EQUITY STRUCTURE AND STRATEGIC INVESTMENT PSYCHOLOGY IN GREEN ECONOMY

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ABSTRACT

A set of guidelines created to aid an individual investor in achieving their financial and investing objectives is referred to as an investment plan. This strategy directs an investor's choices in accordance with goals, risk tolerance, and anticipated capital requirements. They can range from cautious (following a low-risk approach with the goal of protecting money) to extremely aggressive (seeking rapid growth by focusing on capital appreciation). Investors can create their own portfolios using their techniques or work with a financial advisor to do so. Strategies must be frequently reassessed as conditions change since they are not static. Investment tactics come in a wide variety. There is no one investment strategy that fits all investors, thus there isn't a single strategy that works for everyone. This implies that as people age, they should review and realign their tactics in order to tailor their portfolios to their circumstances. Value investing, growth investment, and more cautious or riskier strategies are all available to investors.

Keywords: Risk Tolerance, Strategies, Adequate Liquidity, Investment, Consumption.

INTRODUCTION

As was already said, consumers have the option of engaging a financial professional or making their own investing selections. Individual judgements and investing options can be made by more seasoned investors. There is no one proper approach to manage a portfolio, so investors should act logically by conducting their own research, utilising evidence to support their choices, and making an effort to lower risk while maintaining adequate liquidity (Abdallah & Ismail, 2017).

Additional Factors

A major part of an investing plan is risk. Some people have a high risk tolerance, whilst some investors are risk averse. Here are some typical risk-related guidelines:

1. Investors should only take on as much risk as they can bear to lose.
2. The possibility for bigger profits exists with riskier investments.
3. Investments that ensure capital preservation also provide a low return.

Different Investment Techniques

From prudent to aggressive investment techniques exist. Investments with minimal risk and steady returns are used in conservative investing programmes. High-risk investments including stocks, options, and junk bonds are used in very aggressive ones with the aim of maximising profits. People who wish to conserve their cash are more inclined to take a

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conservative strategy, whilst those who have a longer investing horizon tend to utilise aggressive approaches. Many investors utilise dollar-cost averaging, reinvest dividends, and purchase low-cost, diversified index funds. With dollar-cost averaging, regardless of cost or share price, a certain dollar amount of stocks or a specific investment is purchased on a regular basis. However, some knowledgeable investors choose certain stocks and assemble a portfolio based on analyses of specific firms and forecasts of share price fluctuations (Boo & Kim, 2021; Crowley et al., 2019)

Some investors could choose for value and growth investment methods. When investing in value, a person selects stocks that appear to trade for less than their true worth. This indicates that the market is undervaluing these equities. On the other hand, growth investing includes putting money into the stocks of smaller businesses that have the potential for profits growth.

Overall, study findings indicate that institutional and cultural context have a role in how equity structure affects strategic investment and performance. We do not yet know, nevertheless, if these research findings are applicable to strategic green investment. Manufacturing businesses must continue to pursue a green and sustainable development strategy in response to the changes in the world's ecological environment. For instance, to promote green consumption and environmental protection among consumers, to reduce or eliminate the emission of toxic gases like carbon dioxide and carbon monoxide, and to prevent the direct discharge of industrial wastewater that does not adhere to standards and contains heavy metals into the river, lakes, or nearby fields (Paniagua et al., 2018).

The listed firms' equity markets are comparatively concentrated, and the largest shareholder has considerable influence over the business. For instance, the largest shareholders may name dependable family members or friends as executives, establishing what is known as a steward relationship between the largest shareholder and top managers, with the primary duty of top managers being to carry out the strategic intent of the largest shareholder. The more shares the largest shareholder has, the more influence they have over the business, the more it can mitigate the negative consequences of principal-agent issues, and the more it can improve business performance (Tosi et al., 1997).

CONCLUSION

Because the largest owners may reap additional benefits by manipulating short-term financial success, they have a tremendous incentive to pursue good short-term performance. The largest shareholders can increase their stock price by improving short-term financial performance and entrusting other investors to buy and sell stocks for their personal gain because the stock price in the Chinese stock market is very sensitive to changes in the company's financial performance. A slight improvement in the company's financial performance may result in a substantial increase in the stock price.

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