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### A Comparative Study on Preference Towards Investment Products Between it and Non it Investors

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**Abstract:** The major features of an investment are safety of principal amount, liquidity, income stability, appreciation, risk appetite, tax benefits and easy transferability. A variety of investment avenues are available such as shares, bank, companies, gold and silver, real estate, life insurance, postal savings and so on. All the investors invest their surplus money in the above mentioned avenues based on their risk taking attitude. The data collected through questionnaires have been analysed using the data analysis tools like Percentage Analysis technique and Chi-Square test. In order to provide suggestions to the companies, to increase their profit performances, show growth in investment in the new trends in market. The study has identified that most of the investors from IT sectors are investing their money in Equity Share Market followed by Mutual Funds and Bank Fixed Deposits. Most of the non-IT investors are investing their money in Bank Fixed Deposits followed by Post Office Savings and Life Insurances.

**Key-words:** investment, safety, IT and non-IT employees

#### INTRODUCTION

Investment is the main objective of an individual in a nation which in turn helps in the faster growth of an economy. The Investment Culture includes the perception, preferences, willingness and attitude of any individual in planning their savings with a futuristic approach. In today's world with variety of investment opportunities available in our nation, citizens are becoming wise in choosing their options by considering various factors.

The entire world is talking about the robust growth rates in this part of the world. Higher income levels and booming stock markets have led to more and more numbers of high net worth investors (HNIs). This means the availability of huge investible surplus. The investors with higher risk appetite want to experiment and try new and exotic products in the name of diversification. This has resulted in emergence of new options within the same or fresh asset classes. There are more products available within each asset class be it Equity, Mutual Fund, Gold, Real Estate.

This study examines various patterns of Investor preferences with special reference to the IT and non IT investors. This also focuses on the awareness level of the investment avenue among these investors and how they choose their investment opportunity. The investor attitude is analyzed with respect to investment objectives, level of risk tolerance, degree of safety and most importantly the return on investments.

## OBJECTIVES

### Primary Objective

The main objective is to comparatively analyze the preference towards investment products between IT and Non IT Investors.

### Secondary Objectives

- To understand the preference of investors towards investment products (Equity Shares, Mutual Funds, Insurance, Fixed Deposit, Recurring Deposit).
- To analyse if there is any difference between IT and non IT investors in their preference towards financial investment products.
- To understand the factors influencing the choice of financial investment products by IT and non IT investors.
- To find out the awareness level of investors to derive their investment patterns.

## REVIEW OF LITERATURE

**Ashly Lynn Joseph (2014)**, has concluded that most investors are not completely aware of all the investment avenues and lack of awareness is one important factor which has to be resolved. They have also identified that the most investors invest in Bank Deposits and Post Office Schemes for the less risk. **Verma (2008)**, identified that the Investment choices among investors varies depending upon the demographic factors. Majority of the Graduates and literates are willing to invest in Mutual Funds and Equity Shares for their high returns whereas the Retirees show aversion in investing their money in Money considering the risk factor. He has concluded that Education and Qualification factors determines the Investor patterns.

**Nagpal and Bodla (2009)**, identified that the lifestyle of an investor has a great impact in making the investment choice among the different investment avenues. He has also found that investors show more interest in investing in the less risky avenues like Bank Deposits, Post Office Schemes, etc., than the risky ones. **S. Prakash, Dr. C. Sundar (2013)**, inferred that the following factors influence the investment choices among investors – safety, liquidity, Tax Benefits, Risk Diversification, reliability and affordability. Literates use internet as source for gathering knowledge on policies of the investment avenues and invest accordingly. **S. G. Sureshraj, Dr. A. Ananth (2013)**, in their work, has observed from his respondents that they are willing to invest only in the less risky avenues making the Risk factor as very crucial to be considered while deriving the investment patterns. **Sonali Patil, Dr. Kalpana Nandawar (2014)**, in their research inferred that people prefer Safety as important factor for framing their investment pattern. Though many investors are aware of all the policies of investment avenues, they are willing to invest in Gold, Bank Deposits for their safety of the invested amount.

## METHODOLOGY

The research design used in this study is “Descriptive Research”. The number respondents considered for survey are 100. The main purpose of the survey is to gather, analyze and understand the factors influencing perception of investors and the level of awareness about different investment avenues available in India to make profit out of the investments that they make. The sampling method adopted for the study is convenience sampling under non-probability sampling. The primary data are collected from selected investors via the well-structured questionnaires provided to collect the appropriate information. The questionnaire contains direct questions, close end questions, multiple choice questions and questions with ranges measured using Likert Scale.

## DATA ANALYSIS

### Chi Square Test

#### *Hypothesis 1*

**Null Hypothesis:** There is no significant relationship between Gender and the investment awareness level

**Alternate Hypothesis:** There is a significant relationship between Gender and the investment awareness level

**Table 1**  
**Observed Frequency**

<i>Gender</i>	<i>Aware</i>	<i>Not Aware</i>	<i>Total</i>
Male	36	40	76
Female	6	18	24
Total	42	58	100

**Table 2**  
**Chi Square Test**

<i>O</i>	<i>E</i>	<i>(O-E)</i>	<i>(O-E)^2</i>	<i>(O-E)^2/E</i>
36	31.92	4.08	16.6464	0.5215
40	44.08	-4.08	16.6464	0.378
6	10.08	-4.08	16.6464	1.65
18	13.92	4.08	16.6464	1.2
			Total=	3.7495

#### *Degree of Freedom*

$$V = (r-1)(c-1); V = (2-1)(2-1); V = 1$$

The chi square statistic is  $\chi^2 = 3.7495$ , the predetermined alpha level of significance (0.05), and degrees of freedom (df = 1). Entering the Chi square distribution table with 1 degree of freedom and reading

along the row with alpha level of significance to be 0.05, the value of  $\chi^2$  is found to be 3.841. If the calculated chi square value is less than the chi square value obtained from the table, then the Null Hypothesis statement taken for study could be rejected and the alternate hypothesis can be accepted. In this case, the calculated chi square value 3.7495 is less than the chi square value of 3.841 from the table and hence the Null hypothesis could be rejected proving that there is a significant relationship between the Gender and the investment awareness level.

**Hypothesis 2**

**Null Hypothesis:** There is no significant relationship between the income level & awareness of the investments

**Alternate Hypothesis:** There is a significant relationship between the income level & awareness of the investments

**Table 3  
Observed Frequency**

<i>Income</i>	<i>Aware</i>	<i>Not Aware</i>	<i>Total</i>
Below Rs. 2,00,000	5	2	7
Rs. 2,00,000 – Rs. 4,00,000	2	0	2
Rs. 4,00,000 – Rs. 6,00,000	30	6	36
Above Rs. 6,00,000	39	16	55
Total	76	24	100

**Table 4  
Chi Square Test**

<i>O</i>	<i>E</i>	<i>(O-E)</i>	<i>(O-E)<sup>2</sup></i>	<i>(O-E)<sup>2</sup>/E</i>
5	5.32	-0.32	0.1024	0.019
2	1.68	0.32	0.1024	0.061
2	1.52	0.48	0.2304	0.1516
0	4.8	-4.8	23.04	4.8
30	27.36	2.64	6.9696	0.255
6	8.64	-2.64	6.9696	0.807
39	41.8	-2.8	7.84	0.188
16	13.2	2.8	7.84	0.5939
			Total=	6.8755

**Degree of Freedom**

$V = (r-1)(c-1); V = (4-1)(2-1); V = 3$

The chi square statistic is  $\chi^2 = 6.8755$ , the predetermined alpha level of significance (0.05), and degrees of freedom (df = 3). Entering the Chi square distribution table with 3 degree of freedom and reading along the row with alpha level of significance to be 0.05, the value of  $\chi^2$  is found to be 7.815. If the calculated chi square value is less than the chi square value obtained from the table, then the Null

Hypothesis statement taken for study could be rejected and the alternate hypothesis can be accepted. In this case, the calculated chi square value 6.8755 is less than the chi square value of 7.815 from the table and hence the Null hypothesis could be rejected proving that there is a significant relationship between the income level & awareness of the investments.

**Hypothesis 3**

**Null Hypothesis:** There is no significant relationship between status of the employees and the investment awareness level

**Alternate Hypothesis:** There is a significant relationship between status of the employees and the investment awareness level

**Table 5  
Observed Frequency**

<i>Awareness</i>	<i>IT</i>	<i>Non-IT</i>	<i>Total</i>
Aware	36	29	65
Not Aware	14	21	35
Total	50	50	100

**Table 6  
Chi Square Test**

<i>O</i>	<i>E</i>	<i>(O-E)</i>	<i>(O-E)^2</i>	<i>(O-E)^2/E</i>
36	25	11	121	4.84
29	25	4	16	0.64
14	25	11	121	4.84
21	25	4	16	0.64
			Total =	10.96

**Degree of Freedom**

$$V = (r-1)(c-1); V = (2-1)(2-1); V = 1$$

The chi square statistic is  $x^2 = 10.96$ , the predetermined alpha level of significance (0.05), and degrees of freedom (df = 1). Entering the Chi square distribution table with 1 degree of freedom and reading along the row with alpha level of significance to be 0.05, the value of  $x^2$  is found to be 3.841. If the calculated chi square value is less than the chi square value obtained from the table, then the Null Hypothesis statement taken for study could be rejected and the alternate hypothesis can be accepted. In this case, the calculated chi square value 10.96 is less than the chi square value of 3.841 from the table and hence the alternate hypothesis could be rejected proving that.

**Hypothesis 4**

**Null Hypothesis:** There is no significant relationship between age group of the employees and the investment awareness level

**Alternate Hypothesis:** There is a significant relationship between age group of the employees and the investment awareness level

**Table 7**  
**Observed Frequency**

Awareness	Below 30	30 - 50	Above 50	Total
Aware	13	41	11	65
Not Aware	5	27	3	35
Total	18	68	14	100

**Table 8**  
**Chi Square Test**

O	E	(O-E)	(O-E) <sup>2</sup>	(O-E) <sup>2</sup> /E
13	11.7	1.3	1.69	0.145
41	44.2	3.2	10.24	0.232
11	9.1	1.9	3.61	0.0818
5	11.7	6.7	44.89	3.84
27	23.8	3.2	10.24	0.43
3	4.9	1.9	3.61	0.737
			Total=	5.4658

**Degree of Freedom**

$V = (r-1)(c-1); V = (2-1)(3-1); V=2$

The chi square statistic is  $\chi^2 = 5.4658$ , the predetermined alpha level of significance (0.05), and degrees of freedom (df = 1). Entering the Chi square distribution table with 2 degree of freedom and reading along the row with alpha level of significance to be 0.05, the value of  $\chi^2$  is found to be 5.991. If the calculated chi square value is less than the chi square value obtained from the table, then the Null Hypothesis statement taken for study could be rejected and the alternate hypothesis can be accepted. In this case, the calculated chi square value 5.4658 is less than the chi square value of 5.991 from the table and hence the Null hypothesis could be rejected proving that there is a significant relationship between the age group and the investment awareness level.

**FINDINGS**

- From the percentage analysis done, it is clear that majority of the investors are male. Male investors are investing more than the female investors, 68% of the investors are from the age group of 30-50 years proving that most of the investors are middle aged and they invest based on the market trend. Most of the investors are graduates.
- From the analysis, it is clear that most of the investors who have involved in any investment is single and not married. From the collected data and analysis done on these collected data, it could be

identified that the IT employees choose to invest more in Equity Share Market which produces more returns though it is associated with high risks. The preferences after Equity Market Is followed by Mutual Funds and Bank Fixed Deposits depending upon various factors. From the collected data and analysis done on these collected data, it could be identified that the Non-IT employees choose to invest more in Bank Fixed Deposits since money invested in Bank is safer than any other avenues which is followed by Post Office Savings and Life Insurances.

- The IT investors' perception of loss is quite different from that of the Non-IT investors because most of the IT investors' perception of loss is that the market in general would not have performed well and this might have led to the loss in the investment whereas most of the Non-IT investors feel that they might have committed errors leading to loss in investment. The IT investors' perception of profit is quite different from that of the Non-IT investors because most of the IT investors' perception of profit is that they have taken the advice of professionals and this might have led to the profit in the investment whereas most of the Non-IT investors feel that they have earned profit in the investment mainly because of their own knowledge.

### **SUGGESTIONS AND RECOMMENDATIONS**

Before entering into the stock market, the investors have to learn a complete knowledge about the stock market. The investor has to invest their money in less risky securities like mutual fund, debenture. Because the above securities have a minimum risk. While comparing equity shares. The gold investors can opt the gold bars or gold coins because it has no wastages. The real estate investors can purchase urban land because it will have increase in value day by day. Post office may offer more savings schemes compared with banks, so that the investors can properly invest their money in postal schemes. If the investors preferred to cover their risk of life and to get tax benefits they can opt the insurance schemes.

### **CONCLUSION**

"No pain no gain" it is the golden principle of investment management. In this fast moving world, we can earn more and more money. More risk leads to more profit. Investors can not avoid risk but they can minimize the risk by investing their money in various forms of investments so that they can get a moderate profit. To conclude, the study has identified that most of the investors from IT sectors are investing their money in Equity Share Market followed by Mutual Funds and Bank Fixed Deposits. Most of the non-IT investors are investing their money in Bank Fixed Deposits followed by Post Office Savings and Life Insurances.

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