

"A Review of Investment Choices Made by Salaried Employees"

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ABSTRACT

This study investigates the investment preferences of salaried employees in Ettumanoor Municipality, Kerala, India. It aims to identify factors influencing their investment decisions, assess their knowledge and risk-taking capacity, and evaluate their levels of satisfaction. The study employs a questionnaire-based survey with 100 respondents.

Key findings reveal a preference for bank deposits among respondents, driven primarily by savings motives. Most respondents exhibit moderate awareness of investment avenues and are comfortable with moderate risks. Factors influencing investment decisions include age, income, and family responsibilities. While satisfaction levels are generally high, respondents express concerns about potential risks and seek professional advice.

The study suggests that promoting investment awareness, providing financial literacy training, and simplifying investment procedures can enhance employee investment behaviour and contribute to economic growth.

Keywords: investment preferences, salaried employees, financial literacy, investment risk, satisfaction levels.

INTRODUCTION

Investment has been an integral part of human activity since ancient times. Early civilisations recognised the importance of generating wealth through business activities, whether in the form of barter or monetary incentives. As societies evolved, so did their understanding of business and investment. The practice of reinvesting profits to ensure continued growth became central to business operations. The essence of investment lies in the present sacrifice made in exchange for future gains. This concept highlights two fundamental aspects of investment: the current allocation of resources and the potential for future rewards.

Investment can be defined as the commitment of financial resources, in either physical or financial form, with the goal of generating future returns. However, this process is not without risk, as the expected return on investment may fluctuate due to various factors. This uncertainty is known as investment risk. Every investment, regardless of its nature, involves a delicate balance between risk and reward, making decision-making crucial for investors.

Investment plays a critical role not only in the growth of individual wealth but also in the overall development of the economy. For any economy, the aggregate investment made in the present significantly influences the level of demand, employment, and economic growth. In the long term, investments contribute to the productive capacity of the economy, driving improvements in living standards and prosperity. Additionally, investments create financial markets, enabling companies to raise capital and further contributing to economic development.

The nature of investment can be viewed from different perspectives. In financial terms, investment is often associated with the allocation of funds to various assets, such as stocks, bonds, real estate, and gold, with the expectation of future financial returns. From an economic standpoint, investment refers to the creation of new productive assets, such as infrastructure, machinery, and human capital, which are essential for the production of goods and services. Modern financial markets offer a wide array of investment opportunities, including corporate securities, government bonds, mutual funds, and more traditional avenues such as savings accounts and real estate.

In the context of salaried employees, investment decisions are often influenced by factors such as income levels, financial knowledge, and risk tolerance. With a plethora of investment avenues available, each offering different levels of risk and return, employees must navigate these options to make informed decisions that align with their financial goals. Some investment avenues, such as government bonds, provide stability with lower returns, while others, like the stock market, offer higher returns but come with increased risk. Understanding these trade-offs is essential for employees who seek to balance short-term security with long-term growth.

This study focuses on understanding the investment preferences of salaried employees in the Ettumanoor Municipality, Kottayam district. It aims to identify the factors influencing their investment choices, such as risk appetite, financial awareness, and satisfaction with their current investments. The study examines a range of investment options, including traditional avenues like bank deposits and emerging alternatives like mutual funds and stock market investments. The objective is to analyse the level of awareness and knowledge employees have about various investment opportunities and how these factors influence their decision-making process.

The research is significant because it sheds light on the importance of investment in today's fast-paced financial world. Simply earning money is no longer enough; it must be invested wisely to ensure future security and growth. For salaried employees, who may have limited disposable income, selecting the right investment avenue is critical to achieving financial stability and growth. This study aims to provide insights into the challenges faced by these employees in making informed investment decisions and offers suggestions for improving their investment strategies.

The findings of the study will help employers and policymakers understand the investment behaviour of salaried employees and identify the gaps in financial literacy. By addressing these gaps through targeted educational programs and providing access to investment advisory services, it is possible to enhance the financial well-being of employees and, in turn, contribute to the economic growth of the region. The goal of this study is to give salaried employees the information and tools so that they can initiate smart investment choices that fit their financial goals.

Statement of the problem

Investment is always made with an objective of earning a return. Now a days, a number of investment avenues are available in the market. It provides a high return to the investors. It helps to invest more and more in various investments. For a person, who can invest in different investment avenues are not free from all defects. Each investment has its own merits and demerits. Investors has to face so many problems while executing their investment such as; misrepresentation about investment avenues, insufficient economic growth, lack of security, lack of transparency, political changes, lowering value of currency, untimely investment etc. Due to the enormous benefits of investment most of the employees opt for various investment avenues. Thus, it is of immense important to study the extent to which the employees are satisfied with their investment and there arises an urgent need to study the preference of salaried employees towards various investment avenues. Investors usually involve a detailed analysis of these investment options to compare risk and earn returns.

Scope of the study

This study is conducted in Ettumanoor Municipality, Kottayam district, Kerala, India. It focuses on salaried employees and their investment preferences. The research explores various investment avenues, identifies factors influencing investment decisions, assesses investor knowledge and risk tolerance, and evaluates satisfaction levels with investment choices. The study aims to provide insights into the investment behaviour of salaried employees in the region, contributing to a better understanding of their financial decision-making processes and identifying potential areas for improvement in financial literacy and support services.

Significance of the Study:

This study is significant in providing insights into the investment behaviour of salaried employees in Ettumanoor Municipality. By understanding their preferences, knowledge, and risk tolerance, the study can contribute to a better understanding of the factors influencing investment decisions and identify potential areas for improvement

in financial literacy and support services. The findings can be utilized by financial institutions, policymakers, and employers to develop targeted financial education programs and support services, ultimately enhancing the financial well-being of employees and contributing to the economic growth of the region.

Objective of the study

- Examining the investment preferences of salaried employees in Ettumanoor Municipality.
- Identifying the factors influencing their investment decisions.

REVIEW OF LITERATURE

Sonali Patil and Kalpana Nandawar (2014) discovered in their study that investment choices such as banks, gold, real estate, postal services, and mutual funds are investigated. The data was examined using percentages, the Chi Square test, and the Pearson correlation coefficient. They discovered that while investors are aware of the various investment opportunities in India, they still prefer to invest in bank accounts, real estate, and gold. Investors viewed security and consistent income from investments as essential factors when making investments.

Murugan and Chandrasekaran (2014) in a study related to investment schemes have endeavoured to examine the saving and investment patterns of salaried class investors. A comprehensive examination is conducted to ascertain the degree of awareness, attitudes, influencing factors for investors, and the transformation of savings into investments along with investment preferences.

S. Uma Maheswari and M. Ashok Kumar (2014) in a study addressed a person's investment priorities, which are determined by a variety of elements such as awareness, environment, intents, beliefs, and obligations. The article seeks to identify and bridge the financial goals of salaried middle-class investors with his desire for higher returns. The author points out that the psychological impact of the salaried middle class on their investment strategies might be pursued in different areas regions, districts, states, and nations to make specific forecasts about the global economy as a whole.

V.R. Palanivelu and K. Chandrakumar (2013)" have disclosed the preferred investment avenues among salaried people in their study. The study's findings revealed that factors such as education, awareness of the existing financial system, investor age, and so on had a substantial impact on investing decisions. The data was examined using percentages and the Chi square test.

R. Sreepriya, P. Gurusamy (2013) in a study has made an attempt to analyse the saving and investment pattern of salaried class investor. An in-depth analysis done to identify the attitude, factor influencing investors to save and savings preference of investors. It is hoped that the saving public (particularly salaried class) will analyse their saving and investment. This investigation pinpointed the investors' challenges and the potential solutions on the horizon.

RESEARCH METHODOLOGY

A research methodology is a systematic approach to solving research problems. The methodology which will be used for carrying out the project will be discussed as follows;

Research design

This study is an exploratory study to find out the preference among salaried employees towards various investment avenues. This research aimed to identifying the factors influencing the customers towards various investments avenues.

Sources of data collection-The data used will be:

Primary data -The main source of data for this study is primary source. Salaried employees are the informants of the study. The primary data were collected from the salaried employees in Ettumanoor Municipality. For collecting the data from the respondents, a structured questionnaire was used.

Secondary data - Secondary data needed for the study has been collected from the following sources: Journals, Books, Magazines, Newspapers, Studies undertaken by various research institutions, Websites

Sample design

Sample design consists of non-probability sampling such as convenience sampling. The data will be collected from hundred respondents of salaried employees.

Sample size

The number of sampling units selected from population is called the size of the sample. This study is based on 100 respondents, that the sample size in this case is 100.

Tools for data collection

Structured questionnaire will be used for collecting primary data. Published and unpublished reports, documents, journals, internet etc. will be used for collecting secondary data.

Tools for analysis and interpretation of data

Appropriate statistical tools will be used for analysing the collected data.

The study employs a quantitative research methodology, utilizing a questionnaire-based survey to collect data from salaried employees in Ettumanoor Municipality. The questionnaire covers a range of topics, including demographic information, investment knowledge, investment preferences, risk tolerance, and satisfaction levels.

The findings of the study are expected to provide valuable insights into the investment habits and preferences of salaried employees in the region. These insights can be used by financial institutions, policymakers, and employers to develop targeted financial education programs and support services.

In conclusion, this study offers a comprehensive exploration of the investment behaviour of salaried employees in Ettumanoor Municipality. By understanding their preferences, knowledge, and risk tolerance, the study aims to contribute to a more informed and financially empowered workforce.

Hypothesis of Thestudy

On the basis of objectives framed for the study, the following hypothesis has been framed.

H0: There is no significant relationship between profession of a respondent and their satisfaction towards investment in different schemes.

H1: There is a significant relationship between profession of a respondent and their satisfaction towards investment in different schemes.

Table Showing the Relationship Between Profession and Satisfaction Level

	Highly Satisfied	Satisfied	Neutral	Unsatisfied	Total
Government Employee	2	6	12	2	22
Private Employee	6	34	11	4	55

Self Employed	3	5	2	0	10
NRI	4	4	5	0	13
Total	15	49	30	6	100

Decision Table

Calculated Value	28.618
Level Of Significance	0.05%
Degree Of Freedom	9
Table Value	16.919

Interpretation:

From the above results, it transpires that the calculated value (28.618) of chi-square is greater than table value (16.919). This suggests that the null hypothesis (H_0) is rejected, and the alternative hypothesis (H_1) is accepted. In other words, there is a significant relationship between profession and satisfaction level of the respondents.

FINDINGS OF THESTUDY

1. Demographic Insights:

- The respondent pool is almost evenly split by gender, with 51% female and 49% male participants.
- A significant proportion (66%) of respondents fall within the 20-30 years age group, indicating that young salaried employees form the core of the study.
- 58% of respondents hold an undergraduate degree, showcasing the educational background of the majority.

2. Income and Savings Behaviour:

- The income level of 44% of respondents falls between ₹15,000-₹30,000, a moderate-income bracket typical for salaried employees.
- All respondents (100%) are engaged in savings, indicating a strong inclination towards financial prudence.
- Bank deposits are the most preferred savings option for 50% of respondents, signifying trust in traditional and low-risk investment avenues.
- Savings is the primary motive for 47% of the respondents, underscoring a conservative approach to financial management.

3. Investment Preferences and Duration:

- 39% of respondents have been using investment avenues for 1-3 years, suggesting that many are relatively new to investing.
- A majority of respondents (75%) prefer long-term investments, indicating a strategic approach to financial growth.

- Only 7% of respondents are willing to take high risks, while 35% are risk-averse, and 51% adopt a risk-neutral stance, showing that most employees favour stability over aggressive investment strategies.

4. Challenges and Satisfaction:

- While 58% of respondents face challenges in investment avenues, only 5.17% experience excessive debt, indicating that the majority manage their finances well despite some difficulties.
- A small percentage (15%) of respondents express high satisfaction with their investments, pointing to potential gaps in investment knowledge or returns.
- 84% believe that risk-taking is essential in investment, while 16% do not, reflecting a mixed attitude towards risk management.

5. Recommendations and Future Intentions:

- A significant 90% of respondents are likely to recommend investments to others, showcasing confidence in the process despite existing challenges.
- 88% of respondents plan to continue investing in the future, indicating a positive long-term outlook.

6. Relationship Between Profession and Satisfaction:

- There is a significant relationship between respondents' profession and their satisfaction levels with investments, suggesting that occupational factors may influence investment success.
- No significant relationship was found between gender and awareness levels, implying that investment awareness is similar across male and female respondents.

These findings provide an in-depth understanding of the investment preferences, challenges, and satisfaction levels among salaried employees, emphasizing the importance of education, risk management, and tailored financial strategies.

Suggestions and Recommendations of the Study

1. **Minimizing Investment Risk for Aged Employees:** Efforts should be made to create low-risk investment options tailored for older employees. This can encourage more participation from this demographic and ensure financial security.
2. **Increasing Awareness of Investment Avenues:** Employers should conduct educational programs to raise awareness of the various investment avenues, highlighting their relative merits and demerits. This would enable employees to make more informed decisions based on their financial goals and risk tolerance.
3. **Investment Education:** Employees should be educated about different types of investments, such as stocks, bonds, mutual funds, and government securities. Offering financial literacy programs within organizations can empower employees to diversify their investment portfolios.
4. **Training and Consulting:** To enhance the effectiveness of investment strategies, employees should receive more training on portfolio management. It is also advisable for them to consult financial advisors before making significant investment decisions, ensuring a more tailored approach to their financial planning.
5. **Simplifying Investment Processes:** Reducing the procedural formalities associated with certain investments can encourage more participation. Simplified and user-friendly investment procedures will make it easier for employees to invest with confidence.

6. Employee-Investor Guidelines: Clear and accessible investment guidelines should be provided to employees through their organizations. This will help them navigate the complexities of investment choices and ensure they follow best practices.

7. Awareness Programs for Rural Areas: Special focus should be given to conducting investment awareness programs in rural areas, where financial literacy and access to investment information may be limited. This can bridge the gap between urban and rural investors.

8. Highlighting Tax Benefits: Employees should be informed about the potential tax benefits associated with various investments. This knowledge can help them maximize returns while reducing their tax liabilities.

9. Encouraging Professional Consultation: It is essential for investors to consult with investment professionals before making major investment decisions. Access to expert advice can help employees avoid unnecessary risks and select investments that align with their long-term financial objectives.

By addressing these areas, the investment landscape for salaried employees can be enhanced, leading to better financial outcomes and greater satisfaction with their investment choices.

CONCLUSION

The study on **Investment Preferences Among Salaried Employees** provides valuable insights into the investment behaviour, preferences, and challenges faced by this demographic. The findings highlight a general inclination towards safe and traditional investment avenues, such as bank deposits, alongside a cautious approach to risk. While most employees are engaged in saving and investing, the majority exhibit moderate awareness of the various options available to them, signalling the need for enhanced financial education.

To foster a more informed and strategic approach to investing, it is crucial to promote financial literacy and simplify the investment process. By offering tailored education, reducing procedural barriers, and encouraging the use of professional financial advice, salaried employees can better align their investments with their risk tolerance and financial goals. Additionally, focusing on creating awareness in rural areas and providing clarity on tax benefits can further empower employees to make sound financial decisions.

Ultimately, improving the overall investment climate for salaried employees will not only enhance individual financial well-being but also contribute to broader economic growth by encouraging more active and diversified investment participation. The study underscores the need for continuous efforts in financial literacy, risk management, and accessibility to ensure long-term sustainability in investment behaviour.