

# A Study on Investment Behaviour of Private Employees with Special Reference to Ernakulam District

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## Abstract

The investment pattern has fundamentally changed from conventional to new methods. This change has opened the door for a new assortment of financial instruments to cater to the requirements and preferences of various investor segments. In the present context, the question of private employees' spending and investing behavior is pertinent. Primary data were collected from 100 private employees residing in Ernakulam district using convince sampling method. Investor's knowledge, risk tolerance and investment objective have a significant impact on investment behavior

**Keywords:** Mutual funds, Systematic Risks, Inflation, Derivative instrument

## INTRODUCTION

A person's money can be utilized to pay for the products and services he needs right now or it can be saved up to buy the things and services he might need in the future.

Many elements, including time, safety, liquidity, risk, previous and projected performance of various investment options, among others, have an impact on investment behavior. Anything saved for the future and not consumed today is referred to be an investment.

Many expectations are placed on investments. In the framework of the circumstances of today, investments are both significant and beneficial. The best way to increase your income is through investment. Investments can be long term, medium term, short term and is helpful for tax planning, liquidity, growth and income generation. This research will be useful to understand the investment behavior of private employees.

## REVIEW OF LITERATURE

(Shikhil Munjal, 2022), the study is to comprehend how various demographic parameters relate to financial decisions. To achieve the goal, the Chi-square test is used. The report shows that investors value security and safety as well as ways to reduce their tax obligations. When choosing an investment, investors consider their time commitment, ease of investing, earning potential of the route, and affordability.

(Mose, 2020), conducted study on The macroeconomic factors that affect domestic private investment action The findings of this study demonstrate the crucial function of domestic credit by showing that credit availability has a positive and statistically significant impact on the growth of private investment in KRB.

## STATEMENT OF THE PROBLEM

"A study on investment behavior of private employees with special reference to Ernakulam district" is mainly conducted with an objective of investigating the investment behavior of private employees in Ernakulam district. Also, the study focuses on the factors which are considered by private employees for making a suitable investment option.

## OBJECTIVES OF THE STUDY

- To analyze the investment behavior of private employees
- To ascertain the factors considered by private employees for a suitable investment

## HYPOTHESIS

**Ho1:** There is no significant relationship between investor's knowledge and investment behavior

**Ho2:** There is no significant relationship between risk tolerance and investment behavior

**Ho3:** There is no significant relationship between investment objective and investment behavior

## SCOPE OF THE STUDY

The study is mainly conducting for the purpose of analyzing the investment behavior of private employees. The scope of understanding the investment behavior is essential as it form a base for the development of the economy. If investment behavior among people is good, it is a good symptom for the development of the economy. The scope of the study is limited to the three variables of investment behavior; they are investor's knowledge, risk tolerance and investment objective.

## RESEARCH METHODOLOGY

The population of the study was private employees of Ernakulum district. Convenience sampling method has been followed to choose the respondents. Both primary and secondary data used for the study .Primary data are collected from 100 respondents by using structured online questionnaire.

## RESEARCH AND DISCUSSION

In this study 100 private employees had been considered from Ernakulam district. The data thus collected has been tabulated first and then analysed with the help of statistical techniques like Mean, Mode, and Standard deviation and Regression analysis. In this research we are trying to find out whether investor's knowledge, risk tolerance and investment objective affects the investment behavior of private employees.

**Table 1 Measure of Investor's knowledge**

Measure	Item Acronym	Mean	Mode	SD
I have sufficient knowledge in investment market	IK1	3.27	3	0.908
My source of getting investment advice	IK2	2.77	3	0.993
I believe brokers in the share market provide reliable information	IK3	3.20	4	0.943
I have sufficient knowledge about various investment alternatives	IK4	3.31	4	0.961
I am confident enough to make investment	IK5	3.59	4	0.830

I update myself with investment details	IK6	3.45	4	0.880
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(Source: Primary Data)

The table1 shows the mean, mode and SD of IK1, IK2, IK3, IK4, IK5 and IK6 respectively. Mean is highest for IK5 (3.59) and lowest for IK2 (2.77). Mode is 4for IK3, IK4, IK5 and IK6 and 3 for IK1 and IK2.SDis highest for IK2 (0.993) and lowest for IK5 (0.830).

**Table 2 Measure of risk tolerance**

Measure	Item Acronym	Mean	Mode	SD
The extent of risk composition you would like to have in your investment	RI1	3.01	4	1.096
I prefer to invest in risky alternatives	RI2	2.80	2	1.155
I would like to invest more in government securities because of less risk.	RI3	3.36	3	1.078
I prefer to invest in bank as they carry less risk.	RI4	4.23	4	0.815
I used to consult advisors to reduce risk	RI5	2.94	3	1.399
I would like to invest in mutual fund because it reduces the risk factor	RI6	3	4	1.082
I prefer to invest in share market	RI7	3.16	3	1.339

(Source: Primary Data)

The table 2 shows the mean, mode and SD of RI1, RI2, RI3, RI4, RI5, RI6 and RI7 respectively. Mean is highest for RI4 (4.23) and lowest for RI2 (2.80). Mode is 4 for RI1, RI4 and RI6 and 2 for RI2. SD is highest for RI5 (1.399) and lowest for RI4 (0.815).

**Table 3 Measure of investment objective**

Measure	Item Acronym	Mean	Mode	SD
I prefer to invest in high return investment alternatives	IO1	3.26	4	1.060
I believe that safety is one of the important objective of investment	IO2	4.04	4	0.852
Liquidity is one of my investment objective	IO3	3.85	4	0.914
The investment period is very significant in taking investment decision	IO4	3.77	4	0.874
My investment objective is Capital appreciation	IO5	3.43	4	0.868
My investment objective is diversification of asset holding	IO6	3.22	4	0.927
My investment objective is Quick gain	IO7	3.38	4	0.962

(Source: Primary Data)

The table 3 shows the mean, mode and SD of IO1, IO2, IO3, IO4, IO5, IO6 and IO7 respectively. Mean is highest for IO2 (4.04) and lowest for IO6 (1.96). Mode is 4 for all. SD is highest for IO1 (0.060) and lowest for IO2 (0.852).

**Table 4 Measure of investment behavior**

Measure	Item Acronym	Mean	Mode	SD
I make my investment decisions	IB1	3.83	4	0.817
Frequently of making investment	IB2	2.75	2	1.158
I frequently used to check my investment	IB3	3.58	4	0.966
Satisfaction level on the investment made	IB4	3.65	4	0.730

I prefer to invest in security which is convenient in nature	IB5	3.79	4	0.832
My investment objective is to earn regular income	IB6	3.65	4	0.845
The purpose behind your investment	IB7	3.84	5	1.170
I prefer to invest in high return even the risk is high	IB8	2.98	3	1.239

(Source: Primary Data)

The table 4 shows the mean, mode and SD of IB1, IB2, IB3, IB4, IB5, IB6, IB7 and IB8 respectively. Mean is highest for IB7 (3.84) and lowest for IB2 (2.75). Mode is 5 for IB7 and 2 for IB2. SD is highest for IB8 (1.239) and lowest for IB4 (0.730).

**Table 5 Model Summary**

Model	R	R Square	Adjusted Square	R	Std. Error of the Estimate
1	.316 <sup>a</sup>	.100	.071		2.15924

a. Predictors: (Constant), IK, RI, IO

b. Dependent Variable: IB

**Table 6 ANOVA of Regression Model**

**ANOVA<sup>b</sup>**

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	49.526	3	16.509	3.541	.018 <sup>a</sup>
	Residual	447.583	96	4.662		
	Total	497.109	99			

a. Predictors: (Constant), IK, RI, IO

b. Dependent Variable: IB

ANOVA table showing the regression model fit presented in Table 6 shows that the model is statistically significant at 1 percent significance level.

**Table 7 Coefficients<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	20.367	1.990		10.236	.000
IK	.136	.082	.186	1.668	.099
RI	.158	.085	.200	1.864	.065
IO	.192	.083	.249	2.322	.022

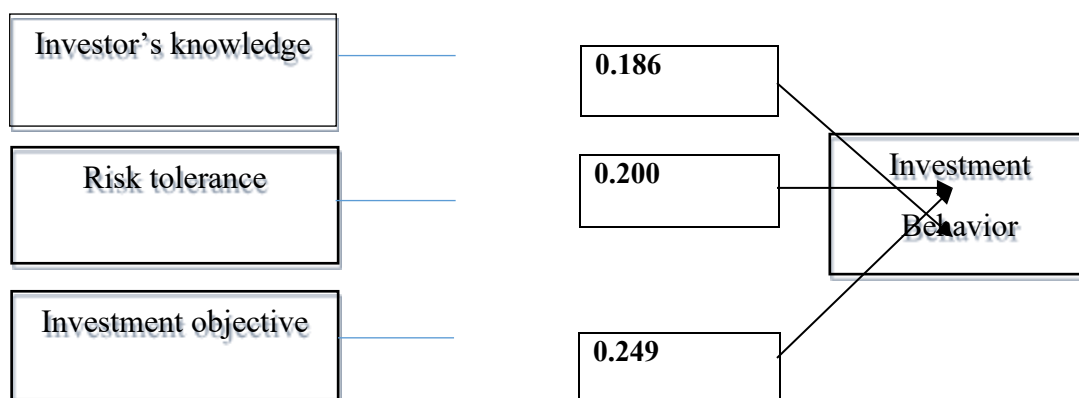
a. Dependent Variable: IB

Denotes significant at 1% level

Tables 7 represent the beta values, t values and significant values of independent variable IK, RI and IO. The independent variables IK ( $t = 1.668$ ,  $p = 0.099$ ), RI ( $t = 1.864$ ,  $p = 0.065$ ) and IO ( $t = 2.322$ ,  $p = 0.022$ ) are statistically significant at 1 percent significance level. It means that these 3 independent variables have significant positive effect on IB.

Hence **H01, H02 and H03 are rejected**. The beta coefficients give a measure of the contribution of each variable to the model. Higher the beta value, the greater is the effect of independent variable on the dependent variable. Among the independent variable IO has greater effect followed by RI and IK. So it can be concluded that, Investor's knowledge, Risk tolerance and Investment objective have significant influence on Investment Behavior.

### Validated Model



### FINDINGS

- From analysis it was found that all the three independent variables have significant positive effect on Investment behavior. Thus the three null hypothesis are rejected
- Investment objective had the highest and prominent effect over investment behavior.

- From the study it is evident that respondents have knowledge in various investment alternatives.
- It is clear from the study that respondents prefer to make investment which provide regular income and also convenient in nature.

## CONCLUSION

This study helps to find out the investment behavior of private employees with the help of factors like investor's knowledge, risk tolerance and investment objective. The regression analysis proved that all this identified dimensions have positive effect on investment behavior. Among them Investment objective is the most dominant factor affecting investment behavior. From this study it was found that investors are not so willing to take risk as they are giving importance to money. Investors are more focusing on bank investment and also they give preference to mutual fund investments. Investors consider the factors like liquidity, safety, convenience, and investment period etc. for making an investment decision.

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