

Investment Preferences Among Salaried Employees

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Abstract

Investment plays a vital role in ensuring financial security and long-term stability, particularly for salaried employees who depend on a fixed and regular income. With rising inflation, changing economic conditions, and increasing financial responsibilities, it has become essential for salaried individuals to plan and manage their investments carefully. This study aims to analyze the investment preferences of salaried employees and identify the factors influencing their investment decisions. The research focuses on understanding the level of financial awareness, risk tolerance, preferred investment instruments, and the importance of safety, returns, liquidity, and tax benefits in shaping investment behavior.

The study is based on both primary and secondary data. Primary data were collected through a structured questionnaire administered to salaried employees belonging to different age groups, income levels, and occupations. Secondary data were gathered from research journals, articles, books, and published reports related to investment behavior and financial planning. The collected data were analyzed using simple statistical tools such as percentage analysis, tables, and graphical representations to interpret investment patterns and preferences.

The findings reveal that most salaried employees prefer moderate-risk investment options, indicating a balanced approach toward risk and return. Traditional investment avenues such as fixed deposits, insurance, provident funds, and gold continue to remain popular due to their safety and stability. However, there is a noticeable shift toward market-linked investment options such as mutual funds, systematic investment plans (SIPs), and equity shares, particularly among younger and more financially aware employees. Safety emerges as the most significant factor influencing investment decisions, followed by returns and tax benefits. The study also highlights the growing importance of diversification as a risk management strategy.

The study concludes that increasing financial awareness and access to digital investment platforms have positively influenced the investment behavior of salaried employees. Proper financial education and informed decision-making can help salaried individuals achieve long-term financial goals and security.

Keywords: Investment, Salaried Employees, Risk Preference, Financial Awareness, Investment Behavior.

1. INTRODUCTION

Investment is a crucial component of personal financial planning, particularly for salaried employees who depend on a fixed and regular source of income. Since salaried individuals have limited opportunities to increase their income instantly, effective investment planning becomes essential to achieve financial stability, meet future financial goals, and manage uncertainties. Investment refers to the allocation of funds into various financial or physical assets with the expectation of generating returns over a period of time.

In the current economic environment, inflation continuously erodes the purchasing power of money, making it necessary for individuals to invest wisely rather than rely solely on savings. Traditionally, salaried employees preferred safe and low-risk investment avenues such as bank fixed deposits, provident funds, life insurance policies, gold, and real estate. These options were favored due to their security and assured returns. However, such traditional instruments often provide lower returns, which may not be sufficient to combat inflation in the long run.

With increased financial literacy, availability of digital investment platforms, and easy access to financial information, the investment behavior of salaried employees has undergone significant changes. Modern investment avenues such as mutual funds, systematic investment plans (SIPs), equity shares, exchange-traded funds (ETFs), and digital gold have gained popularity. These instruments offer higher return potential, though they involve higher risk. Factors such as age, income level, risk appetite, financial awareness, tax benefits, and liquidity significantly influence investment decisions.

Understanding investment preferences among salaried employees is important for financial institutions, policymakers, and employers to design suitable financial products and awareness programs. This study aims to examine the investment preferences of salaried employees, analyze their risk-taking behavior, identify the factors influencing their investment decisions, and assess the shift from traditional to modern investment options. The findings of this study can help in promoting informed investment decisions and long-term financial security among salaried individuals.

2. RELATED WORK

Several studies have examined the investment preferences and behavior of salaried employees in different regions and contexts. Patil and Nandawar [1] analyzed the investment preferences of salaried individuals and found that a majority of employees prefer safe investment avenues such as fixed deposits and insurance policies due to low risk and assured returns. Their study highlighted the conservative nature of salaried investors.

Bhushan and Medury [1] examined the influence of demographic factors on investment decisions and concluded that age, gender, and income significantly affect investment behavior. The study revealed that female investors tend to prefer low-risk investments, whereas male investors show greater inclination toward market-linked instruments such as equities and mutual funds.

Bagchi and Mukherjee [2] studied the risk-bearing capacity of salaried persons and observed that most salaried employees are risk-averse. However,

individuals with higher income levels and better financial knowledge are more willing to invest in riskier assets. The study emphasized the role of financial awareness in shaping investment decisions.

Kumar [3] conducted a study on the investment preferences of the salaried class in Bengaluru city and found that fixed deposits, insurance, and provident funds remain the most preferred investment options. The study also reported a gradual increase in investment in mutual funds due to tax benefits and professional fund management.

Chaitra, Gireesh, and Kumar [4] analyzed the investment patterns of salaried employees and concluded that younger employees are more inclined toward market-linked investments such as mutual funds and equity shares, while older employees prefer safe and traditional investment options. The study highlighted the growing importance of diversification in investment portfolios.

Overall, the review of existing literature indicates that salaried employees generally prefer low-risk investment options, though there is a gradual shift toward modern and market-linked instruments due to increased financial awareness and digital accessibility. These studies provide a strong foundation for the present research on investment preferences among salaried employees.

3. METHODOLOGY

The present study adopts a descriptive research design to examine the investment preferences of salaried employees. The study aims to understand the risk-taking behavior, preferred investment instruments, and the factors influencing investment decisions among salaried individuals.

Research Method

The survey method was used to collect primary data from salaried employees working in different organizations. A structured questionnaire was designed to gather information related to demographic details, investment preferences, risk appetite, and influencing factors.

Sources of Data

Primary Data:

Primary data were collected through a structured questionnaire administered to salaried employees belonging to different age groups and income levels.

Secondary Data:

Secondary data were collected from research journals, books, published articles, reports, and online sources related to investment behavior and financial planning.

Sample Size

The sample size for the study consisted of 50–100 salaried employees.

Sampling Technique

Convenience sampling technique was adopted based on the availability and willingness of respondents to participate in the study.

Tools for Data Analysis

The collected data were analyzed using simple statistical tools such as percentage analysis, tables, and graphical representation, which helped in interpreting the investment behavior of salaried employees.

4.Data Analysis:

Table 1: Distribution of Respondents Based on Risk-Taking Ability.

Sr. no.	Investment type	(%) of respondents
1	Conservative	31.5%
2	Moderate	57.4%
3	Aggressive	11.1%

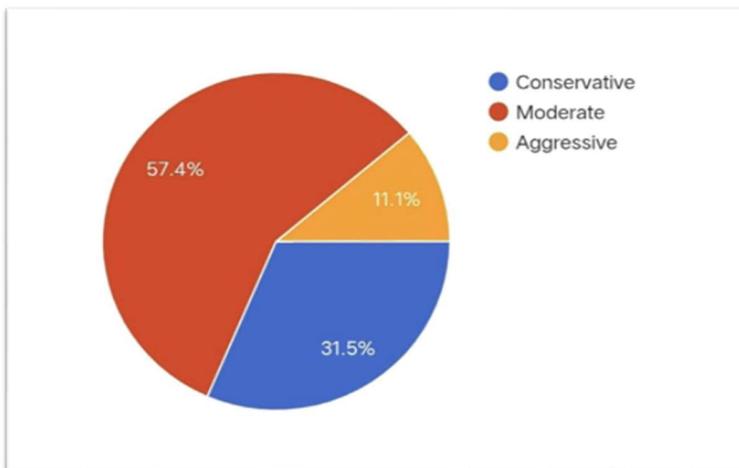


Figure 1: Risk-Taking capacity of salaried employees.

Interpretation:

Most respondents (57.4%) prefer **moderate investment**, showing a balanced risk-taking attitude About **31.5%** choose **conservative investments**, indicating low risk preference Only **11.1%** are **aggressive investors**, willing to take high risk **investments**, indicating low risk preference Only **11.1%** are **aggressive investors**, willing to take high risk.

Table 2: Preference for guaranteed vs market linked returns.

Sr. no.	Options	(%) of respondents
1	Guaranteed returns (FD, PPF, etc.)	33.3%
2	Market-linked returns (mutual funds, stocks, etc.)	35.2%
3	Both	31.5%

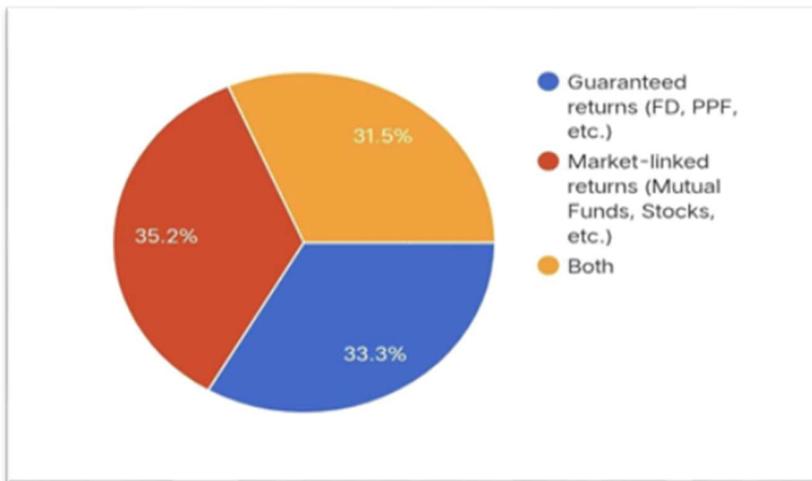


Figure 2: Preference for types of returns.

Interpretation: Most respondents (35.2%) prefer **market-linked investments** like mutual funds and stocks. About **33.3%** choose **guaranteed return options** such as FD and PPF. Nearly **31.5%** prefer investing in **both types**, showing a balanced approach

Table 3: Distribution of Respondents Based on Preferred Investment Instruments.

Sr. no	Investment Instruments	No of respondents
1	Fixed deposits	27
2	Insurance	13
3	Mutual funds	27
4	Stocks	25
5	Real Estate	8
6	Gold	26
7	Other options	3

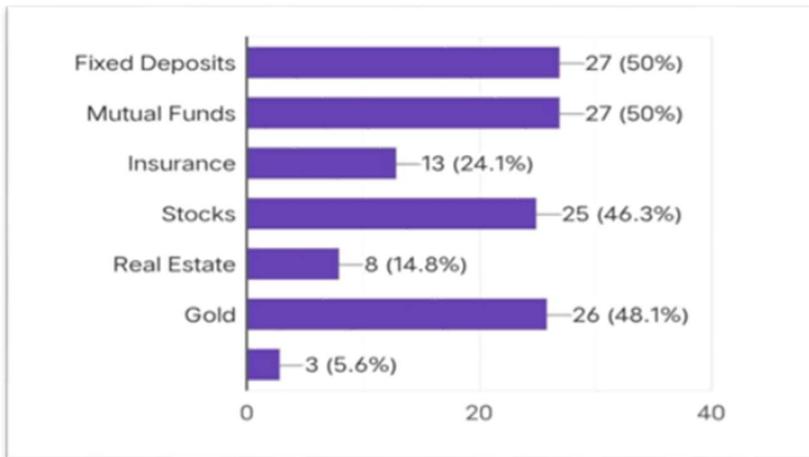


Figure 3: Popularity of Different Investment Instruments.

Interpretation: Most respondents invest in **Fixed Deposits and Mutual Funds (50% each)**, showing high preference for these options. **Gold (48.1%)** and **Stocks (46.3%)** are also popular investment choices. **Real estate (14.8%)** and **insurance (24.1%)** are less preferred among respondents

Table 4: Factors Influencing Investment Choices Among Respondents.

Sr. no.	Factors	No of respondents
1	Safety	38
2	High returns	24
3	Liquidity	8
4	Tax benefits	15

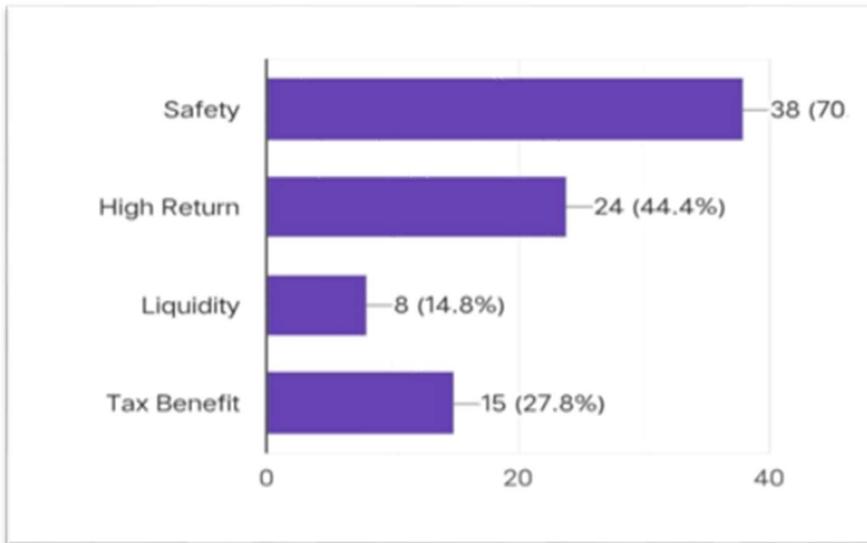


Figure 4: Priority of factors influencing decisions.

Interpretation: Most respondents give highest importance to **safety (70%)** while making investment decisions. **High return (44.4%)** is the second major factor considered. **Tax benefit (27.8%)** and **liquidity (14.8%)** are given less priority.

Table 5: Respondents Preference for Diversification vs. Concentration.

Sr. no.	Options	(%) of respondents
1	Diversify across different assets	59.3%
2	Concentrate on a few	40.7%

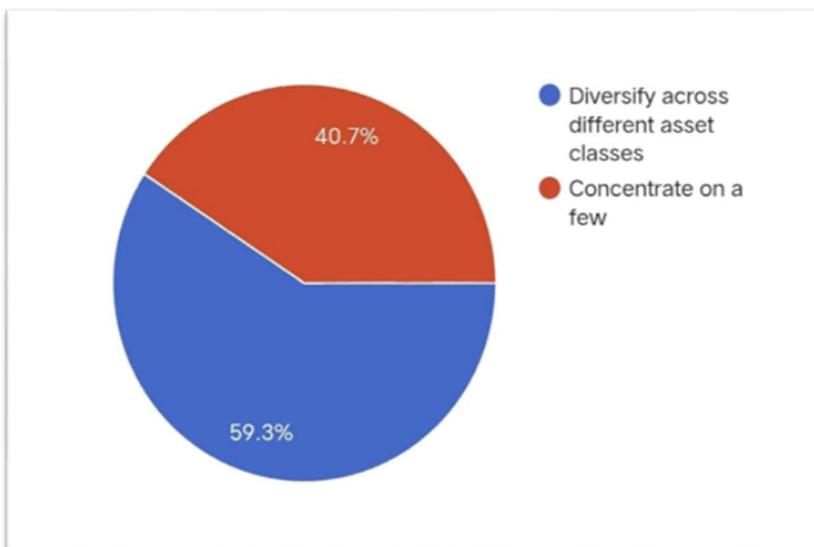


Figure 5: Level of investment diversification among respondents.

Interpretation: Most respondents (**59.3%**) prefer to **diversify investments across different asset classes**. About **40.7%** concentrate their investments in a **few options**.

This shows a higher preference for **risk reduction through diversification**.

5. Findings and Suggestions:

The study finds that most salaried employees try to balance their income between expenses and savings. Safety is the most important factor influencing their investment decisions. Fixed deposits and mutual funds are the most preferred investment options among employees. Younger employees show more interest in market-linked investments like SIPs and stocks. Older employees prefer safe and low-risk options such as FDs, PPF, and insurance schemes. Gold continues to be considered a safe and long-term investment option. Many employees depend on family and friends for investment advice rather than professionals. Financial awareness improves confidence in investing. Digital platforms have made investing easier and more accessible.

Employers and financial institutions should conduct regular financial awareness programs. Investors should be encouraged to diversify their investment portfolios. Professional financial advice should be promoted instead of relying only on informal sources. Employees should start investing early to gain long-term benefits. Regular review and rebalancing of investments should be practiced. Awareness about inflation and tax planning should be increased. Balanced investment between safe and market-linked options is recommended. Digital investment platforms should provide simple guidance for beginners. These steps will help employees achieve long-term financial security.

6. Conclusion:

This study concludes that salaried employees are becoming more aware of the importance of saving and investing for their future. Most employees prefer safe and secure investment options due to fixed income and financial responsibilities. Traditional investments like

fixed deposits, PPF, and gold continue to dominate investment choices. However, there is a growing interest in modern investment options such as mutual funds, SIPs, and digital platforms, especially among younger employees. Investment decisions are influenced by factors such as age, income level, risk appetite, and tax benefits. Safety and stability remain the primary concerns for most investors. Financial awareness plays a crucial role in improving investment behavior. Digital technology has made investing easier and more accessible. Proper diversification helps in managing risk effectively. Overall, disciplined and informed investing ensures long-term financial security for salaried employees.

Declarations:

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Conflict of Interest Statement:

The authors declare that there is no conflict of interest regarding the publication of this paper.

Informed Consent:

Informed consent was obtained from all participants involved in the study prior to data collection.

Ethical Approval:

The study was conducted in accordance with ethical standards. As the research involved a questionnaire-based survey without any personal identification, formal ethical approval was not required.

Data Availability:

The data used to support the findings of this study are available from the corresponding author upon reasonable request.

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