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## Influence Of Personality Traits On Investment Behaviours Among Degree College Teachers: A Study In The Hubli-Dharwad Region.

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### ABSTRACT:

This study analyses how Agreeableness, Conscientiousness, Extraversion, Neuroticism, and Openness affect investing behaviour in Hubli-Dharwad degree college professors. These qualities are assessed for their impact on financial decision-making. The exploratory study uses convenience sampling and a five-point Likert scale to measure personality. SEM analyses variable relationships. The measurement model's high Cronbach's alpha, Composite Reliability (CR), and Average Variance Extracted (AVE) results indicate its reliability and validity. Openness and Conscientiousness affect personality the most, whereas Extraversion affects it less but still significantly. Financial advisors, policymakers, and educators can learn from the findings about personality and financial decision-making. Psychological variables impacting investment choices are highlighted in the behavioural finance study. Additional demographic and psychological factors can influence investment behaviour in future studies.

**Keywords:** Extraversion, Cronbach's alpha, Composite Reliability (CR), Average Variance Extracted (AVE)

### Introduction:

A major component of financial decision-making, investment behaviour differs greatly between people depending on different psychological and demographic elements. Among these, personality features are quite important in determining how people view risk, make financial decisions, and handle their investments. Particularly in behavioural finance, the study of personality traits in investment behaviour has become more important since scholars seek to know how psychological factors affect financial decisions. A significant group of salaried professionals, degree college teachers may participate in

investment activities to ensure their financial future. Understanding how personality factors affect investing decisions can help financial advisors, legislators, and teachers themselves gain important insights given their organized salary patterns and long-term financial planning demands. Major educational center Hubli-Dharwad in Karnataka boasts a varied set of degree college professors with different risk tolerance and financial aspirations. While some teachers might be more drawn towards high-risk, high-return possibilities, others might show risk-averse behaviour and favor steady, safe investments. Personality features including conscientiousness, openness, extraversion, agreeableness, and neuroticism can have a big impact on how much money one invests. The purpose of this study is to investigate, among degree college teachers in Hubli-Dharwad, the correlation between these personality features and investment activities. Through analyzing these elements, the study aims to provide a deeper knowledge of financial decision-making tendencies among teachers and support more customized financial advisory tactics. Often referred to as the twin cities of North Karnataka, Hubli-Dharwad is a major hub for education and business with many degrees and universities. Many of the teachers in the area actively participate in financial planning and investing activities while yet being extremely important in forming the next generations. Teachers usually have regular salaries but may lack professional financial advice services, therefore they rely on personal judgment and psychological tendencies when making investment decisions **(Singh & Yadav, 2020)**. Understanding their investing behaviour is therefore absolutely vital. Furthermore, considering how personality features affect financial decisions becomes essential given the rising cost of living, growing inflation, and need for retirement planning. Much research shows that financial decision-making, risk tolerance, and investing choices are much influenced by personality factors **(Barnewall, 1987; Pompeian, 2012)**. Research specifically tailored to an area, however, lacks how these psychological traits influence investment practices among Hubli-Dharwad degree college professors. Though many salaried people still hesitate or lack knowledge about ideal investing methods, the twin cities have seen economic change with an increase in financial literacy programs and the growth of investment possibilities **(Chandra, 2017)**. This study intends to close the knowledge gap and offer insights that can help legislators and financial advisers create customized investment strategies for teachers by analyzing the influence of personality traits on investment behavior in this area. This will help to raise financial literacy and improve investment decisions.

## Literature Review

**(Pompian, 2017)** In this cross-sectional study of 400 investors, we looked at how personality traits like overconfidence, loss aversion, and herding behavior affected their investment decisions. We used multivariate analysis and correlation techniques to conclude. We found that extroverts were more likely to exhibit overconfidence bias, neurotics were more likely to exhibit loss aversion, conscientious investors were less likely to suffer from herding behavior, and those who were more open to new experiences were more likely to be willing to consider different investment options.

**(Lusardi and Mitchell, 2019)** A mixed-methods study comprising a survey of three hundred investors in urban and semi-urban areas in addition to controlled interviews with financial advisers. Key correlations

were found by using structural equation modeling (SEM) data analysis. Those who scored highly on conscientiousness and openness were more diverse in their investment portfolios and had better financial knowledge, the survey showed. While neuroticism was associated to indecisiveness and fear of investing, extraverts were prone to spend impulsively.

**(Singh and Yadav 2020)** In India, the researcher found that investment behavior is influenced by a combination of demographic parameters (age, income, education level) and psychological features. A poll of 600 investors across several age and economic brackets. To find out how demographic and psychological factors affected investment preferences, multiple regression analysis was used. Investment decisions were heavily influenced by age and wealth, although personality factors continued to have a substantial role. Stock markets were more attractive to younger, more extroverted investors, whereas older, more introverted investors were more interested **(John and Srivastava 2020)**. Using a quantitative methodology, the study sent 500 investors from many backgrounds a survey-based questionnaire. Personality traits were evaluated using the Five-Factor Model (FFM), and standardized financial risk assessment instruments examined risk tolerance. Examined relationships using regression analysis. The findings showed that whilst those strong in openness and extraversion were more inclined towards high-risk investments, those with high conscientiousness and agreeableness chose low-risk investments. Neurotic people preferred safe investments and had unpredictable financial activity.

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**(Baker and Ricciardi 2021)** Using personality factors as a mediator, the researcher looked at gender variations in academics' investment behavior. Researchers used the Big Five and research of investment patterns to poll 350 professors from different schools. The research compared the experiences of men and women. Male academics tended to favor market-based investments, whereas females were more risk-averse and favored long-term savings tools. A person's character attributes matter greatly; for example, disciplined investors of both sexes tend to be very conscientious.

**(Chandra, 2022)** To determine if investing biases induced by personality may be reduced through financial education, the researcher conducted an assessment. A randomized controlled trial in which two hundred people were given financial literacy training and then had their investment choices evaluated both before and after the course. There were pre- and post-tests administered to measure personality traits. According to the study, all personality types benefited from better investing decisions after receiving financial education, according to the study. Anxieties decreased in neurotic people, and extroverted, impulsive investors became more methodical.

## Theoretical Framework for Determinants of Personality Traits

The Five-Factor Model (FFM) of personality, which was established by McCrae and Costa (1997), classifies individuals according to five overarching characteristics: agreeableness, openness to experience, neuroticism, conscientiousness, and extraversion. Biological, psychological, and environmental factors all have a role in shaping these characteristics. Sociability, confidence, and excitement are promoted by extraversion, which is associated with dopamine-related brain circuits (**DeYoung et al., 2010**). Genetic predisposition and increased amygdala activity contribute significantly to neuroticism, which is linked to emotional instability and is characterized by negative affect and anxiety (**Canli et al., 2001**). A person's level of conscientiousness is influenced by their early life experiences and their ability to self-regulate, which in turn promotes behaviour that is goal-oriented, disciplined, and organized (**Roberts et al., 2006**). Financial and investing decisions are greatly affected by these characteristics. Genes and upbringing also have a role in shaping traits like agreeableness and receptivity to new experiences. Cultural and early social influences that emphasize trust and altruism tend to mold agreeableness, which is defined by empathy and cooperation (**Graziano & Tobin, 2009**). At the same time, both genetics and environmental factors impact openness to experience, which is associated with intellectual curiosity, creativity, and exploration (**McCrae, 2007**). Based on research conducted by **John and Srivastava (1999)**, it has been found that personality types do influence financial behavior. Specifically, extroverts tend to favor riskier investments, neurotics are more likely to be loss-averse, and conscientious investors tend to exhibit habits of systematic financial planning. The investment decisions made by degree college professors in the Hubli-Dharwad region can be better understood with the use of this framework, which lays the groundwork for understanding the influence of personality factors on behaviour across domains.

## Research Methodology

This study uses an exploratory research approach to look at how degree college instructors in the Hubli-Dharwad area's investing habits are influenced by their personality factors. Because it permits an in-depth examination of behavioral patterns, exploratory research is well-suited to comprehending links between personality factors and investment decisions (**Saunders et al., 2016**). The study takes a quantitative approach by collecting data from participants through a standardized questionnaire. For the sake of accessibility and practicality, data gathering relies on a convenience sample technique to pick degree college instructors. Exploratory investigations that aim to find noteworthy patterns and associations rather than generalizability are best served by using convenience sampling, which is non-probabilistic (**Etikan et al., 2016**). This study employs a standardized assessment of responses by using a Five-Point Likert Scale, which ranges from 1 (Strongly Disagree) to 5 (Strongly Agree) (**Likert, 1932**), to quantify the determinants of personality traits. According to **Hair et al. (2014)**, the Structural Equation Modelling (SEM) method is used to analyze data because it is a powerful statistical tool that allows for the evaluation of complex interactions between different variables. Using SEM, we can verify that extroversion, neuroticism, conscientiousness, agreeableness, and openness have an effect on investing behaviour and learn more about the correlations between these traits. To guarantee statistical rigor and accurate model

estimation, data analysis is carried out using IBM SPSS AMOS. Using this methodology, we may systematically investigate how college professors in the chosen area use their personalities to inform their investing decisions.

### Objective of the Study

1. To analyze the relationships between personality traits and investment .
2. To provide insights into how different personality traits impact investment decision-making, contributing to behavioral finance

### Hypothesis of Study

**Null Hypothesis (H<sub>0</sub>):** There is no significant relationship between personality traits (**Agreeableness, Conscientiousness, Extraversion, Neuroticism, and Openness**) and overall personality traits as a latent construct.

**Alternative Hypothesis (H<sub>1</sub>):** There is a significant relationship between personality traits (**Agreeableness, Conscientiousness, Extraversion, Neuroticism, and Openness**) and overall personality traits as a latent construct.

### Data Analysis :

The personality trait constructs' reliability and convergent validity, as measured by Cronbach's alpha, Composite Reliability (CR), and Average Variance Extracted (AVE), are displayed in Table 1. With Cronbach's alpha values higher than the suggested cutoff of 0.70 (**Hair et al., 2014**), all constructs demonstrate strong internal consistency, proving the scale's reliability. The high reliability of the constructs is further supported by the composite reliability (CR) values, which exceed the 0.70 standard (**Fornell & Larcker, 1981**) and range from 0.88 to 0.922. Furthermore, all constructs have AVE values greater than 0.50, with Openness having the greatest value at 0.748 and Conscientiousness the lowest at 0.648, guaranteeing sufficient convergent validity. Further statistical analysis, such as Structural Equation Modelling (SEM), can be conducted on this scale because these results show that the measured variables capture the required latent components.

**Table 1: Reliability and Convergent Validity**

|                          | <b>Cronbach's alpha</b> | <b>Composite reliability</b> | <b>Average variance extracted (AVE)</b> |
|--------------------------|-------------------------|------------------------------|-----------------------------------------|
| <b>Agreeableness</b>     | 0.819                   | 0.881                        | 0.649                                   |
| <b>Conscientiousness</b> | 0.818                   | 0.88                         | 0.648                                   |
| <b>Extraversion</b>      | 0.826                   | 0.884                        | 0.656                                   |
| <b>Neuroticism</b>       | 0.842                   | 0.894                        | 0.678                                   |
| <b>Openness</b>          | 0.888                   | 0.922                        | 0.748                                   |

The Heterotrait-Monotrait (HTMT) ratio, which measures the degree to which constructs are dissimilar from each other, was used to assess discriminant validity, as shown in Table 2. The presence of discriminant validity is established when the HTMT values do not above the 0.85 cutoff (Henseler et al., 2015). No construct in this study surpasses the allowed limit, since all HTMT values range from 0.217 (Neuroticism-Agreeableness) to 0.507 (Openness-Conscientiousness). This supports the validity of the measurement model by proving that the five personality traits (Openness, Conscientiousness, Extraversion, Neuroticism, and Agreeableness) are conceptually and statistically separate.

**Table 2: Discriminant Validity using HTMT Ratio**

|                   | Agreeableness | Conscientiousness | Extraversion | Neuroticism | Openness |
|-------------------|---------------|-------------------|--------------|-------------|----------|
| Agreeableness     |               |                   |              |             |          |
| Conscientiousness | 0.359         |                   |              |             |          |
| Extraversion      | 0.351         | 0.274             |              |             |          |
| Neuroticism       | 0.217         | 0.455             | 0.229        |             |          |
| Openness          | 0.362         | 0.507             | 0.295        | 0.325       |          |

With their positive beta ( $\beta$ ) values, high T-statistics (all over 1.96), and statistically significant p-values (0.000), the structural estimations show that all five personality traits considerably contribute to the total personality construct. Among them, Openness ( $\beta = 0.384$ ,  $T = 20.288$ ) has the highest influence; Conscientiousness ( $\beta = 0.326$ ,  $T = 18.774$ ) follows closely. This suggests that those who are highly disciplined and open to new experiences show more strong personality traits. Emotional stability and interpersonal tendencies are clearly important since neuroticism ( $\beta = 0.284$ ,  $T = 12.685$ ) and agreeableness ( $\beta = 0.27$ ,  $T = 12.267$ ) both have a substantial impact. Though it has the least impact, extraversion ( $\beta = 0.246$ ,  $T = 10.17$ ) is nevertheless statistically significant, showing that social and active people really help to define personality. The null hypothesis is disproved when all p-values are less than 0.05, therefore verifying that every personality attribute clearly affects the general personality construct.

**Table 3: Structural Estimate of personality Traits**

|                                         | Beta  | Standard deviation (STDEV) | T statistics | P values |
|-----------------------------------------|-------|----------------------------|--------------|----------|
| Agreeableness -> Personality Traits     | 0.27  | 0.022                      | 12.267       | 0.000    |
| Conscientiousness -> Personality Traits | 0.326 | 0.017                      | 18.774       | 0.000    |
| Extraversion -> Personality Traits      | 0.246 | 0.024                      | 10.17        | 0.000    |
| Neuroticism -> Personality Traits       | 0.284 | 0.022                      | 12.685       | 0.000    |
| Openness -> Personality Traits          | 0.384 | 0.019                      | 20.288       | 0.000    |

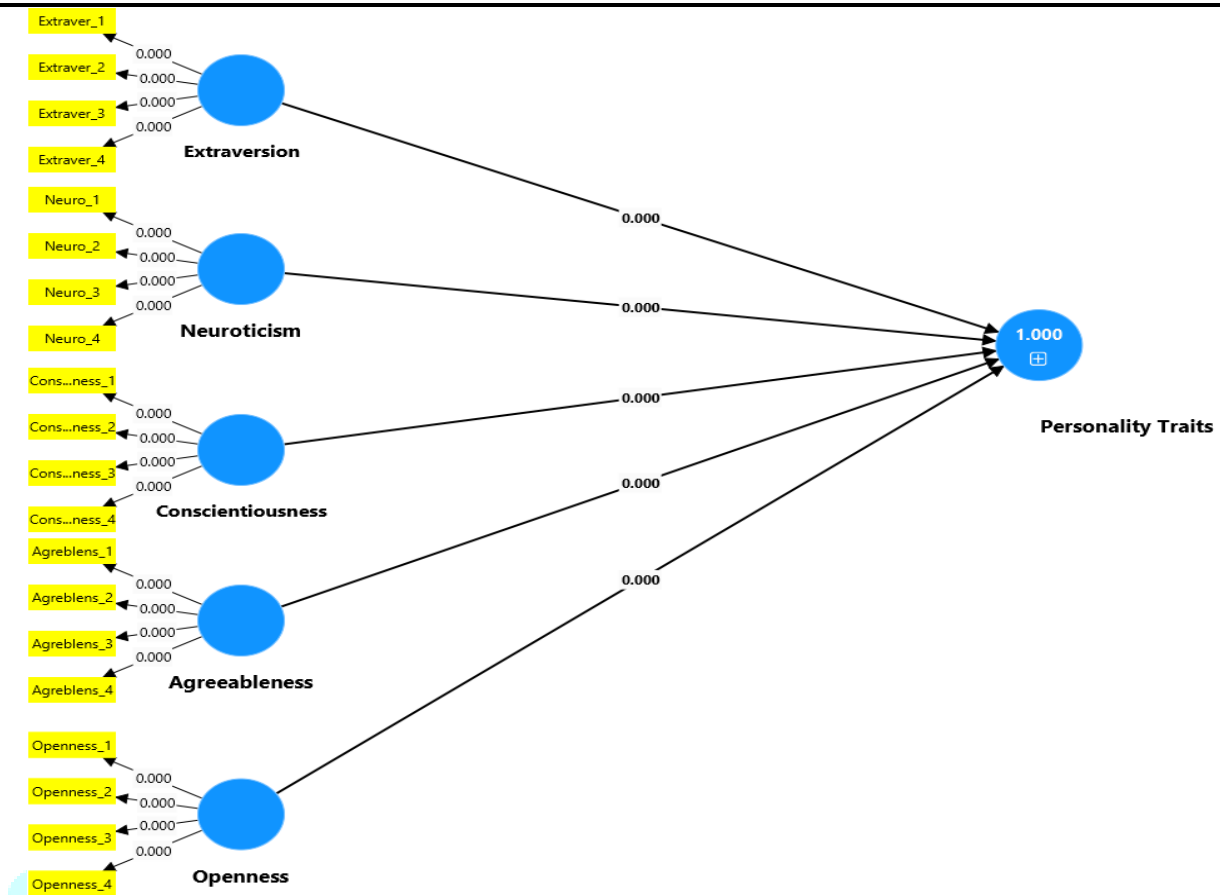


**Figure 1: Structural Model**

## Conclusion

This study looked at how personality traits—Agreeableness, Conscientiousness, Extraversion, Neuroticism, and Openness—might affect investment behaviour among Hubli-Dharwad region degree college professors. Their positive beta values, high T-statistics, and statistically significant p-values show that the results corroborate that the five personality traits greatly help to define an individual's general personality. Among them, openness and conscientiousness stood out as the most important qualities since those who are highly disciplined and receptive to new events usually show more strong personality traits. On the other hand, although Extraversion had the lowest effect, it remained statistically significant, implying that, although to a smaller degree than other traits, social interaction shapes personality development.

The findings highlight the relevance of personality features in determining behavioural patterns including investment behaviour and financial decision-making. Confirming the robustness of the study's conceptions, the high dependability and validity of the measurement model—as determined by Cronbach's alpha, Composite Reliability (CR), Average Variance Extracted (AVE), and HTMT ratio—confirm their Using Structural Equation Modelling (SEM) gave financial advisers, legislators, and teachers important insights into the interrelationships between personality traits and investment behaviors, thereby influencing them. Future studies in the Indian setting could investigate other psychological and environmental aspects influencing investing decisions, hence broadening the field of behavioural finance analysis.

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