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The world as we know is under constant change and evolution. Perhaps the greatest influence on this change has been demography; the changing dynamics of world populations and their resultant impacts our environment and our society in general. The world’s population has risen from two billion in 1930 to the current levels of almost seven billion and based on a new report published by the UN Population Division world populations is believe to reach 14 billion by 2100. The proportion of seniors is growing more rapidly than younger populations on all continents due to a combination of longer life expectancies and declining fertility rates. The consequence of this will be the increase of the median age of world populations from its current level of 28 years to over 38 years in 2050. This will be more pronounced in more developed countries seeing a median age of almost 46 years in 2050. By 2050, approximately two billion people will be aged 60 or over. This effect would surely be felt on the investment culture in Mauritius. But firstly before analysing how demographic change has influenced the world of investment it is important to understand the concept of investment and many more factors related to it.

## The Conceptual Framework of Investment

Investment can be viewed as deferred consumption, that is, income earned but not consumed and kept for future consumption. The concept refers to the immediate commitment of resources, money or otherwise, in the expectation of reaping future benefits irrespective of the form it takes, its key attributes is the sacrificing of something of value now for future benefit later (Bodie, Kane and Marcus, 2001). An investment refers to any money or income not consumed but kept aside, either in financial institution or invested in the capital market, real estate or any other production activity with a view to generating higher future income and/or increasing its innate value in the future.

## The relationship between investors (savers) and borrowers

In economics, it has been observed that it is not possible to embark on investment without first embarking on saving. Although, it is acknowledged that savings do not always translate into investment, without savings there can be no investment. When an entrepreneur starts a venture with loan, he is primarily borrowing other people’s savings. Thus, savings is essential for investment. Gordon and Bailey (2002) and E. O. Oyatoye and O. F. Odesanya (2009), distinguished between investment and savings. While savings is viewed as foregone consumption, investment is restricted to " real" investments as the sort that increases national output in the future. However, economists believe that savings is equivalent to investment in any economy. Though a distinction can be made between savings and investment, both concepts are often used interchangeably.

## Real Investment and Financial Investment

Investments may take the form of stocks, bonds, real estate, and even rare paintings and coins. Investment has two key attributes which is the time and risk. The commitment of resources takes place in the present and is certain, while the reward comes later in the future and the magnitude is generally uncertain. In some cases, such as government bond, the time element predominates, while in others the risk element is the dominant attribute. Investment alternatives can be broken down between financial and real assets. Real investments are investments in real or tangible assets such as land, machineries or factories. Bodie et al. (2001) opined that the material wealth of a society is ultimately determined by the productive capacity of its economy, that is, goods and services it’s members can create. This capacity is a function of the real assets in the economy, in other words, how the land, building, and knowledge is used to produce goods and services. The constituent of real investment is therefore the real assets, which determine the productive capacity of any economy.

In contrast to real assets are financial assets. They represent a financial claim on an asset or the income generated by them that is usually documented by some form of legal representation. Though they do not contribute directly to the productive capacity of the economy, they are means by which individuals hold their claims on real assets. Thus, while real assets generate net income to the economy, financial assets simply define the allocation of income or wealth among investors.

## The table below presents the various types of real and financial assets:

On the right column of the table, financial assets are broken down into five categories namely direct and indirect equity claims, credit claims, preference stock and commodity futures. Direct equity claims arise through investment in common stocks, warrants and options. It represents the ownership interest that is when an individual assumes ownership of a company, in whole or in part, he assumes an interest in the company's success and implicitly risks the loss of the money he invests. For this reason, the owners of a company bear the right to partake in that company's financial makeup. Warrants and options allow the investor to buy a stipulated number of shares in the future at a given price. Warrants generally convert to one share and are long term, whereas options are usually based on 100 share units and are short term in nature. Indirect equity can be acquired by placing funds in investment companies (such a mutual fund). The investment company pools resources of many investors and reinvest them in common stock (or other investments). The investor enjoys the advantages of diversification and professional management. It does not necessarily bring higher returns. Financial assets may also take the form of creditor claims as represented by debt instruments offered by financial institutions, industrial corporations, or the government. The rate of return is often initially fixed, though the actual return may vary with changing market conditions. Other forms of financial assets are preferred stock, which is a hybrid form of security combining some of the elements of equity ownership and creditor claims and commodity futures are contracts to buy and sell commodity in the future at a given price. Commodity can be wheat, sugar copper or even financial instruments like foreign exchange. Table 1. 1: An Overview of Investment Alternatives

## Real Assets

## Financial Assets

1·   Real EstatesOffice buildingsApartmentsShopping centresPersonal residences·   Equity claims – directCommon/ordinary sharesWarrantsOptions2·   Precious metalsGoldSilver·   Equity claims – indirectmutual fundsPension fundsLife insuranceRetirement accounts3·   Precious gemsDiamondsRubiesSapphires·   Credit claimsSavings accountMoney market fundsCommercial paperTreasury billsMunicipal bondsCorporate bonds4·   CollectiblesArtAntiquesStampsCoinsRare books·   Preference stock5·  OthersCattleOilCommon metals·   Commodity futureSource: E. O. Oyatoye and O. F. Odesanya (2009)As seen in the left column of table 1. 1 there are numerous categories of real assets but the most widely recognised investment in this category is real estate. Real estate can either be commercial property or personal residence. With greater risk, come the precious gems and precious metals and for those seeking psychic pleasure with also monetary gain comes the collectibles as an investment outlet. Finally the category other includes cattle oil and other items that can increase as far as the imagination goes.

## Selection of investment alternatives

The selection of investment is as important as the setting of investment objectives. It can be deduced that they go together. There are a number of key areas that should be considered.  Hirt and Block (2003), E. O. Oyatoye and O. F. Odesanya (2009) considered the following as the investment objectives of any investor and as a guide in the selection of the investment.

## Risk and Safety of Principal

The investor must first decide the amount of risk he is prepared to assume. The measure of the degree of risk an investor is prepared to assume is called risk tolerance. Risk tolerance, a person’s attitude towards accepting risk, is an important concept which has implications for both financial service providers and consumers. For the latter, risk tolerance is one factor which may determine the appropriate composition of assets in a portfolio which is optimal in terms of risk and return relative to the needs of the individual (Droms, 1987) Where an investor prefers high returns high-risk assets, he is regarded as a risk-lover, while an investor who prefers to assume low risk is referred to as a risk averter. The risk tolerance of an investor will determine the type of investment he or she dabbles into. In a relatively efficient and informed capital market environment, risk tends to be closely correlated with return. Most of the literature of finance would suggest that those who consistently demonstrate high returns of perhaps 20 percent or more are greater-than-normal risk takers. While some clever investors are able to prosper on their wits alone, most high returns may be perceived as compensation for risk. Investors who wish to assume low risk will probably confine a large portion of their portfolio to short-term debt instrument issued by the government or a major corporation. Some very conservative investors may choose to invest in a money market fund in which the funds of numerous investors are pooled and reinvested in high- yielding, short-term instruments. More aggressive investors may look toward longer-term debt instruments and common stock. (E. O. Oyatoye and O. F. Odesanya, 2009). For fund managers, Jacobs and Levy (1996) argue that the inability to effectively determine investor risk tolerance may lead to homogeneity among investment funds. Each of us has different risk-taking desires which might be influenced by factors like gender, age, profession, educational level, income or other.

## Current Income vs. Capital Appreciation

" In purchasing stocks, the investor with a need for current income may opt for high-yielding mature firms in such industries as public utilities. Those searching for price gains may look towards smaller, emerging firms in high technology, energy, or electronics, which may not pay cash dividends but the investor hopes for an increase in value to provide the desired return. An investor needs to understand that there has to be a trade-off between growth and income, as finding both in one type of investment is most unlikely." (E. O. Oyatoye and O. F. Odesanya, 2009)

## Liquidity Consideration

" Liquidity is measured by the ability of the investor to convert an investment into cash within a relatively short time at its fair market value or with a minimum capital loss on the transaction. Most financial assets provide a high degree of liquidity, whereas real assets are difficult to convert to cash." (E. O. Oyatoye and O. F. Odesanya, 2009)

## Ease of Management

Ease of investment management is another factor which is worth considering in investment selection as the amount of time and effort he can devote to his portfolio determines the type of assets he invests in. In the stock market, this may determine whether one want to be a daily trader or assume a longer-term perspective. In real estate, it may mean the difference between personally owning and managing a handful of rental houses or going in with 10 other investors to form a limited partnership in which a general partner takes full management responsibility and the limited partners merely put up the capital.

## Tax Factors

" An investor in a high tax bracket may prefer government bonds (as interest is not taxable), real estate, or investments that provide tax credits or tax shelters." (E. O. Oyatoye and O. F. Odesanya, 2009)

## Short-term versus long-term orientation

In setting investment objectives, one must decide whether he will assume a short term or long term orientation in managing the funds and evaluating performance. There is not always a choice. People who manage fund for others may be put under tremendous pressure to show a given level of performance in the short run. Those applying pressure may be a concerned relative or a large pension fund that placed funds with a bank trust department.

## Retirement and estate planning consideration

Nowadays even young adults begin to consider the effect of their investment decisions on their retirement and the estates. Most good retirement questions should not be asked at " retirement" but 40 or 45 years before because that’s the period with the greatest impact. One of the ﬁrst questions a person is often asked after taking a job on graduation is whether he or she wishes to set up a retirement plan. A retirement plan allows a qualifying taxpayer to deduct an allowable amount from taxable income and invest the funds at a mutual fund, bank, or other ﬁnancial institution. The funds are normally placed in common stocks or other securities or in interest-bearing instruments, such as a certificate of deposit. The income earned on the funds is allowed to grow tax-free until withdrawn at retirement. In Mauritius every retired person also benefits a monthly pension from the government. This amount may be adjusted annually for inﬂation.

## Inflation

According to HSBC India, (2013) one must invest because Inflation is constantly increasing the cost of goods and services and eating into the value of your income and wealth and need to save money and invest it well so that the value of every rupee is augmented. Since life-expectancy is higher now this means people live longer and hence, need more money to maintain their living standards. By investing wisely one can improve his standard of living and create wealth for the future. Previous studies that had been carried out were to determine the pattern of institutional investor’s investment but researches dealing with investment pattern of individual were few. Earlier studies concentrated on differences in individual investing pattern on the basis of Gender and Age. Differences on the basis of education level and income and employment in Investment pattern is new avenue for research. Women’s investment has historically been lower than men’s for several reasons, including Social and various demographic concerns. However the differences continue to be significant even after controlling for individual Characteristics (Schmidt & Sevak, 2006). There is evidence that Women are more risk averse then men in general and this translates to investing in less risky assets in their investment plans(Julie R. Agnew, either, 2003). Differences in financial literacy between men and women may also explain differences in their investment decisions. Harlow and Keith (1990) concluded that women prefer low risk bets when they were asked to make choices in an experimental market environment, involving auctions and lotteries (Olsen and Cox, 2001). Women may be more risk averse towards gamble showed experimental evidence (Hershey and Schoemaker, 1980). Men hold more risky assets than women (Jianakoplos and Bernasek, 1998) and they also choose more risky alternatives (Powll and Ansic, 1997). Women exhibited less risk-taking behaviour than men in their most recent, largest and riskiest mutual fund investment decisions (Dwyer et al., 2002). Brynes and Miller (1999) have studied and investigated the relationship between risk and gender and concluded that women tend to take less risk than men (Olsen and Cox, 2001). (P. Sashikala and R Siva Prasad Ravi, 2010) Women are less likely to invest in riskier but high return assets than men (Mc Donald, 1997). However, the empirical investigation of gender difference in risk taking is inconclusive (Charness and Gneezy, 2004). Most research that were conducted prior to the 1980’s concluded that gender difference clearly exists, recent studies by Changanti and Parasuraman (1996) and Powell and Ansic (1997) yielded mixed results. Males and females are equally successful in taking decisions under conditions of risk (Hudgen and Fatkin, 1985). They are equally effective in the leadership role (Eagly et al., 1995) and are equally capable of processing and reacting to information (Stinerock et al., 1991). As businessmen/women, many studies have found similar level of performance for women-owned business as those which are owned by men (Kalleberg and Leicht, 1991; and Fischer et al., 1993). ). In an abstract lottery choice, Schubert et al. (2000) framed choices as either potential gain, or potential loss. They found that women are more risk averse than men in domain of gain, while men are more risk averse than women in the frame of loss domain. (P. Sashikala and R Siva Prasad Ravi, 2010) Women fund managers hold portfolios which are marginally riskier than those of men, and their returns also outperform those of men (Bliss and Potter, 2001). Women were found to be less risk averse than men when the gambles were framed as insurance (Duda et al., 2004). The impact of gender on risk taking was significantly weakened when investor’s knowledge on financial markets and investments was controlled through a regression equation. Dwyer et al, (2002) showed that the greater level of risk aversion among women, which is frequently documented in the literature, cannot be completely explained by knowledge disparities. This shows that there are more demographic factors affecting the investment cultures. A number of studies have been conducted to study how risk tolerance varies with the individual demographics, such as, gender, age, education, income, etc(Schooley & Worden, 1996; Shaw, 1996; Xiao & Noring, 1994; Watson and Naughton, 2007) but again most of these studies have, however, concentrated on exploring the gender differences in investment choice. The impact of other demographic factors, such as, age, education, income, occupation and dependents on investment choice has not been investigated by many researchers. But whatever studies have been done suggest that they (other demographic factors) affect individual’s investment decisions (P. Sashikala and R Siva Prasad Ravi, 2010).

## Demographics

Age is the first demographic which is thought to affect risk tolerance. It is generally thought that risk tolerance decreases with age (see Wallach and Kogan 1961; McInish 1982; Morin and Suarez 1983; and Palsson 1996) although this relationship may not necessarily be linear ( Riley and Chow 1992; Bajtelsmit and VanDerhai 1997). This result may intuitively be explained by the fact that younger investors have a greater number of years to recover from the losses that may be incurred from risky investments. More recent research however, reveals evidence of a positive relationship or fails to detect any impact of age on risk tolerance (Wang and Hanna 1997; Grable and Joo 1997; Grable and Lytton 1998, Hanna, Gutter and Fan, 1998; Grable 2000, Hariharan, Chapman and Domian, 2000; and Gollier and Zeckhauser, 2002). (P. Sashikala and R Siva Prasad Ravi, 2010)Gender is the second demographic which is frequently argued to determine risk tolerance and Bajtelsmit and Bernasek (1996), Palsson (1996), Jianakoplos and Bernasek (1998), Bajtelsmit, Bernasek and Jianakoplos (1999), Powell and Ansic (1997), and Grable (2000) find support showing that females have a lower preference for risk than males. Grable and Joo (1999) and Hanna, Gutter and Fan (1998) however, find that gender is not significant in predicting financial risk tolerance. (P. Sashikala and R Siva Prasad Ravi, 2010). Education is a third factor which is thought to increase a person’s capacity to evaluate risks inherent to the investment process and therefore endow them with a higher financial risk tolerance (Baker and Haslem, 1974; Haliassos and Bertaut, 1995; Sung and Hanna, 1996) (P. Sashikala and R Siva Prasad Ravi, 2010)Income and wealth are two related factors which are hypothesised to exert a positive relationship on the preferred level of risk (see Friedman 1974; Cohn, Lewellen, Lease and Schlarbaum 1975; Blume 1978; Riley and Chow 1992; Grable and Lytton 1999; Schooley and Worden 1996; Shaw 1996; and Bernheim et al, 2001, P. Sashikala and R Siva Prasad Ravi, 2010). However, the issue is not clear cut since on one hand, wealthy individuals can more easily afford to make loss resulting from a risky investment and their accumulated wealth may even be a reflection of their preferred level of risk. On the other hand wealthy people may be more conservative with their money. People with low levels of personal wealth may also view lottery tickets as a risky investment as a form of lottery and be more willing to bear the risk associated with such payoffs.

## Behavioural investment

Barnewall (1987) found that an individual investor can be found by lifestyle characteristics, risk aversion, control orientation and occupation (Manoj Kumar Dash 2010). Barnewall (1988) suggested the use of psychographics as the basis of determining an individual’s financial services needs and took one closer to the truth from the customer’s perspective of need to build a marketing program. Statman (1988) observed that people trade for both cognitive and emotional reasons. They trade because they think they have information, when in reality they make nothing but noise and trade only because trading brings them joy and pride. Trading brings pride when decisions made are profitable, but it brings regrets when they are not. Investors try to avoid the pain of regret by avoiding realization of losses, employing investment advisors as scapegoats and avoiding stocks of companies with low reputations (Manoj Kumar Dash, 2010). Harlow and Brown (1990) observed that psychologists tend to believe that an individual’s choice is primarily determined by factors unique to the particular decision setting, whereas economists assumed that there is some individual-specific mechanism playing a common role in all economic decisions. Warren et al. (1990) and Rajarajan (2000) predicted individual investment choices (e. g., stocks, bonds, real estate) based on lifestyle and demographic attributes. These investors see rewards as contingent upon their own behaviour (Rajarajan, 2002). Gupta (1991) argued that designing a portfolio for a client is much more than merely picking up securities for investment. The portfolio manager needs to understand the psyche of his client while designing his portfolio. Risk tolerant investors behave as though they can control risk. This suggests that risk tolerance serves as a proxy for an ‘ illusion of control’ and thus overconfidence [Madhusoodanan (1997); Odean (1998); Barber and Odean (2001); Benartzi and Thaler (2001); Gervais and Odean (2001); and Daniel and Huberman (2003); Manoj Kumar Dash (2010)]. Barber and Odean (2000) explored the impact of intuitive thinking on investment preference to study the experience of actual investors. Manoj Kumar Dash (2010) investigated on Factors which influence individual investment decision, the difference in the perception of Investors in the investing process on the basis of Age and the difference in perception of the Investors on the basis of Gender. His study aimed to put on some knowledge about key factors that influence investment behaviour and ways these factors impact investment risk tolerance and decision making process among men and women and among different age groups. Individuals may be equal in all aspects, but their behaviour is different in same situation. Keeping this in mind, Manoj Kumar Dash (2010) made an attempt to find out Factors which affects individual investment decision and Differences in the perception of Investors in the decision of investing on basis of Age and on the basis of Gender. Manoj Kumar Dash (2010) listed six components ; Security showed that this factor contains variables related to the purpose of Investors. Basically this factor moves around future safety. As all the variables included under this component factor were related to future needs which may be any emergency, this factor was called security. They also considered security as the most important criterion before making any investment. Opinion showed that this factor contains variables related to taking suggestion from other persons before making any investment. The investor who are intelligent and risk averse always wants to take suggestions from peers, financial expert or any share brokers. Awareness showed that this factor contains variables related to the awareness of investors about various financial plans and basic knowledge about how to invest. The investors feel that awareness is the most important factor before making any investment decision. The public also states that the duty of the government is not only to offer attractive schemes but also to make the people aware of those schemes by advertising. Hedging showed that this factor contains variables related to the precaution of risk. The investors feel that before making any decision about investments, it is good to take suggestions from experts of this field and always go for large duration investment, since this option gives more time to evaluate investment. Duration showed that this factor contains variables related to time duration of investment. When respondents were asked to indicate the time duration they devoted for the investment activities. The result indicates that investors do not devote much time in Investment activities which implied that peoples are already aware of various financial plans and other Investment options. The other reason behind less devotion of time was due to other engagement in Life. Benefits showed that this factor contains variables related to benefits of Investment. There are various benefits of Investment which differs from person to person. For e. g. someone invests to take advantage of Tax Benefits, someone invest for capital growth, someone invest for protection from inflation and for many other reasons. Manoj Kumar Dash, (2010) had concluded that " there are no significant differences of security, opinion and hedging in all age group" and that " there are significant differences of awareness, benefits and duration in all age group". It also be concluded that " there is no significant difference of hedging on the basis of gender" but all the rest that is " Security, Opinion, Awareness, Benefit and Duration had a significant difference on the basis of gender".