A STUDY ON THE INVESTMENT PREFERENCES OF THE SALARIED CLASS IN ZIELHOCH PRIVATE LIMITED

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Abstract: Salaried persons receive a definite amount out of which they are to spend for maintenance and provident for future with the help of investment. It is very difficult to decide about to investment because investment depends upon so many factors like gender, age, family background, profession, educations, health status, taxation, number of dependent members, number of other earning members, ancestral property, retirement age, type of employer, etc. So, the study aims to decide about investment by salaried persons and the problem is that how much amount, at what stage, at what income level, for what time period, in which portfolio assets, with what objective, with what risk assumption, should be invested in taking care of risk and return, maturity period, earnings and appreciations, safety and security, liquidity, lock in period, cost of transaction, return, capital appreciation, etc. In the field of behavioral finance investment is not done only on profit earning motive but it has inputs of psychological needs, aspirations and satisfactions. Data analysis has been done on the basis of percent analysis. The study concludes that ten factors predominantly decide the individual investment patterns and people differ on the basis of annual income, age, gender and profession while investing.

Index Terms **-** Investment preferences, Percentage analysis, Anova test, Correlation.

I. INTRODUCTION

Investing is a critical component of financial planning, particularly for individuals aiming to secure their future and achieve long-term financial stability. Among various demographic groups, the salaried class holds particular significance in the realm of investment due to its stable income source and capacity for regular savings. Understanding the investment preferences of the salaried class is essential for financial institutions, policymakers, and investment advisors to offer tailored solutions that align with their needs, goals, and risk tolerances.

The salaried class comprises individuals who receive a fixed income at regular intervals from their employment. This group often seeks avenues to grow their wealth beyond their salaries through prudent investment decisions. However, the investment preferences of the salaried class are influenced by a multitude of factors, ranging from personal financial goals to broader economic conditions.

One of the primary objectives of this study is to delve into the intricacies of investment preferences among salaried individuals. By examining the choices made by this demographic group regarding investment vehicles, risk management strategies, and long-term financial planning, we aim to shed light on the underlying motivations and decision-making processes.

Moreover, this study seeks to analyse the factors that shape investment decisions within the salaried class. These factors may include individual risk tolerance levels, financial literacy, demographic characteristics such as age and income level, as well as external influences such as economic trends and market conditions. Understanding these determinants can provide valuable insights into the drivers behind investment behaviour among salaried individuals.

Another crucial aspect of this study is to explore the risk perceptions associated with different investment options among the salaried class. Risk perception plays a significant role in shaping investment decisions, as individuals often weigh the potential returns against the perceived risks involved. By examining how salaried individuals assess and manage risk in their investment portfolios, we aim to gain a comprehensive understanding of their risk preferences and attitudes towards investment risk.

Furthermore, this study aims to identify the preferred investment vehicles among the salaried workforce. Whether it be traditional options such as stocks, bonds, and mutual funds or alternative investment avenues such as real estate, cryptocurrencies, or peer-to-peer lending platforms, understanding the preferences of the salaried class can provide valuable insights into the evolving landscape of investment choices.

OBJECTIVES OF THE STUDY

- ➢ To assess the prevailing investment preferences among the salaried class.
- ➢ To identify the factors influencing investment decisions among salaried individuals.
- ➢ To explore the level of risk tolerance among salaried individuals in investment choices.
- ➢ To identify the barriers and challenges faced by salaried individuals in achieving their investment goals.

SCOPE OF THE STUDY

- ➢ The extent of this investigation into the investment preferences of the salaried class involves a thorough examination of the factors that impact financial decision-making within this demographic.
- ➢ The study will explore a variety of investment instruments favoured by individuals, spanning from conventional choices to emerging trends.
- ➢ Its objective is to scrutinize how personal financial objectives, perceptions of risk, and external economic conditions influence the investment decisions of the salaried class.
- ➢ Furthermore, the research will evaluate how financial literacy and awareness shape these preferences.

NEED FOR THE STUDY

- ➢ Understanding how people choose to invest their money is crucial in today's ever-changing financial landscape.
- ➢ This study on the investment preferences of the salaried class is vital because individual investment decisions play a key role in shaping economic stability.
- ➢ With a diverse workforce having varying income levels, financial goals, and risk tolerances, it's important to uncover the patterns that influence investment choices.
- ➢ This research aims to provide detailed insights into the actors affecting these decisions, including personal financial goals, risk perceptions, and external economic conditions.

LIMITATIONS OF THE STUDY:

This study has certain limitations.

- ➢ The geographic scope of the study is limited to Chennai, thereby potentially restricting the generalizability of the findings to other regions or cities.

- ➢ It is important to recognize that the investment preferences observed in this study may not necessarily remain constant over time. Economic conditions, regulatory changes, and shifts in potential returns and risk factors could impact the investment trends among the salaried class.

- ➢ The study was only made up of the salaried group.

CHAPTER 2

REVIEW OF LITERATURE

1. C. and D. R. Kasilingam, (2008) published a paper on "Does the investor's age influence their investment behavior?". The objectives of the study were to find out the influence of investors' age on determining their investment behavior. The data was collected through a well-structured questionnaire. The tools used for analysis include cross tabulations, chi-square test and correspondence analysis. The results of the study show that young investors easily adapt the technological innovations on accessing the market. It needs more time for middle and old age investors to cope up with these trading/investment patterns.

2. R. Kasilingam & Jayabal, (2010) conducted research on "An analysis on the behavioral traits of salaried class investors in Tamil Nadu". The study objective is to segment the investors based on behavioral traits and to provide a deep insight on very common behavior of investors. The data was collected through a well-structured close-ended questionnaire. The primary data was analyzed using factor analysis, cluster analysis. The study results show that the mean value of futuristic and recognition seeking is less than three which means these kinds of behaviors are not highly prevailing among the investors. The first three types of behaviors in the list, namely commitment, rationalistic and pragmatic, have high mean values and percentage variance explained is also more which means these types of behaviors are very important.

3. Singh et al., (2010) explored the "Investor's Behavior and Investment Avenues in Global Downturn: A Case Study of Millennium City (Gurgaon)". The study objectives were to assess the factors influencing the investors regarding the investment decision and to find the level of satisfaction with regards to the choice of investment which helps investors and companies to understand the various trends of share market investment. The data was collected through a well-structured questionnaire. The Primary data was analyzed using Paired-comparison technique, percentage sharing and cross tabulation. The results of the study show that the investors think some common things as fundamentals of company, promoters, reputation and goodwill, quarterly result and dividend before investing. Mutual funds emerged as preferred choice among investors. They used to sell shares generally when they required fund or when market is booming.

4. Pengubahan et al., (2011) published a paper on "A Study of Saving and Investment Pattern of Salaried Class People with Special Reference to Pune City (India)". The study objectives were to study the investment preference and to know the factor that are influencing investment behavior. The data was collected through a well-structured questionnaire. The data had been analyzed using Chi-square test. The results of the study show that the salaried employees consider the safety as well as good return on investment that is invested on regular basis. Respondents are much more aware about the different investment avenues available in India except female investors.

5. Tamilkodi, (2013) has stated that small savings schemes have a psychological appeal and it provides an opportunity for ordinary men, women, and even children to park their savings. It reaches a large number of people and covers a wide range of areas. She also suggested that efforts should be taken to simplify the procedure of small savings schemes to suit the needs of illiterate and socially downtrodden people. Further, she suggested an increase in the rate of interest of small savings schemes to meet the challenges of commercial banks.

6. Sandhu and Singh (2014) The study was based on structured primary data. The survey was conducted during October and November 2002. The sample of 50 adopters and 50 non-adopters from the universe comprising the city of Amritsar was selected. The study analysed in case of adopters that transparency, safety, convenience and economy judged as an important feature of net trading followed by market quality and liquidity whereas in case of non-adopters' economy and convenience were the important features followed by the other factors like market quality, safety and liquidity.

7. Shivakumar & Thimmaiah, (2015) In this research the majority of the respondents taken for the study agreed that the risk coverage of their surplus funds and their children education are the main goal of their investment decisions.

CHAPTER 3

RESEARCH METHODOLOGY

A research methodology is an outline of how a given piece of research is carried out. It defines the techniques or procedures that are used to identify and analyse information regarding a specific research topic.

Analytical Tools:

Tool for testing the Hypothesis (SPSS)

- ➢ Anova
- ➢ Correlation

ANOVA

One-Way ANOVA ("analysis of variance") compares the means of two or more independent groups in order to determine whether there is statistical evidence that the associated population means are significantly different. One-Way ANOVA is a parametric test. This test is also known as: One-Factor ANOVA.

CORRELATION

Correlation analysis in research is a statistical method used to measure the strength of the linear relationship between two variables and compute their association.

- ➢ PEARSON CORRELATION

The Pearson correlation coefficient (r) is the most common way of measuring a linear correlation. It is a number between –1 and 1 that measures the strength and direction of the relationship between two variables.

RESEARCH DESIGN:

The study is descriptive in nature. This research is basically fact finding with adequate interpretation using simple analysis
of data and by developing thinking and elaborating of patterns and obtaining tentative generalizations as hypothesis.

SOURCES OF DATA:

Primary Data – Questionnaire given to 125 respondents
Secondary Data - Websites and, Published reports &Review of literature from published articles.

HYPOTHESIS FRAMED

HYPOTHESIS – 1

- ➢ **H0:** There is no significant difference in investment preferences among different salaried group of the respondent.
- ➢ **H1:** There is a significant difference in investment preferences among different salaried group of the respondent.

HYPOTHESIS – 2

- ➢ **H0:** There is no significant relationship between the levels of risk tolerance and the factors preventing investment.
- ➢ **H0:** There is a significant relationship between the levels of risk tolerance and the factors preventing investment.

CHAPTER 4

RESULTS AND DISCUSSION

PERCENTAGE ANALYSIS:

Research questions are always answered with a descriptive statistic generally either percentage or mean. Percentage is

appropriate when it is important to know how many of the participants gave a particular answer. Generally, percentage is

reported when the responses have discrete categories.

Table - 4.1.1: Table indicating the percentage of respondents' monthly income typically saved or invested.

S.No	Responses	No of Respondents	Percentage analysis
1	Less than 1 year	15	12.0%
2	1-5 years	46	36.8%
3	6-10 years	38	30.4%
4	More than 10 years	26	20.8%
Total		**125**	**100%**

Figure - 4.1.1: Chart indicating the percentage of respondents' monthly income typically saved or invested.
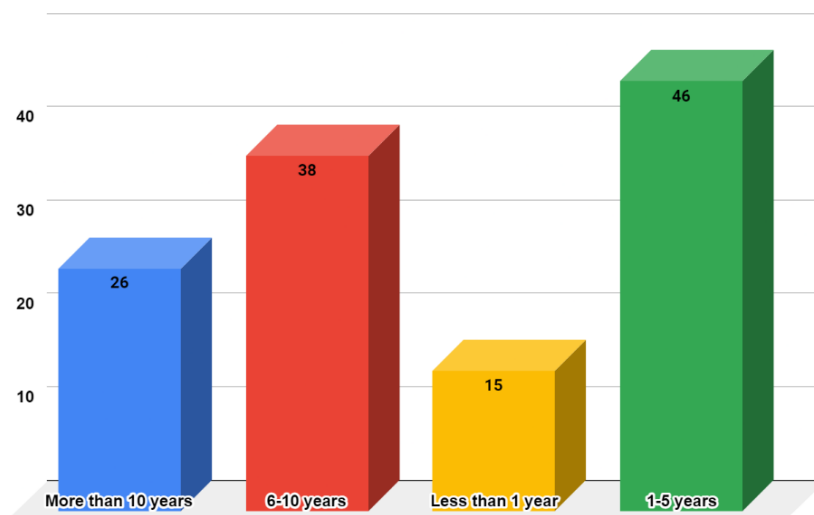
Interpretation

The interpretation of the provided table indicates that 12% of respondents have been working in their current occupation for less than 1 year, 36.8% for 1-5 years, 30.4% for 6-10 years, and 20.8% for more than 10 years.

Inference

The majority, comprising 36.8% of respondents, have been working in their current occupation for 1-5 years.

Table - 4.1.2: Table indicating the primary objectives of respondents for investing.

S.No	Responses	No of Respondents	Percentage analysis
1	Wealth accumulation	34	27.2%
2	Retirement planning	24	19.2%
3	Children's education	36	28.8%
4	Buying a house	31	24.8%
Total		**125**	**100%**

Figure - 4.1.2: Chart indicating the primary objectives of respondents for investing.
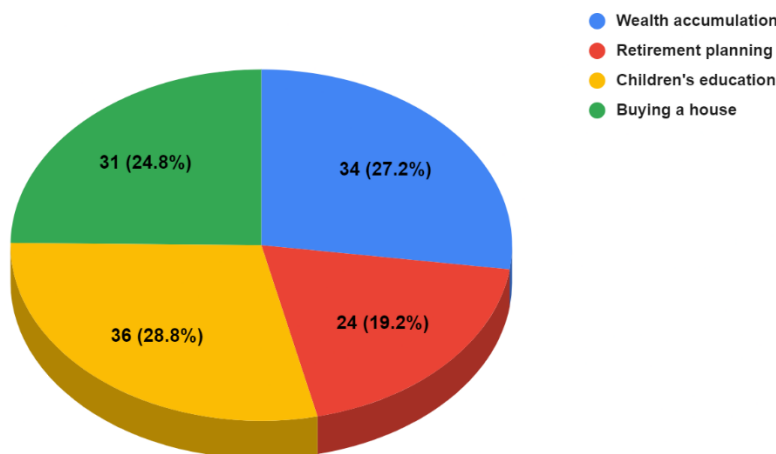
Interpretation

The interpretation of the provided table indicates that 27.2% of respondents' primary objective for investing is wealth accumulation, 19.2% for retirement planning, 28.8% for children's education, and 24.8% for buying a house.

Inference

The majority, comprising 28.8% of respondents, have retirement planning as their primary objective for investing.

Table - 4.1.3: Table indicating the preferred type of investment in respondents' portfolios stocks.

S.No	Options	No. of. Responses	Percentage				
			1	**2**	**3**	**4**	**5**
1	Real Estate	125	**52%**	**7%**	**19%**	**10%**	**37%**
2	Share Market	125	**9%**	**73%**	**8%**	**32%**	**3%**
3	Gold	125	**53%**	**16%**	**51%**	**5%**	**0%**
4	Post Office Saving Schemes	125	**8%**	**8%**	**36%**	**62%**	**11%**
5	Recurring deposits	125	**3%**	**21%**	**11%**	**16%**	**74%**

Figure - 4.1.3: Chart indicating the preferred type of investment in respondents' portfolios stocks.
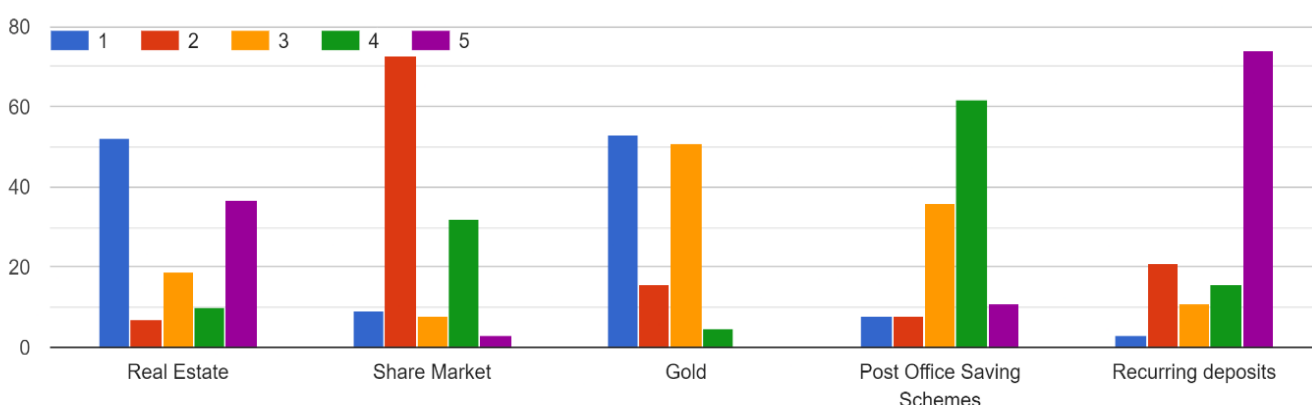
Interpretation

The interpretation of the provided table indicates that, firstly, in real estate, 55% of respondents highly preferred it, while around 38% of respondents least preferred it. When it comes to shares, 10% highly preferred them, and 70% most likely preferred them. Additionally, 15% highly preferred gold, while around 30-40% of respondents considered gold as a secondary minor choice of investment. When it comes to post office savings, approximately 60% of respondents considered post office schemes as a minor choice.

Inference

The majority, comprising 70% of respondents, considered recurring deposits as their least preferred choice, while only 5% highly preferred it.

HYPOTHESIS – 1

- ➢ **H0:** There is no significant difference in investment preferences among different salaried group of the respondent.
- ➢ **H1:** There is a significant difference in investment preferences among different salaried group of the respondent.

ANOVA

What type of investments do you currently hold in your portfolio stocks

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	745.520	4	186.380	183.157	<0.001
Within Groups	122.112	120	1.018		
Total	867.632	124			

Interpretation

The p value is 0.001 which is lesser than the significance value (0.05) hence null hypothesis (H0) is rejected. And H1 is accepted.

Inference

Therefore, there is a significant difference in investment preferences among different salaried group of the respondent.

HYPOTHESIS – 2

- ➢ **H0:** There is no significant relationship between the levels of risk tolerance and the factors preventing investment.
- ➢ **H0:** There is a significant relationship between the levels of risk tolerance and the factors preventing investment.

Correlations

		How would you rate your risk tolerance	What do you think that is preventing you from investing
How would you rate your risk tolerance	Pearson Correlation	1	.867**
	Sig. (2-tailed)		<0.001
	N	125	125
What do you think that is preventing you from investing	Pearson Correlation	.867**	1
	Sig. (2-tailed)	<0.001	
	N	125	125

**. Correlation is significant at the 0.01 level (2-tailed).

Interpretation:

The p value is 0.867 which is greater than the significance value (0.05) hence null hypothesis (H0) is accepted. And H1 is rejected.

CHAPTER 5

FINDINGS

- ➢ The majority, comprising 32% of the respondents, belong to the age group of 36 to 45.
- ➢ The majority, comprising 40% of the respondents, is male.
- ➢ The majority, comprising 47.2% of respondents, completed a Bachelor's degree.
- ➢ The majority, comprising 52.8% of respondents are private employees.
- ➢ The majority, comprising 29.8% of respondents, are Supervisors.
- ➢ The majority, comprising 36.8% of respondents, have been working in their current occupation for 1-5 years.
- ➢ The majority, comprising 35.2% of respondents, earn a monthly income of Rs. 40,000-100,000.
- ➢ The majority, comprising 42.4% of respondents, save or invest 10% of their monthly income.
- ➢ The majority, comprising 28.8% of respondents, have retirement planning as their primary objective for investing.
- ➢ The majority, comprising 16.8% of respondents, currently hold gold in their portfolio stocks.
- ➢ The majority, comprising 70% of respondents, considered recurring deposits as their least preferred choice, while only 5% highly preferred it.
- ➢ The majority, comprising 51.2% of respondents rate their risk tolerance as moderate risk.
- ➢ The majority, comprising 63.2% of respondents rate the diversification of their investment portfolio as moderately diversified.
- ➢ The majority, comprising 70% of respondents, found the potential return on investment to be the most influential factor, while over 60% found tax implications to be the least influential.
- ➢ The majority, comprising 46.4% of respondents, say that professional financial advice is somewhat important in the investment decision-making process.
- ➢ The majority, comprising 55.2% of respondents say that they will be willing to accept higher risks for potentially higher returns.
- ➢ The majority, comprising 33.6% of respondents say that limited knowledge about investment options is a major challenge they face in achieving their investment goals.
- ➢ The majority, comprising 40.0% of respondents, have encountered economic conditions as a barrier hindering their investment decisions.
- ➢ The majority, comprising 75% of respondents, highly preferred investment objectives before making investment decisions.
- ➢ The majority, comprising 36.0% of respondents, think that lack of trust in financial institutions is preventing them from investing.

SUGGESTIONS

- ➢ Increase financial literacy among unmarried individuals, particularly regarding investment, through educational initiatives and curriculum enhancements, especially targeting higher secondary education and individuals aged 21-30.
- ➢ Prioritize investment education and information dissemination to equip salaried individuals with the necessary knowledge and skills for successful investing.
- ➢ Target graduates and postgraduates to motivate them towards investment, recognizing their educational attainment as a potential indicator of readiness.

CONCLUSION

However, challenges such as limited knowledge about investment options and economic conditions pose significant hurdles for some respondents in achieving their investment goals. Additionally, a lack of trust in financial institutions emerges as a barrier to investment for a notable portion of respondents, indicating potential concerns regarding credibility and reliability.

Professional financial advice is deemed somewhat important by a significant proportion of respondents, underscoring the value placed on expert guidance in investment decision-making. Furthermore, a majority express a willingness to accept higher risks for potentially higher returns, indicating an appetite for investment growth opportunities.

In conclusion, the findings highlight the diverse financial behaviours, investment preferences, and challenges faced by the surveyed individuals. Moving forward, addressing knowledge gaps, enhancing trust in financial institutions, and providing tailored financial advice could help empower individuals to make informed investment decisions and achieve their financial goals more effectively.

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