

# Role of Extraversion Personality in Share Marketing

Nasleen salim

Assistant Professor, MES Asmabi College, P Vemballur

## Abstract:

*The main purpose of the study is to identify the role of extraversion personality affects the relationship between personality traits and investment management. Questionnaire survey was conducted and the respondents are stock market investors. This is the perhaps first study that investigates the moderating role of extraversion in personality traits and investment management. However, in case of Long run Risk behaviour partially mediates the relationship of “Extraversion”, “Agreeableness”, “Openness to Experience”, and “Conscientious”. Personality is well-defined as “the way an individual interacts, reacts and behaves with others and is often exhibited through measurable traits” (Crysel et al., 2013). Different studies have proposed different personality traits however, “Big five factor model” is the most commonly used classification developed by Allport and Odbert (1936). This model comprising Openness to Experience, extraversion, conscientiousness Neuroticism and agreeableness. Personality traits comprised cognitive, motivational, and emotional characteristics which inclined individuals several decisions (Dolan et al., 2012). Such as Financial decisions (Cryseletal.,2013). Investors’ “personalities are associated with their investment choices and outcomes” (R. B. Durand et al., 2008).*

**Keywords:** Big Five Personality Traits, Extraversion, Share Market, Investment Decision, Risk-Return

## Introduction:

In the big 5 theory of personality, extroversion (often known as extraversion) is one of the five core traits believed to make up human personality. Extroversion is characterized by sociability, talkativeness, assertiveness, and excitability.

People who are high in extroversion tend to seek out social stimulation and opportunities to engage with others. These individuals are often described as being full of life, energy, and positivity. In group situations, extroverts (extraverts) are likely to talk often and assert themselves.

Introverts, on the other hand, are people who are low in extroversion. They tend to be quiet, reserved and less involved in social situations. It is important to note that introversion and shyness are not the same things.

### **Extraversion and Investment Intention**

An Extraversion is “active, optimistic, excitement seeking and tend to socialize in large crowd” (Leary, Reilly, & Brown, 2009; McCrae & Costa J, 1997). Pan and Statman (2013) revealed “extraversion deliberate only positive information, which influences their assessment of the probability of success and instigated overconfidence in financial decision making”. Mayfield et al. (2008) directed a study among business school undergraduates and revealed that extraversion trade frequently and tend to invest their more money in stock market. Furthermore, he finds negative association between extraversion and risk aversion. Another study who examine the association between personality traits and financial decision making of household, finds that ”extroversion is associated with unsecured debts and financial assets” (Brown & Taylor, 2014). R. B. Durand et al. (2008) in his study divulged that” individuals with higher degrees of extraversion appear to take more risk to achieve higher returns”.

### **Neuroticism and Investment Intention**

Neurotic individuals are “Pessimistic, depressed, anxious and exhibit more fear of uncertainty and ambiguity” (Williams, 1992; McCrae & Costa J, 1997; Migliore, 2011). Anxious subjects are risk averse in general and favour less risky portfolios (Gambetti & Giusberti, 2012). Niszczoła (2014) revealed that neurotic subjects evade uncertainty and tends to avoid the foreign equities and foreign debt securities. Neurotic individuals have lack of analytical ability, critical thinking, cognitive skills, and conceptual understanding. These deficiencies incline Neurotic individuals toward afraid of failure and feeling of anxious during risky decision making (McCrae&CostaJ,1997; Young, Gudjonsson, Carter, Terry, &Morris,2012). Pakand Mahmood (2015) revealed that Neuroticism has negative association with risky behaviour. Neurotic individuals undervalue the gain during favourable situation of market and overestimate the risk during unfavourable situation of market. Another study revealed “risk-taking behaviour is related to neurological impairments, those with low neuroticism feel greater anxiety when making risky decisions” (VigilColet, 2007).

### **Agreeableness and Investment Intention**

Agreeableness trait indicate “altruism, personal warmth, sympathy toward others, helpfulness, and cooperation” (Mayfield et al., 2008). Agreeable individuals avoid conflicts with others. They positively consider the information provided by others without any critical assessment (Costa & McCrae, 1992). The trading behaviour of agreeable investors also disclosed that “they follow herd behavior in the market and trade stocks intensively”.

(Cloninger, Przybeck, Svrakic, & Wetzel, 1994). Pak and Mahmood (2015) revealed that agreeableness has negative association with risky behaviour. Agreeable individuals rely on the financial analyst’s judgement and feel hard to make personal financial decision.

### ***Openness to Experience and Investment***

Individuals with this attribute are creative, resourceful, and broadminded (Martins, 2002). These individuals have charisma toward aesthetics, novelty, and new thoughts (Gunkel, Schlaegel, Langella, & Peluchette, 2010). Openness “exert a positive influence on long term investments in business school US undergraduates” (Mayfield et al., 2008). Nandan and Saurabh (2016) described that individuals having Openness to Experience trait tend to take higher risk than his counter parts. Nga and Ken Yien (2013) concluded that “Openness in individuals promotes greater willingness to embrace unconventional rules of thumb prescribed in financial decision making”. These individuals have positive association with risk tolerance and willing to invest in stock.

### ***Conscientious and Investment Intention***

Conscientious individuals are “determined, well-organized, reliable, persistent, and punctual and take higher risks less impulsively” (Mayfield et al., 2008). Conscientious individuals actively involved in decision making (Gunkel et al., 2010). Conscientiousness individuals have positive association with trading behaviour (R. B. Durand, Newby, Peggs, & Siekierka, 2013) and trading more to get desired results. Conscientious investors do not rely on delusions and prudently make their investment decisions. This ability makes them more particular about the choice of investment and risk tolerance (Sadi, Asl, Rostami, Gholipour & Gholipour, 2011). Pak and Mahmood (2015) finds negative association between Conscientious and financial risk tolerance.

**Review of literature:**

In an emerging economy, individuals are often faced with uncertainty when they need to make decisions. Normally, these decisions encompass a certain degree of risk. In simple terms, risk is uncertainty (Head, 1967). Risk constitutes several subsets, with risk tolerance being one of the major factors. When explaining risk tolerance, a simple example can be used. Imagine having two investment options you can choose from. The first option is certain to give you R100, whereas the second option is a coin toss. If the coin lands on heads, you will get R100; however, if the coin lands on tails, you will get nothing (Tversky & Kahneman, 1981). Therefore, if the investor is risk averse, he will choose the first option. However, if the investor is risk seeking in nature, he will choose the second option. When the investor made his decision between the two options, he is more aware of his position on the continuum of risk averse to risk seeking. Furthermore, the investor will also better understand his degree of financial risk tolerance (Tversky & Kahneman, 1981).

The accurate measurement of risk tolerance in an investment portfolio proves to be a difficult task (Kannadhasan, Aramvalathan, Mitra, Goyal, 2016). However, the various factors, influencing risk tolerance, aid in overcoming said difficulties. Risk tolerance is influenced by a variety of factors, including, but not limited to demographic variables, financial well-being, life satisfaction as well as personality traits. Other factors include environmental and economic factors (Kannadhasan et al., 2016). Caspi, Roberts, Shiner (2005) suggest that an individual's level of risk tolerance is more stable over time than their personality traits. Furthermore, Kannadhasan et al. (2016) argue that an investor's personality traits heavily influence his decision-making processes. The five main personality traits according to the five-factor model are (i) neuroticism, (ii) extraversion, (iii) openness to experience, (iv) agreeableness, and (v) conscientiousness (Cooper, 2003; Rothmann & Coetzer, 2003; Vazifehdooost et al., 2012).

Mayfield, Perdue, & Wooten (2008) found in their study that personality traits have a strong association with investment management. They found that neuroticism has no impact on investment management while people with extraversion and openness to experience traits are involved in both short term and long term investment intentions. They argued that anxious individuals feel more insecure, so it is possible that they would be less preferred to engage in shortterm investing. Conversely, optimistic and outgoing people can involve in both short term and long term investment intentions. Personality traits are determinants of investors' behavior (Baik, Kang, & Kim 2010; Akhtar & Batool 2012; and M. Moradi et al. 2013). They studied

that some personality traits have strong association with both short-term and long-term investment and some have are associated with either short-term or long-term investment intentions.

**Objectives:**

1. To analyze the demographic variables of the share market investors.
2. To find out the relationship between the risk acceptance and occupation level of extraversion personality investors.
3. To know the impact of five big personality traits among share marketing investors.

**Research methodology:**

The process used to collect information and data for the purpose of making business decisions. The methodology may include publication research, interviews, surveys and other research techniques, and could include both present and historical information. There are several important aspects to research methodology.

Descriptive type of research was used for this study. 100 share market investors were taken as sample from different locations of Thrissur district. Data used for the research has been collected from primary and secondary sources. Percentage analysis, Graphical Representation and Hypothetical test were used for data analysis.

Primary data is collected by the researcher or through investigators or enumerators for the first time. It is original in character. Census survey of population, court records, personal diaries etc are coming under this category. Here, Primary data are considered as the questionnaire to which the statistical methods are applied for the purposes of analysis and interpretation.

The secondary data are those data, which have already been collected, tabulated and presented in some form by someone else for some other purposes. It means data that are already available. It is in the form of finished products.

**Data analysis and interpretation:**

➤ **Demographic Profile of the Respondents**

**Table 1**

<b>Demographic Variable</b>		<b>Frequency</b>	<b>Percentage</b>
Gender	Male	100	100
	Female	0	0
Occupation	Private job	32	32.0
	Government job	50	50.0
	Retired	18	18.0
Educational Qualification	ITI	39	39.0
	SSLC	30	30.0
	Degree	7	7.0
	Post Graduate	24	24.0
Marital Status	Married	92	92.0
	Unmarried	8	8.0

**Source: Primary Data**

**Interpretation:**

**a) Gender**

From table 1 it is clear that, all the respondents (100%) are males.

**b) Occupation**

From the above table 1, it depicts that most of the respondents are government employees i.e., 50%. 32% of the employees fall under the private job. Only 18% of them are retired.

**c) Educational Qualification**

From the above table 1, educational qualification of the employees reveals that 7% of the respondents have only taken degree. Most of the employees (39%) are qualified with ITI. 30% of employees just have the basic qualification. 24% of the employees have post graduation qualification.

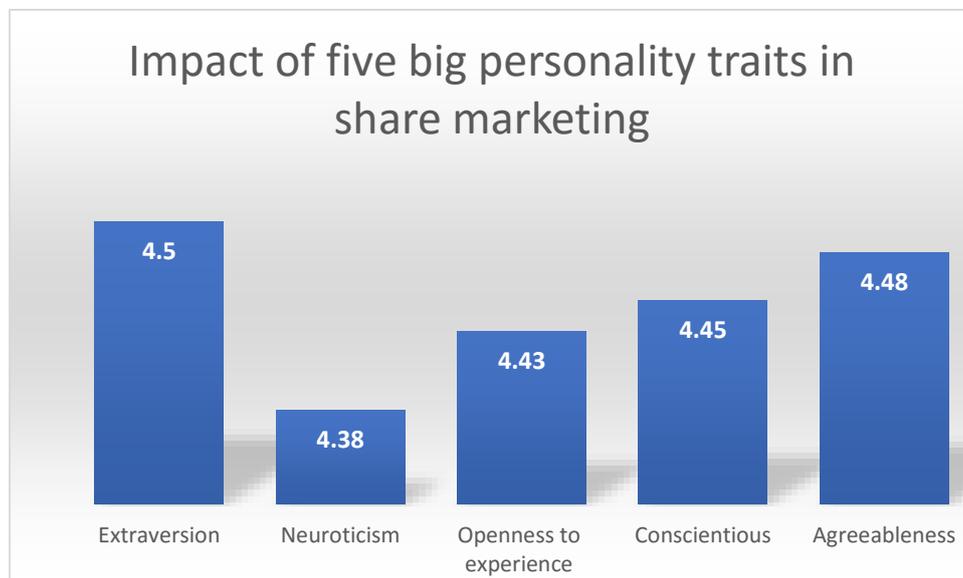
**d) Marital Status**

From the above table 1, it is clear that 92% of the employees are married and only 8% employees are unmarried.

➤ **Impact of Big five personality traits in share marketing**

**Table 2**

Variables	Mean
Extraversion	4.50
Neuroticism	4.38
Openness to experience	4.43
Conscientious	4.45
Agreeableness	4.48



**Chart 1**

As the above chart shows that extraversion type of personality has a great impact or role in the share marketing investment. Share marketing investment is risk associated. So that it suitable for extraversion type of investors. Next suitable personality is agreeableness. Not much suitable personality is that neuroticism.

➤ **Relation between risk acceptance and investor’s occupation**

To know whether there is significant difference in the risk acceptance with different occupation the following hypothesis are framed:

H<sub>0</sub> : There is no significant difference in the risk acceptance with different occupation

H<sub>1</sub> : There is significant difference in the risk acceptance with different occupation

These hypotheses are tested using one way ANOVA and the result is exhibited in the table below.

**Mean, F value and P value of QWL in different experience groups**

**Table 3**

Experience	N	Mean	F value	P value
Private job	32	88.8167	1.301	0.277
Government job	50	88.8307		
Retired	18	90.0296		
Total	100	89.0420		

P value is greater than 0.05 thus there exist no significant difference in the mean of risk acceptance with different occupation and thus accepted the null hypothesis.

**Findings:**

92% of the employees are married and only 8% employees are unmarried. Educational qualification of the employees reveals that 7% of the respondents have only taken degree. Most of the employees (39%) are qualified with ITI. 30% of employees just have the basic qualification. 24% of the employees have post graduation qualification. Most of the respondents are government employees i.e., 50%. 32% of the employees fall under the private job. Only 18% of them are retired. Extraversion type of personality has a great impact or role in the share marketing investment. Share marketing investment is risk associated. So that it suitable for extraversion type of investors. Next suitable personality is agreeableness. Not much suitable personality is that neuroticism. There is no significant difference in the risk acceptance with different occupation

**Conclusion:**

Financial risk tolerance refers to the degree of uncertainty an investor is willing to accept, and can often be influenced by individual characteristics. However, personal psychological

preferences play a prominent role in an investor's judgement and relationship with their finances. Limited research has been done on investors to see whether their type of personality will influence the level of risk they are willing to tolerate and ultimately the performance of their asset portfolios. Therefore, this article aids toward the contribution in understanding how personality traits can influence financial decision-making. Extraversion type of personality has a great impact or role in the share marketing investment. Share marketing investment is risk associated. So that it suitable for extraversion type of investors.

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