BEHAVIOURAL APPROACH OF SALARIED CLASS PERSONS TOWARDS INVESTMENT

Prof. Vikas Rathore
&
Dr. Kamlesh Bhandari

Introduction

The distribution of savings and investments in the economy as between various activities and sectors is relevant to growth process. The role of financial system is thus to promote savings and investment in the economy and to enlarge these resources flowing in to the financial assets, which are more productive than others and a proper financial intermediation and sophistication in financial services would promote large production of goods and services into the economy. Thus the financial system has important role to play in the productive process and in the mobilization of savings and their distribution among the various productive activities. Through this article it is shown that what the behavioral approach of salaried people towards investment is.

Objectives

For this research the aims and objectives of the study have been clearly defined which are listed as follows:

- To measure the perception of salaried class towards saving and investment in terms of demographic profile.
- To study the process of investment of salaried class employees.
- To analyze the factors affected investment decision making with respect to salaried class employees.

Hypothesis

For this study, the following hypotheses are formulated and tested.

- **H_{01}**: There is no significant difference in the factors affecting investment decision making with respect to salaried class.
- **H_{02}**: There is no significant difference in the factors affecting investment decision making with respect to qualification.

Research Methodology

Primary data is the information that is generated to meet the specific requirements of the investigation at hand. For this study data from the respondents from management executives, bank employees, professors, teachers, engineers, and other technical and non-technical Salaried class individuals etc. by filling in questionnaire & personally administered interviews were collected.

The secondary data were collected from published National and International Journals,Working papers and Conference Proceedings, unpublished documents of Libraries, Dissertations.

Review of Literaturte

The details of the previous research studies relevant to this subject are mentioned below.

Thulasipriya (2015)[1] studied the investment preference of government employees on various investment avenues. It was found that salaried group irrespective of their age, annual income, occupation and marital status preferred the investment option that would provide the long term benefit and highly secured and profitable avenues. The results of the study suggested that government employees of age above 50 years, female

[1] B. Thulasipriya (2015) A Study on the Investment Preference of Government Employees on various Investment Avenues. International Journal of Management Research and Social Science. Volume 2, Issue 1,pp, 9-16.

employees, unmarried people, employees having 3 to 4 family members, having monthly income up to Rs. 25,000, expenses of more than 15,000 per month or employed in government hospitals were found to have high level of preference for making investments.

Gupta & Gupta (2014)[2] studied the general factors considered by investors during their investment decision. The study suggested that large numbers of people were selecting stock markets for investing their capital. It was found that people were not seeking proper advice before investing in shares and thus, at times suffer huge losses. Thus, to minimize the high risk carried by stock markets, people took advice from experts and made final decisions under their guidance. It was also found that family trend found related to investments in equity. Another finding of the study was the selection of broking firm chosen on the basis of good customer service provision and low broking charges. Large number of people were moving towards online methods of broking, since it was time saving as well as more secure.

Bhushan, P. (2014)[3] suggested that people preferred to invest in traditional financial products since they had sufficient knowledge about these products and considered them a safer option over others. They were unaware about the various new financial products available in market and are even scared of getting cheated or losing capital. The outcomes of these

[2] Gupta & Gupta (2014) "Factors Influencing Investment Decision Of Generations In India: An Econometric Study", Asian Journal Of Management Research. PP. 308-326.

[3] Bhushan, P. (2014) "Insights into Awareness Level And Investment Behavior of Salaried Individuals Towards Financial Products," International Association Of Scientific Innovation And Research. pp. 54-57.

new investment products were doubtful as well and therefore people did not readily invest in these schemes. Thus, the study re-emphasized that people need to be made aware about these new investment opportunities and properly informed so that they maight earn higher returns. They would also be able to compare and weigh the risk return characteristics of these products themselves and made an effective final decision.

Maheshwari & Kumar (2014)[4] reported that for salaried middle class families of India, investment was a commitment to secure the consumption of all regular financial inflow for deriving future income in the form of interest, dividend, rent, premium, pension benefits or appreciation of the value of their principle capital. It was found that most of the salaried investors of Coimbatore city know to make good investment decisions and only about one third of them lack proper knowledge about investments. Thus, if an extensive analysis of the behavioral patterns of the investors was done, it would greatly assist the government to design and launch various schemes like tax saving schemes or retirement benefit schemes to mobilize finance from salaried class investors.

Need of Investment to Salaried Class Individuals

- Need of saving and investment is different for salaried class individual than to business class individual as salaried people have different needs in their lives. A salaried class individuals need to understand their financial situation and learn more about money.Financial planning is not just about having budget to invest and a primary will but it is a

Maheshwari & Kumar (2014) 'Investment Choice of Occupants of Financial Services Industry: A Demographic Study'. The IUP Journal Of Behavioral Finance, vol. 8, no. 1, pp. 29-39.

multifaceted process which needs help of a financial planner. A salaried class individual whether he is single or married needs to have financial planning and should make use of available avenues of saving and investments.

- One of the most compelling reasons for investor to invest is the vision of not having to work for entire life. Bottom line, there are only two ways to make money: by working and/or by having your assets work for you.
- If investors keep their money in their pocket instead of investing it, their money doesn't work for them and they will never have more money than what you save. By investing their money, they are getting their money to generate more money by earning interest on what they put away or by buying and selling assets that increase in value.
- Investor can invest in stocks, bonds, mutual funds, options and futures, precious metals, real estate, their own small business, or any other combination thereof, the objective is the same: to make investments that will generate more cash in the future. (Lubna Ansari & Sana Moid, 2013)

Investment Process by Salaried Class People

1. Identifying investment assets The first stage determines personal financial objectives before making investment. It may also be called preparation of the investment stage. The investor has to see that they should be able to create a crisis fund, an element of liquidity and quick convertibility of securities into cash. This stage may, therefore be considered appropriate for identifying investment assets and considering the various features of investments.

2. Investment study

When an individual has arranged a rational order of the types of investment

that he requires on their portfolio, the next step is to analyze the securities for investment. He must make an analysis of the type of industry, kind of security fixed v/s. variable securities. The main concern at this stage would be to form viewpoint regarding future behavior or price and stock, the expected returns and connected risk.

3. Evaluation of Securities

This step is the most important concern for the valuation of investments. Investments value, in general, is taken to be the present value to the owners of future return from investments. The investor has to keep in mind the value of these investments. A suitable set of weight have to be applied with the use of future benefits to estimate the value of the investment assets. Similarity of the value with current market price of the assets allows a determination of the relative appeal of the asset. Each asset must be valued on its individual merit. Finally the portfolio should be taken care off.

4. Portfolio creation

Portfolio creation requires knowledge of the different features of securities. It includes of safety and growth of principal, liquidity of assets after taking into consideration the stage involving investment timing, selection of investment, and distribution of savings to different investment options and feedback of portfolio.

Demographic Profile of the Salaried Class

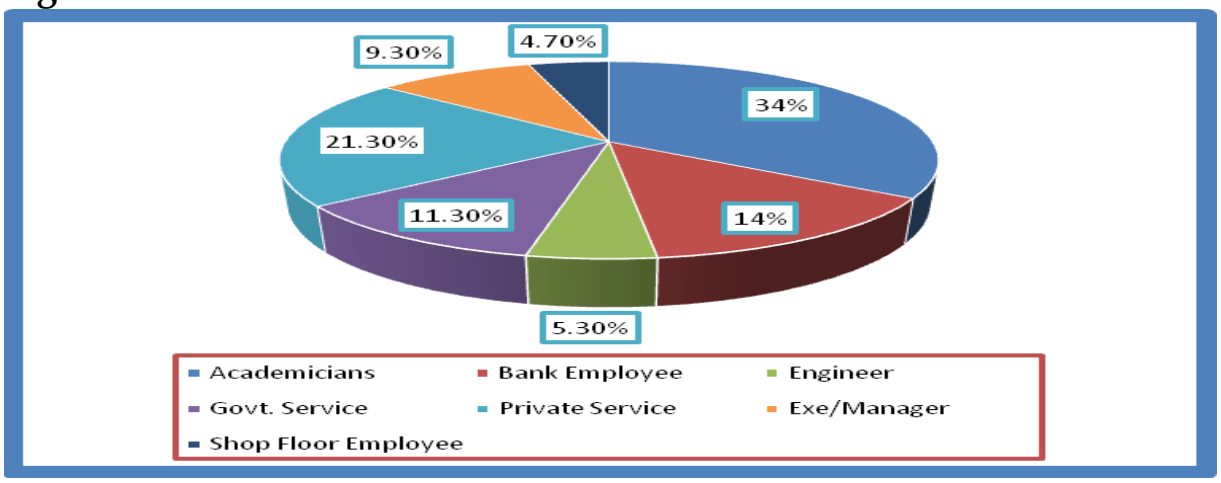
The following data on the profile of salaried class respondents have been gathered in form of gender, age, occupation, monthly income, marital status, family status, accommodation etc. This data helps in collecting the

investment decision making. In this study total 300 salaried class were chosen from different profile attributes. The tables and graphs are given below presenting the data as follows.

Table 1.1 : Salaried Class

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Academicians	102	34.0	34.0	34.0
	Bank Employee	42	14.0	14.0	48.0
	Engineer	16	5.3	5.3	53.3
	Govt. Service	34	11.3	11.3	64.7
	Private Service	64	21.3	21.3	86.0
	Exe/Manager	28	9.3	9.3	95.3
	Shop Floor Employee	14	4.7	4.7	100.0
	Total	300	100.0	100.0	

Figure 1.1: Salaried Class



From the above data shows that out of 300 respondents, 34 per cent were from academic world, 14 per cent belonged to banks included private/public, 5.3 per cent were engineers, 11.3 per cent from Government services, 21.3 per cent from private service, 9.3 per cent were corporate executives or managers and rest 4.7 per cent were shop floor employees. It

is clear that majority of the respondents were academicians. Occupation is an important factor in contributing the investment depending on the nature of job. The table below presents the education level of the salaried class people so that researcher can have a better understanding of their financial literacy.

The table given below reveals that monthly income, which is the important determinant for saving and investment.

Table 1.2 Monthly Income

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	5,000 to 20,000 Rs.	68	22.7	22.7	22.7
	20,000 to 50,000 Rs.	163	54.3	54.3	77.0
	50,000 to 1 lakh	38	12.7	12.7	89.7
	>1 lakh	31	10.3	10.3	100.0
	Total	300	100.0	100.0	

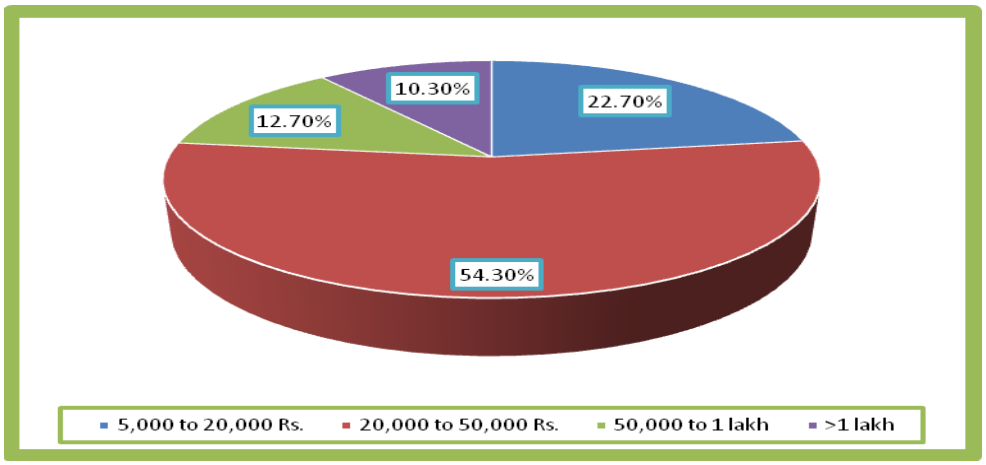


Figure 1.2: Monthly Income

Income is an important determinant for saving and investment. For this study 22.7 per cent have 5,000 to 20,000 Rs as a monthly income, 54.3 per cent have 20,000 to 50,000 Rs, 12.7 per cent have 50,000 to 1 lakh and 10.3 per cent have more than 1 lakh. In this study respondents have sufficient

income to meet their needs and also they can get some save for investment.

One Way Anova

H_{01}: There is no significant difference in the factors affecting investment decision making with respect to salaried class.

Table 1.1 Descriptiveson Investment Decision

	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
Academicians	102	92.6765	8.85657	.87693	90.9369	94.4161	65.00	107.00
Bank Employee	42	93.1905	8.84621	1.36500	90.4338	95.9472	65.00	108.00
Engineer	16	92.0000	8.54010	2.13503	87.4493	96.5507	71.00	108.00
Govt. Service	34	91.0294	7.53370	1.29202	88.4008	93.6580	67.00	103.00
Private Service	64	92.5625	8.73031	1.09129	90.3817	94.7433	67.00	108.00
Exe/Manager	28	92.8214	8.96104	1.69348	89.3467	96.2962	65.00	109.00
Shop Floor employee	14	91.4286	9.81141	2.62221	85.7636	97.0935	69.00	101.00
Total	300	92.4567	8.66285	.50015	91.4724	93.4409	65.00	109.00

From the given above table 7.28, it has been revealed that for the saving and investment the highest mean score of professor/teacher is 92.67, for bank employee is 93.19, for engineer is 92.0 , the mean value of government service is 91.02, for private service is 92.56, for executive/manager is 92.82 and for the shop floor employee is 91.42. The data reveals that the

executive/manager has the highest mean value compared to others as they are more prone towards saving and investment.

Table 1.2 ANOVA on Investment Decision

VRSI

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	119.381	6	19.897	.261	.954
Within Groups	22319.056	293	76.174		
Total	22438.437	299			

Findings: From the given above Table 7.29, it is clear that calculated value of F is lower (.261) than the tabulated value of F = 2.37, at (.954>0.05) level of significance. Hence, the hypothesis is not significant at 5% level. Regarding the salaried class category, it has been found that they do perceive in the same manner towards the saving and investment. One- way ANOVA was carried out to check the hypothesis H_{01}- There is no significant difference in factors affecting saving and investment with respect to salaried class is accepted and alternate hypothesis significant difference in factors affecting saving and investment with respect to salaried class is rejected.

Table 1.3 Multiple Comparisons on Investment Decision

Tukey HSD

(I) SALARIED	(J) SALARIED	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
1.00	2.00	-.51401	1.60015	1.000	-5.2648	4.2368
	3.00	.67647	2.34685	1.000	-6.2912	7.6441
	4.00	1.64706	1.72836	.963	-3.4844	6.7785
	5.00	.11397	1.39177	1.000	-4.0181	4.2461

	6.00	-.14496	1.86207	1.000	-5.6734	5.3834
	7.00	1.24790	2.48753	.999	-6.1375	8.6333
2.00	1.00	.51401	1.60015	1.000	-4.2368	5.2648
	3.00	1.19048	2.56409	.999	-6.4222	8.8031
	4.00	2.16106	2.01348	.935	-3.8169	8.1390
	5.00	.62798	1.73317	1.000	-4.5177	5.7737
	6.00	.36905	2.12936	1.000	-5.9529	6.6910
	7.00	1.76190	2.69345	.995	-6.2348	9.7586
3.00	1.00	-.67647	2.34685	1.000	-7.6441	6.2912
	2.00	-1.19048	2.56409	.999	-8.8031	6.4222
	4.00	.97059	2.64600	1.000	-6.8853	8.8264
	5.00	-.56250	2.43949	1.000	-7.8052	6.6802
	6.00	-.82143	2.73521	1.000	-8.9421	7.2993
	7.00	.57143	3.19404	1.000	-8.9115	10.0544
4.00	1.00	-1.64706	1.72836	.963	-6.7785	3.4844
	2.00	-2.16106	2.01348	.935	-8.1390	3.8169
	3.00	-.97059	2.64600	1.000	-8.8264	6.8853
	5.00	-1.53309	1.85220	.982	-7.0322	3.9660
	6.00	-1.79202	2.22731	.984	-8.4048	4.8208
	7.00	-.39916	2.77154	1.000	-8.6277	7.8294
5.00	1.00	-.11397	1.39177	1.000	-4.2461	4.0181
	2.00	-.62798	1.73317	1.000	-5.7737	4.5177
	3.00	.56250	2.43949	1.000	-6.6802	7.8052
	4.00	1.53309	1.85220	.982	-3.9660	7.0322
	6.00	-.25893	1.97756	1.000	-6.1302	5.6123
	7.00	1.13393	2.57512	.999	-6.5115	8.7793
6.00	1.00	.14496	1.86207	1.000	-5.3834	5.6734
	2.00	-.36905	2.12936	1.000	-6.6910	5.9529
	3.00	.82143	2.73521	1.000	-7.2993	8.9421
	4.00	1.79202	2.22731	.984	-4.8208	8.4048
	5.00	.25893	1.97756	1.000	-5.6123	6.1302
	7.00	1.39286	2.85684	.999	-7.0890	9.8747
7.00	1.00	-1.24790	2.48753	.999	-8.6333	6.1375
	2.00	-1.76190	2.69345	.995	-9.7586	6.2348
	3.00	-.57143	3.19404	1.000	-10.0544	8.9115
	4.00	.39916	2.77154	1.000	-7.8294	8.6277
	5.00	-1.13393	2.57512	.999	-8.7793	6.5115
	6.00	-1.39286	2.85684	.999	-9.8747	7.0890

Tukey HSD reveals that within the groups of salaried class there is a difference in their perception of salaried class as the significant value is more than .05 among the seven groups of salaried class so it is concluded that respondents perceive saving and investment and makes no difference among the seven groups of salaried class.

H_{02}: There is no significant difference in the factors affecting investment decision making with respect to qualification.

Table 1.4 Descriptive on Investment Decision

	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
Schooling	29	91.3793	9.94418	1.84659	87.5967	95.1619	65.00	105.00
Graduate	44	92.9091	8.22028	1.23925	90.4099	95.4083	67.00	106.00
PG	63	91.9048	8.83124	1.11263	89.6806	94.1289	65.00	109.00
Professional Degree	164	93.7378	8.52773	.66590	91.4229	94.0527	65.00	108.00
Total	300	92.4567	8.66285	.50015	91.4724	93.4409	65.00	109.00

From the given above table 7.31, it has been revealed that for the saving and investment the highest mean score of schooling passed salaried respondents is 91.37, for graduates is 92.90, for the Post Graduates is 91.90 and for the professional degree holder is 93.73. The data reveals that the professional degree holder has the highest mean value compared to others

as they have depth knowledge and very calculative about risk and returns.

Table 1.5 ANOVA on Investment Decision

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	74.819	3	24.940	.330	.804
Within Groups	22363.618	296	75.553		
Total	22438.437	299			

Findings: From the given above Table 7.32, it is clear that calculated value of F is lower (.330) than the tabulated value of F = 2.37, at (.804>0.05) level of significance. Hence, the hypothesis is not significant at 5% level. Regarding the education category, it has been found that they do perceive in the same manner towards the saving and investment. One- way ANOVA was carried out to check the hypothesis H_{02}- There is no significant difference in factors affecting saving and investment with respect to educationis accepted and alternate hypothesis significant difference in factors affecting saving and investment with respect to education of salaried class is rejected.

Table 1.6 Multiple Comparisons on Investment Decision

Tukey HSD

(I) QUALI	(J) QUALI	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
1.00	2.00	-1.52978	2.07903	.883	-6.9013	3.8418
	3.00	-.52545	1.95052	.993	-5.5650	4.5141
	4.00	-1.35849	1.75099	.865	-5.8825	3.1655
2.00	1.00	1.52978	2.07903	.883	-3.8418	6.9013
	3.00	1.00433	1.70773	.936	-3.4079	5.4166

	4.00	.17129	1.47574	.999	-3.6415	3.9841
3.00	1.00	.52545	1.95052	.993	-4.5141	5.5650
	2.00	-1.00433	1.70773	.936	-5.4166	3.4079
	4.00	-.83304	1.28839	.917	-4.1618	2.4957
4.00	1.00	1.35849	1.75099	.865	-3.1655	5.8825
	2.00	-.17129	1.47574	.999	-3.9841	3.6415
	3.00	.83304	1.28839	.917	-2.4957	4.1618

Tukey HSD reveals that within the groups of education there is a difference in their perception of salaried class as the significant value is more than .05 among the four groups of education so it is concluded that salaried class perceive saving and

Conclusion of the Study

The study found that there are some financial goals which should be fulfilled so they take help and guidance from financial institutions or past performance of the investment avenues. It also disclosed that due to various factors such as; liquidity, risk involved, market volatility, education, gender, income their perception towards investment decision vary. On the above objective total seven hypotheses were framed and tested on the basis of salaried class, age, income, family status, marital status, accommodation etc.

The study was found that those who are young they can face the risk but at mature age they go for the good return as an entity of the safest and secure investment option. Regarding return the mutual fund ranked second for its lucrative return ranged from minimum period to maximum period. Mutual fund has flexibility according to the preferences and comfort ability of the investors. Tax aspect is also important; the result found that salaried class invests their money in the safest hands for tax rebate. The important factors were rate of return, tax rebate, which contributed in affecting the investment decision process.

Bibliography

Bashir et al. (2013) A Study on Preferred Investment Avenues Among The

People And Factors Considered For Investment. International Journal of Management and Commerce Innovations. Vol. 2, Issue 1, pp. (120-129), pp. 120-129.

Kasilingam, R &Jayabal, G (2011), 'Impact of saving motives on household savings', Pranjana:The Journal of Management Awareness, vol. 14, no. 1, pp. 67-75.

Moorthi, K. C. (2014). "Changing Pattern of Indian Households: Savings in Financial Assets" published in RVS Journal of Management, 2(1): 79-90.

Nayak (2013) 'Impact of Investors' Life style on their Investment Pattern: An empirical study', The ICFAI University Journal of Behavioural Finance, vol. 6, no. 2, pp. 28-51.