F6: Opinions factor	3.16	Moderate	7
F3: Credibility factor	2.88	Slightest	8

So, the hypothesis to be tested here is:

H_{01}: There is no significant difference in preference for gold across the age groups of the investors.

H_{02}: There is no significant difference in preference for gold across the gender of the investors.

H_{03}: There is no significant difference in preference for gold across the income groups of the investors.

There have been several studies which have studied the influence of age on the preferences of the various investment avenues (Nagpal and Bodla, 2007, Rajarajan, 1998). The results achieved regarding the preferences for gold across various age groups are exhibited in Table 5.

The results achieved in Table 5 reveals that hypothesis H01 rejected revealing that there is significant difference in investment preferences of the investors across their age groups regarding preference for gold.

From the Table 5 above, it can be seen that for preference for gold, hypothesis H01 is rejected revealing that there is significant difference in preferences of investors for gold across various age groups. No difference is found in preference for gold across gender of the investors as the hypothesis H02 is accepted. Among the income groups of investors, there is found significant difference in the preferences of the investors for gold i.e. hypothesis H03 is rejected revealing that the psychology of investing towards gold differs with the income status of the investors.

DISCUSSION, IMPLICATION AND CONCLUSION

The present study is an exploratory study to identify the factors that influence the individual stock investors of Punjab towards investing in gold. Information about the major factors that influence an individual investor is sought out by various financial service providers and marketers so as to adjust their marketing activities to achieve successful performance. A successful investor is not the one who makes short term huge profits but the one who sets the clear cut investment objectives, decides the time and period of investment, studies the market, understands his risk taking ability along with the expected rate of return and also determines the major assets traded on the financial system. Several investment avenues available in the market differ in various attributes such as liquidity, marketability, maturity, risk, return, tax concessions. Moreover, investors also differ in their attitudes towards such attributes and each investor chooses an investment as per his requirements, demographics and psychographics as well. So, investors should have a more diversified portfolio. Variables could be grouped into eight factors with the help of factor analysis influencing investors to invest in gold i.e. Benefits factor, market information factor, credibility factor, security needs factor, personal financial needs factor, opinions factor, pocket friendly factor, pre-investment analysis factor. The results revealed that Security needs factor

Table 5: Preference for gold and demographics of the investors

Investment Alternatives	Age		Gender		Income	
	Chi-square statistic	Null Hypothesis	Chi-square statistic	Null Hypothesis	Chi-square statistic	Null Hypothesis
Gold	p=27.853*** df=12 sig=0.006	Rejected	p=3.708 df=4 sig=0.447	Accepted	p=35.079** df=20 sig=0.020	Rejected

and Benefits factor are the factors that highly influence the purchase decisions of individual stock investors to invest in gold and credibility factor has the slightest significance level towards purchase decisions of gold. Significant difference is found in preferences of investors for gold across various age groups. No difference is found in preference for gold across gender of the investors as the hypothesis. Among the income groups of investors, there is found significant difference in the preferences of the investors for gold revealing that the psychology of investing towards gold differs with the income status of the investors.The findings of the study would enable financial advisors to provide more effective advice to the investors according to their specific needs and the current stated attitude towards investing in gold. The study also provides implication for marketers of gold who need to seek information regarding attitude of customers towards investing in gold.

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