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Effect of Socio-Economic Variables on Level of Investment of Salaried Class Employees Working in Private Sector at Jhansi District

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Abstract – Saving and Investment are the two sides of the same coin. Without saving there is no investment and without investment savings have no value. Investment has become an integral part for circular flow of money in the economy. But, there are several demographic and socio-economic variables which affect the level of investment of investors.

This study aims to find out the socio- economic factors which affect the level of investment of salaried class employees working in private sector of Jhansi district. The data has been collected through a structured questionnaire administered to 250 respondents working in various organizations of private sector in Jhansi. It was found that there is a significant relationship between Level of Investment and Age, Marital Status, Sector wise Employment, Nature of Family, Size of Family, No. of Income Earners and Monthly Income of the Family. Whereas, gender and educational qualification were found to be insignificant. Statistical tools used are: percentages, cross- tabulation, Friedman Rank Analysis and Chi Square test. It has been assessed that the main purpose of investment is to make provisions for future. The employees working in banking sector have the highest level of investment.

Keywords: Income, Saving, Investment, Socio-economic Variables, Investor

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I. INTRODUCTION

Every country needs money for the development of its economy. Especially, developing countries like India need funds for the economic development of the country. But for the proper management of funds circular flow of money is very important. Therefore, the three most important variables for the growth of the economy are Income, Savings and Investment.

Income is the earnings which are received by an individual or business for services rendered by them. Savings is the part of income which has been foregone to fulfill some motive. (Kotlikoff, 2008) said that "Savings is the decision to defer consumption and to store this deferred consumption in some form of asset."

Investment is that part of savings which is sacrificed in present in order to earn return in future. Therefore, investment is the most important variable for the growth of the country. All the three variables are interlinked with each other. Without income there will be no savings, without saving no investment and without investment no income (fig 1)

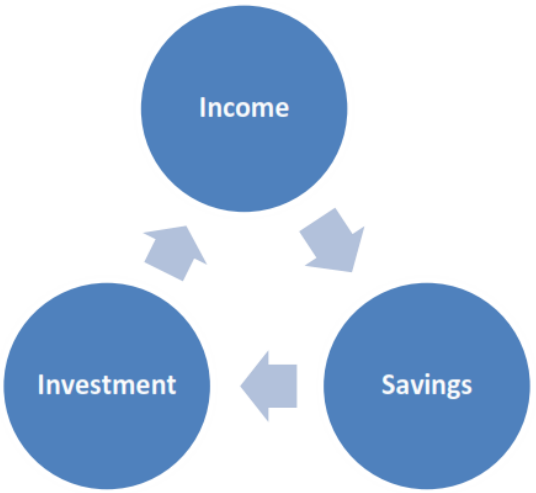


Figure 1

But, for making investment savings play a vital role. Savings depend upon the willingness and capacity

of a person to save. Some people are capable to save but they are not willing to save and some are willing to save but they are not able to save. Savings are of no use without investment.

Investment means employment of funds in productive areas in order to generate income in the future. The main objective of investment is to make future provisions and generate additional earnings. But, there are several socio-economic factors such as age, gender, marital status, nature of family, income etc. which affect the level of investment of investors and it is necessary find out the factors affecting the level of investment.

II. OBJECTIVES OF THE STUDY

1. To study socio – economic characteristics of Private Sector Employees.

2. To know the effect of demographic variables such as age, gender, marital status and income on level of investment.

III. RESEARCH METHODOLOGY

The study is based on empirical information gathered from the employees working in different organizations of private sector in Jhansi district. In order to accomplish the objectives of the present study, the study uses primary data. The data has been collected through a well structured questionnaire prepared for the purpose of survey after a detailed study of the past researches.

However, secondary data has also been collected from various journals, periodicals, research papers, newspapers, books and websites etc. for the purpose of collecting data for theoretical framework and literature review.

- **Sample Size:** 250 employees working in different organizations of private sector in Jhansi are taken randomly for the purpose of the study

- **Selection of Sample:** A total of 5 organizations from private sector were selected for the purpose of data collection. The organizations selected for the purpose of the study are banking, insurance, education, medical and communication as this study is confined to Jhansi district only. 50 employees from each organization have been considered for the purpose of the study.

- **Data Analysis and Interpretation:** The data was coded and analysed by using SPSS 20 and Ms Excel. In order to analyze the collected data, Simple percentages, Friedman Rank Analysis and Chi Square test of statistics have been used.

IV. REVIEW OF LITERATURE

(Sood & Kaur, 2015) aimed to study the saving and investment pattern of salaried class people of Chandigarh. It was found from the study that there is a significant relatioonship between age, income and sector wise employment and annual savings and the most preferred investment avenues were found to be LIC and bank deposits.

(Srividhya & Visalakshi, 2013) studied the saving and investment pattern of college teachers of from Puducherry. It was analysed from the study that the teachers prefer to invest in bank deposits and prefer to save money to meet future uncertainties.

(Bhavsar N., 2013) aimed to study the saving and investment pattern of school teachers of Ahmednagar and found out that the basic purpose of saving is to meet the future needs. Majority of them are risk averse in nature therefore they prefer to pool their savings as bank deposits an main purpose for investment is child education, marriage and future security.

(Amraveni & Archana, 2017) studied the investment behaviour of investors in Wranglar city towards various investment avenues. The study aimed to find out the preference of investment alternatives and factors which influence the choice of an investment avenue. It was found that there is a significant relationship between annual savings and demographic variables such as age, income, sector wise employment and education of investors by using chi-square test. The investors of Wrangler city prefer to invest in insurance policies and pension schemes

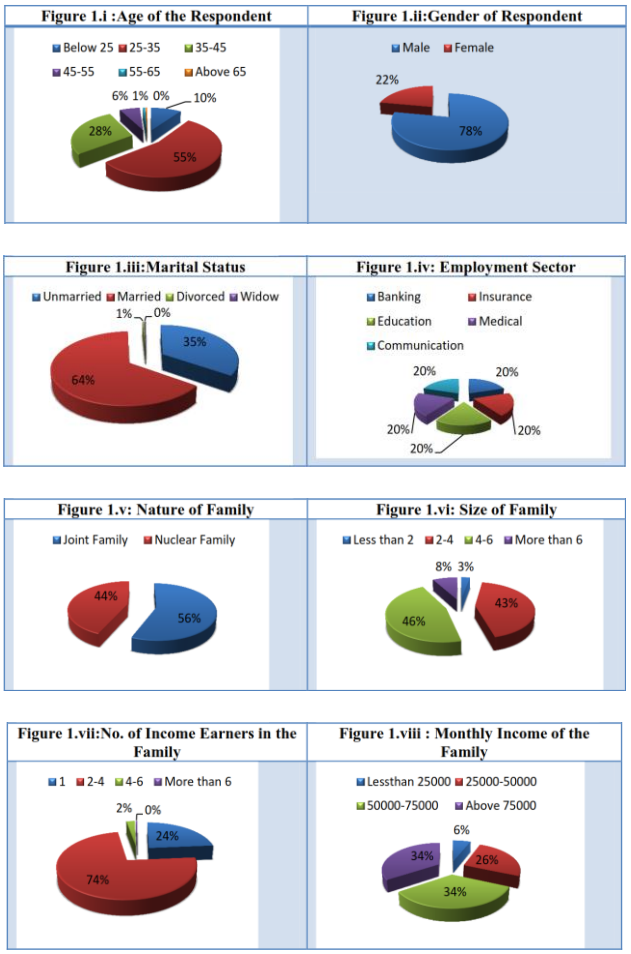
(Bhardwaj, Sharma, & Sharma, 2013) aimed to study the income, saving and investment pattern of employees of Bahra University, Solan and found out that the consumption expenditure of employees is high and their desire to save is low. The level of awareness of employees regarding investment alternatives is high but they are not willing to invest the savings as they feel insecure.

V. ANALYSIS AND INTERPRETATION

Socio – Economic Characteristics

The socio- economic variables such as gender, age, marital status, employment sector, income etc. have been assessed as these are the variables which affect the level of investment of investors. They are assessed in the table below:

Table 1 : Analysis of Socio-Economic Variables



Source: Primary data collected by the Researcher

As analysed from **Table 1** above it has been found that 55% of the belong to the age group of 25-35 years and 24% of them are in the age group of 35-45 years. It is evident from the above table that majority of investors are young and middle aged. 78% of them are males and 22% are females. Which shows that majority of investors are males. 64% employees are married, 35% of them are unmarried and only 0.4% are divorcee and widow. 20% each of the total sample size belong to Banking, Insurance, Education, Medical and communication sector. 56% employees are living in nuclear family and 35% are living in joint family. 46% of the employees have 4-6 members in the family and 43% have 2-4 income earners in the family. There are 2-4 income earners in the family of 74% employees and 24% have only one income earner in the family. The monthly income of 24% employees is between 50000-75000 and Above 75000.

VI. OBJECTIVES OF INVESTMENT

Friedman Rank Analysis has been used to assess the objectives of investment of private sector employees. The test works on the principle of ranking the data of each group. Lowest mean score= Rank 1, Next highest mean score = 2 and so on.

Table 2: Objectives of Investment

Objectives of Investment	Private Sector	
	Mean Score	Rank
To arrange for inflation in the future	5.00	4
To maintain the standard of living in future	4.26	2
To make provisions for future	2.82	1
Tax Savings	6.84	9
To meet personal future needs (child education, marriage etc.)	5.74	5
Good Rate of Return	6.18	8
Safety of money	6.02	7
Stability of Returns	7.72	10
Acquiring of assets (Gold, Property etc.)	4.46	3
Recreational Purpose (Holidays, Tours, Trips, Religious Tours etc.	5.97	6

Source: Primary data collected by the Researcher

The above table shows that majority of employees invest to make provisions for the future (2.82) followed by maintaining standard of living in future (4.26). The third important objective of investment for private sector employees is acquiring of assets (4.46) followed by to arrange for future inflation (5.00). The sixth objective of investment is for recreational purpose like holidays, tours, trips etc. (5.97). The seventh, eighth, ninth and last objective for investment is safety of money, good rate of return, tax savings and stability of returns. It has been analyzed that the main objective of investment for private sector employees is to make provisions for future.

VII. LEVEL OF INVESTMENT

To assess the Level of Investment of private sector employees cross-tabulation has been used between all the socio-economic variables and level of investment.

- **Age and Level of Investment**

Table 3: Age and Level of Investment

Age in Years	Level of Investment			
	Low Level of Investment	Moderate Level of Investment	High Level of Investment	Total
Below 25	18 (75.0%)	2 (8.3%)	4 (16.7%)	**24**
25-35	69 (50.4%)	10 (7.3%)	58 (42.3%)	**137**
35-45	33 (47.1%)	1 (1.4%)	36 (51.4%)	**70**
45-55	12 (75.0%)	0 (0.0%)	4 (25.0%)	**16**
55-65	0 (0.0%)	1 (50%)	1 (50%)	**2**
Above 65	1 (100%)	0 (0%)	0 (0%)	**1**
Total	**133**	**14**	**103**	**250**

Source: Primary data collected by the Researcher

The above table reveals that 51.4% employees below 35-45 years, 42.3% 25-35 years, 25% employees within the age group of 45-55 years and

50% employees within the age group of 55-65 from private sector invest a high level of their savings.

- **Gender and Level of Investment**

Table 4: Gender and Level of Investment

Gender	Level of Investment			
	Low Level of Investment	Moderate Level of Investment	High Level of Investment	Total
Male	110 (56.4%)	9 (4.6%)	76 (39.0%)	195
Female	23 (41.8%)	5 (9.1%)	27 (49.1%)	55
Total	133	14	103	250

Source: Primary data collected by the Researcher

As depicted by the above table 39.0% male employees invest high level of savings while, 49.1% females employees invest a high level of savings.

- **Marital Status and Level of Investment**

Table 5: Marital Status and Level of Investment

Marital Status	Level of Investment			
	Low Level of Investment	Moderate Level of Investment	High Level of Investment	Total
Single	53 (60.9%)	10 (11.5%)	24 (27.6%)	87
Married	80 (49.7%)	4 (2.5%)	77 (47.8%)	161
Divorced	0 (0%)	0 (0%)	1 (100%)	1
Widow	0 (0%)	0 (0%)	1 (100%)	1
Total	133	14	103	250

Source: Primary data collected by the Researcher

The above table reveals that 27.6% employees from private sector who are single, 47.8% employees who are married, 100% employees who are divorcee and 100% employees who are widow invest high level of savings.

- **Educational Qualification and Level of Investment**

Table 6: Educational Qualification and Level of Investment

Educational Qualification	Level of Investment			
	Low Level of Investment	Moderate level of Investment	High Level of Investment	Total
High School	1 (100%)	0 (0%)	0 (0%)	01
Intermediate	6 (60%)	1 (10%)	3 (30%)	10
Undergraduate	35 (66.0%)	2 (3.8%)	16 (30.2%)	53
Post Graduate	54 (53.5%)	5 (5.0%)	42 (41.6%)	101
Professional	37 (43.5%)	6 (7.2%)	42 (49.4%)	85
Total	133	14	103	250

Source: Primary data collected by the Researcher

The above table reveals that in case of private sector employees 0% employees who are 10th pass, 30% employees who are 12th pass, 30.2% employees who are graduates, 41.6% employees who are post graduates and 49.4% employees who are professionals invest a high proportion of savings. Thus, it has been analysed that employees possessing a professional degree make highest level of investment as compared to employees who are post graduates, graduates, intermediate and high school.

- **Employment Sector and Level of Investment**

Table 7: Employment Sector and Level of Investment

Employment Sector	Level of Investment			
	Low Level of Investment	Moderate level of Investment	High Level of Investment	Total
Banking	8 (16%)	2 (4%)	40 (80%)	50
Insurance	17 (34%)	4 (8%)	29 (58%)	50
Education	19 (38%)	3 (6%)	28 (56%)	50
Medical	46 (92%)	2 (4%)	2 (4%)	50
Communication	43 (86%)	3 (6%)	4 (8%)	50
Total	188	60	2	250

Source: Primary data collected by the Researcher

The above table reveals that in case of private sector employees 80% employees from Banking sector, 58% employees from Insurance sector,56% employees from Education sector, 4% employees from Medical and 8% employees from Communication sector invest a high proportion of their savings. Thus, it has been found that employees working in banking organizations invest a high proportion of their savings.

- **Nature of Family and Level of Investment**

Table 8: Nature of Family and Level of Investment

Nature of Family	Private Sector			
	Low Level of Investment	Moderate level of Investment	High Level of Investment	Total
Joint Family	83 (58.9%)	10 (7.1%)	48 (34.0%)	141
Nuclear Family	50 (45.9%)	4 (3.7%)	55 (50.5%)	109
Total	133	14	103	250

Source: Primary data collected by the Researcher

As depicted by the above table in case of private sector 34.0% employees living in joint family and 50.5% living in nuclear family invest a high level of savings.

- **Monthly Income of the Family and Level of Investment**

Table 9: Monthly Income of the Family and Level of Investment

Monthly Income of the Family	Level of Investment			
	Low Level of Investment	Moderate level of Investment	High Level of Investment	Total
Less than 25,000	11 (73.3%)	0 (0%)	4 (26.7%)	15
25,000-50,000	39 (60.9%)	1 (1.6%)	24 (37.5%)	64
50,000-75,000	52 (61.2%)	6 (7.1%)	27 (31.8%)	85
Above 75,000	31 (36.0%)	7 (8.1%)	48 (55.8%)	86
Total	133	14	103	250

Source: Primary data collected by the Researcher

As denoted in case of private sector employees 55.8% employees having family monthly income between above Rs. 75,000, 31.8% employees having family monthly income between Rs. 50,000 to Rs. 75,000, 37.5% employees having family monthly income between Rs. 25,000 to Rs. 50,000 and 26.7% employees having family monthly income less than Rs. 25,000 invest a high level of savings.

VIII. ASSOCIATION BETWEEN SOCIO-ECONOMIC VARIABLES AND LEVEL OF INVESTMENT

To find out the association between socio-economic variables and Level of Investment **Chi-Square test** of statistics has been used. It is a non- parametric test applied to test the goodness of it fit. It is used to find out the association between dependent and independent variables through a specific framed hypothesis. The results of the test are analyzed in the following table.

Table 10: Analysis of Chi-Square test of statistics

Hypothesis	Df	Sig.	Ho Accept/Reject	Results
H_0: There is no significant association between Age and Level of Investment	10	0.008	P<0.05 H_0 – Rejected	It shows that there is a significant relationship between age and level of investment
H_0: There is no significant association between Marital Status and Level of Investment	6	0.006	P<0.05 H_0 – Rejected	It shows that there is a significant relationship between Marital Status and Level of Investment
H_0: There is no significant association between Employment Sector and Level of Investment	8	0.000	P<0.05 H_0 - Rejected	It shows that there is a significant relationship between Employment Sector and Level of Investment
H_0: There is no significant association between Nature of Family and Level of Investment	2	0.027	P<0.05 H_0 – Rejected	It shows that there is a significant relationship between Nature of Family and Level of Investment
H_0: There is no significant association between Size of Family and Level of Investment	6	0.001	P<0.05 H_0 – Rejected	It shows that there is a significant relationship between Size of family and Level of Investment
H_0: There is no significant association between No. of Income Earners and Level of Investment	6	0.000	P<0.05 H_0 – Rejected	It shows that there is a significant relationship between No. of Income Earners and Level of Investment
H_0: There is no significant association between Monthly Income of the Family and Level of Investment	6	0.004	P<0.05 H_0 – Rejected	It shows that there is a significant relationship between No. of Income Earners and Level of Investment

Source: Primary data collected by the Researcher

IX. CONCLUSION

It has been found from the study that private sector is full of youth. Middle aged employees have the highest level of savings. The number of working women is low in private sector but the level of investment is high for females. The employees posses a professional degree and they also have highest level of investment. It has also been found that the employees working in Banking Sector invest more than the employees working in other sector. Employees living in nuclear family are able to invest more as compared persons living in joint family. Employees having salary above 75000 are able to invest more. A strong significant relationship has been found between age, income, marital status, size of family, sector of employment and number of income earners in the family. The main objective of investment for employees is future provisions and maintain standard of living in future.

X. SUGGESTIONS

Keeping in view the above findings, followings suggestions are recommended:

- It has been found that mostly employees within the age group of 25-35 years invest from private sector invest a higher proportion of their salary. Thus, policy makers should target employees from higher age group and make them aware of benefits of investment.
- As most of the employees are post graduates or holding professional degree, therefore, knowledge of investment avenues can be provided by including it in the curriculum at graduation and post-graduation level.
- It has been observed that different employment sectors have different level of knowledge in which employees working in banking and insurance sector were found to have highest level of investment. While,

employees from medical sector were found to have lowest level of investment. Therefore, the policy makers should conduct awareness programmes for employees working in medical sector and all the other sectors where level of financial literacy is low.

- The basic purpose of investment is found to be future provision. Hence, it is suggested that employees should pool their savings in a diversified way in order to generate good return which will automatically create future provisions.

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