

Investment habits of fresh I.T employees in Technopark, Trivandrum

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Abstract: *Gone are days were investment activities had been confined to rich and business class. In the present scenario the word investment is much popular with people from all walks of life. Increase in working population, High tax rate, Inflation, Availability of various investment alternatives, planning for retirement life, legal framework etc. will highlight how investment gets so much importance among people. The I.T industry is expanding at a rapid pace, and thereby the I.T professionals and their savings are also increasing in proportion to the industry growth. We know the scale of pay drawn by them is huge. Since the fresh I.T employees have no commitments as they have just started their career there is every possibility of over spending. And the savings also will be less. Hence in present business scenario where finance attraction is of prime concern, studies regarding investment habits undertaken by fresh I.T professionals are of great importance to the government, financial institutions etc. These institutions like banks can frame strategies in accordance with the fresh I.T professional's habits and interests, and awareness can be provided in order to attract them for making investment which will result in the development of society as well as the economy as a whole. This study mainly focuses on finding out the investment pattern and habits of the fresh IT employees, to evaluate the present level of satisfaction of their investment, to find out the factors influencing the selection of various investment avenues etc. Every respondents were aware about the fixed deposit. The major factors that affected the investment avenues were safety and tax benefits. The main problem faced by the respondent is the lack of information. Most of the investors make the investment in order to save tax . Now a day, the traditional methods like banks, insurance and post office schemes are high responsive to the respondents. The more stress is to be given to boost the modern means of investment instruments like bonds, mutual funds, government securities, promissory notes, treasury bills, equity shares, preference shares etc.*

Introduction

Investment is the allocation of monetary resources to assets that are expected to get some gain or positive return over a particular period. The term return means the amount getting to one person for sacrificing his utility or disbursement of income. There should always be an income to invest. The investments are in positive in nature because the investor always expects gain from it. There are many investments outlets. The person can choose his own way of investments. The investments are the key factor for the growth and development.

Though the invested money is a part of income, there should be some plans and arrangements of one's income. Investments can have mainly two objectives those either for

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future emergencies or for transfer it to the future succession. For the make of investments, one must critically plan his expenditure and savings because the investment is a part of savings.

Need and Importance

The investment decision is a tradeoff between risk and return. There are said to be in direct relationship. When risk is high the return also will be high when the risk is low the return also will be low. Though there are various investment avenues we can group them into two, savings schemes, and equity share. Equity shares are fixed income scheme includes debentures, bonds, preference share and fixed deposits. The savings scheme includes post office schemes; Recurring deposits, LIC policy etc. Even if these two types are safe investment avenues, the returns on these types are very low.

Gone are days were investment activities had been confined to rich and business class. In the present scenario the word investment is much popular with people from all walks of life. Increase in working population, High tax rate, Inflation, Availability of various investment alternatives, planning for retirement life, legal framework etc. will highlight how investment gets so much importance among people. Everyone should realize that financial planning is a must today in order to know where one stands financially and also to focus on one's financial efforts in the right direction. A proper understanding of money, its value, the available avenues for investment, the rate of return/risk etc., are essential to successfully manage one's finance for achieving life's goal.

The I.T industry is expanding at a rapid pace, and thereby the I.T professionals and their savings are also increasing in proportion to the industry growth. We know the scale of pay drawn by them is huge. Since the fresh I.T employees have no commitments as they have just started their career there is every possibility of over spending. And the savings also will be less. Hence in present business scenario where finance attraction is of prime concern, studies regarding investment habits undertaken by fresh I.T professionals are of great importance to the government, financial institutions etc. These institutions like banks can frame strategies in accordance with the fresh I.T professional's habits and interests, and awareness can be provided in order to attract them for making investment which will result in the development of society as well as the economy as a whole. Therefore this study has got much relevance.

Statement of Problem

The main feature of investment is waiting for return or reward. The investors are always making the investment to get desired profit for a particular period of waiting. Various forms of investment outlets are available to investors and the selection from among these outlets depends on their investment action plan differ from one to another. Salaried people are fixed income earners in the society. They lead a well calculated and balanced life. They try to equal their income with their expenses. The prosperity to save may be low. In general the employees in IT sector are characterized by their lower job security and higher attrition. By understanding their behavior various strategies for investment can be developed for them, so that it leads to a bright future for them and to the economy.

This study mainly focuses on finding out the investment pattern and habits of the fresh IT employees, to evaluate the present level of satisfaction of their investment, to find out the factors influencing the selection of various investment avenues etc.

Scope of the Study

The study of present study was confined to Technopark, Trivandrum. The study covers various avenues chosen by the fresh employees in the I.T sector when they invest. This study aims at finding out the investment pattern and habits of the fresh IT employees due to their unique characteristics. The theoretical scope of the study includes the type of investment, purpose behind the investment, awareness about the investment, various source which respondents depends for investing.

Objectives of Study

The primary objective of the study is to analyse the investment habits of fresh employees in I.T sector. Following are the sub objectives.

1. To ascertain the choice of investment avenues by I.T employees.
2. To find out the factors influencing the selection of various investment avenues.
3. The degree of awareness of employees about different investment opportunities
4. To evaluate the present level of satisfaction among I.T employees with regard to their investments.

Methodology of Study

The study is mainly based on primary data and secondary data. In order to collect primary data direct interview method through questionnaire is used. The secondary data used in the study were collected from the books, journals, magazines, websites and other publications. From the Technopark four companies were randomly selected. The companies are Infosys, TCS, UST Global and Oracle Corporation. The data collected were analyzed using appropriate statistical and mathematical tools like mean, median, correlation analysis and using SPSS. The internal records of the companies showed that there are about 1200 such fresh I.T employees. Out of which 10% is randomly selected for detailed analysis. The selected respondents were interviewed using a structured interview schedule.

Analysis and Interpretations

Collection of statistical data constitutes one of the important aspects of statistical enquiry. During this stage, the relevant data are collected from primary or secondary sources. This study was conducted to find out the awareness and customer satisfaction regarding Investment Habits of Fresh I.T Professionals. The collected data were analyzed using appropriate statistical tool in order to have a deep understanding of the subject matter.

Investment Avenues and Level of Satisfaction

The awareness level of respondents regarding the different investment avenues are shown in this section. The different avenues where they have made the investment and their levels of satisfaction are also shown here. The various avenues where investments are made are bank fixed deposit, public provident fund, life insurance, medical insurance, mutual funds, shares, real estate etc.

Awareness Level

The awareness level indicates the level of knowledge of respondents regarding various investment avenues. Awareness plays a major role while making investment. Only if they are

aware about a particular avenue then only they can make the investment. Table 1 shows the awareness of respondents regarding various investment avenues.

Table 1: Awareness Regarding Investments

Type of investment	Aware	Not aware
Bank Fixed deposit	102 (100%)	0
Public Provident Fund	24 (23.5%)	76
Life Insurance	102 (100%)	0
Medical Insurance	51 (50%)	49
Mutual Fund	15 (14.7%)	85
Shares	33 (32.4%)	67
Real estate	0 (0%)	100
Treasury Bill	0 (0%)	100
Promissory Note	12 (11.8%)	88
Certificate Of Deposit	6 (5.9%)	94
Gold	24 (23.5%)	76
Government Security	9 (8.8%)	91

Among the 102 respondents 100 percent are aware about the bank fixed deposit, 23.5 percent are aware about public provident fund, 100 percent about the life insurance, 50 percent are aware about the medical insurance, 14.7 percent about mutual fund, 32.4 percent about shares, 11.8 percent about promissory note, 5.9 percent about certificate of deposits, 23.5 percent are aware about gold and 8.8 percent are aware about government securities.

Instruments in which Investments are Made

Different investment avenues where the investments are made by the respondents are shown in table 2. The various avenues where investments are made are bank fixed deposit, public provident fund, life insurance, medical insurance, mutual funds, shares, real estate etc.

The bank deposit and life insurance have the highest number of investors. It is followed by medical insurance (51), shares (33), gold (24), public provident fund (24), mutual fund (15), promissory note (12), government security (9), and certificate of deposit (6) comes respectively.

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Table 2: Instruments in which Investments are made

Invested instruments	N
Bank Fixed Deposit	102
Public Provident Fund	24
Life Insurance	102
Medical Insurance	51
Mutual Fund	15
Shares	33
Real Estate	0
Treasury Bill	0
Promissory Note	12
Certificate Of Deposit	6
Gold	24
Government security	9

Source: Primary data

Satisfaction Level

Satisfaction level indicates the level of satisfaction among fresh I.T employees regarding different investments they made. Table 3 shows the level of satisfaction of respondents. In order to measure the satisfaction level of respondents a three point scale (strongly satisfied, moderately satisfied, dissatisfied) is used.

From the table 3.2.3 we can understand that public provident fund has the highest level of satisfaction (2.63). Next to that is promissory note, which has got the highest level of satisfaction (2.50). After that medical insurance (2.47), mutual fund (2.40), life insurance (2.21), certificate of deposit (2.00), shares (1.64), bank fixed deposit (1.59), gold (1.50), government security (1.33)s level of satisfaction comes next respectively. In the real estate sector and Treasury bill the fresh I.T employees didn't made any sort of investments.

Table 3: Satisfaction level of Fresh I.T Professionals on the Investments

level of satisfaction	Mean	Std. Deviation
Bank Fixed Deposit	1.59	.701
Public Provident Fund	2.63	.518
Life Insurance	2.21	.729
Medical Insurance	2.47	.624
Mutual Fund	2.40	.548
Shares	1.64	.674
Real Estate		
Treasury Bill		
Promissory Note	2.50	.577
Certificate Of Deposit	2.00	.000
Gold	1.50	.535
Government security	1.33	.577

Source: Primary data

Factors Influencing and Affecting the Investment Habits

Section 3.3 explains about the main factors that are influencing and affecting the investment habits. It also takes into consideration the difficulties faced as well as the reasons for making investment in different avenues.

Factors Affecting the Investment Decisions

Table 4 shows the main factors which are affecting the investment decision of respondents. These are the factors that influence the fresh I.T professional while making the investment decision. Safety, liquidity, marketability, returns, tax benefits, savings, capital appreciation etc are some of the factors affecting the investment decisions.

Table 4: Factors Affecting Investment Decisions

Factors	No. of respondents	Percent	Rank
Safety	102	100	1
Liquidity	42	41.2	3
Marketability	21	20.6	5
Returns	42	41.2	3
Tax Benefits	99	97.1	2
Savings	30	29.4	4
Capital Appreciation	15	14.7	6
Others	3	2.9	7

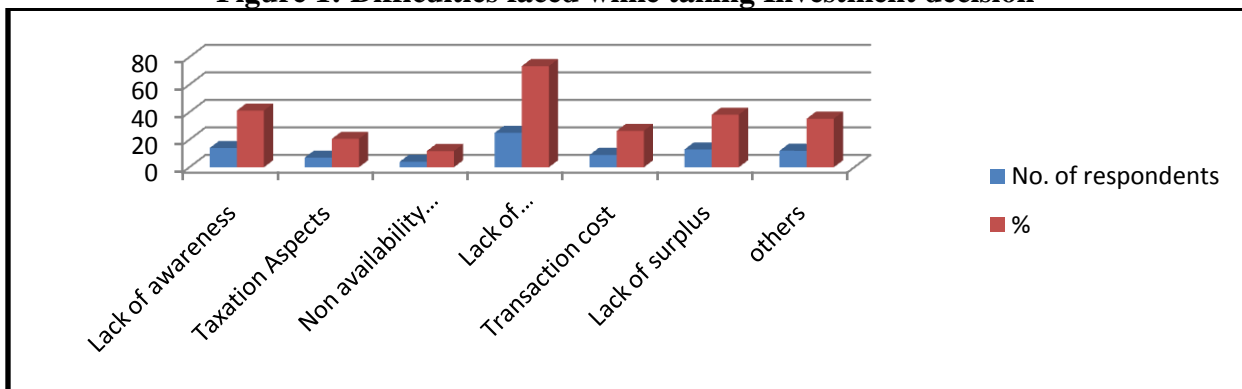
Source: Primary data

From the table 4 we can understand that safety and tax benefits are the main factors which are affecting the investment decision. After that liquidity and returns affect the decision. Marketability, capital appreciation, savings and other factors are only after these.

Difficulties Faced

Figure 1 shows the main difficulties faced by the respondents while taking the investment decision. This shows why the respondents are not making investment in some avenues and helps in identifying the reason for that.

Figure 1: Difficulties faced while taking Investment decision



From the figure 3.3.2 we can understand that the main problem faced by them is the lack of information (73.5%). Next difficulty faced by them is lack of awareness (41.2%), lack of surplus (38.2%), others like lack of in expertise services (35.3%), transaction cost (26.5%), taxation aspects (20.6%), and non-availability of investments (11.8%) respectively. The below graph shows the difficulties faced by them.

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Reasons for Making Investments

Table 5 helps in identifying why the respondents are making investment in some avenues and helps in identifying the reason for that. These are the factors that influence the respondents to make investments in different fields.

Table 5: Reasons for Investing

Reasons for Investing	No.of respondents	Percent	Rank
Future Uncertainty	39	38.2	6
Return	51	50	5
Fight Inflation	57	55.9	4
Save Tax	84	82.4	1
Retirement Benefit	63	61.8	3
Family welfare	72	70.6	2
Others	18	17.6	7

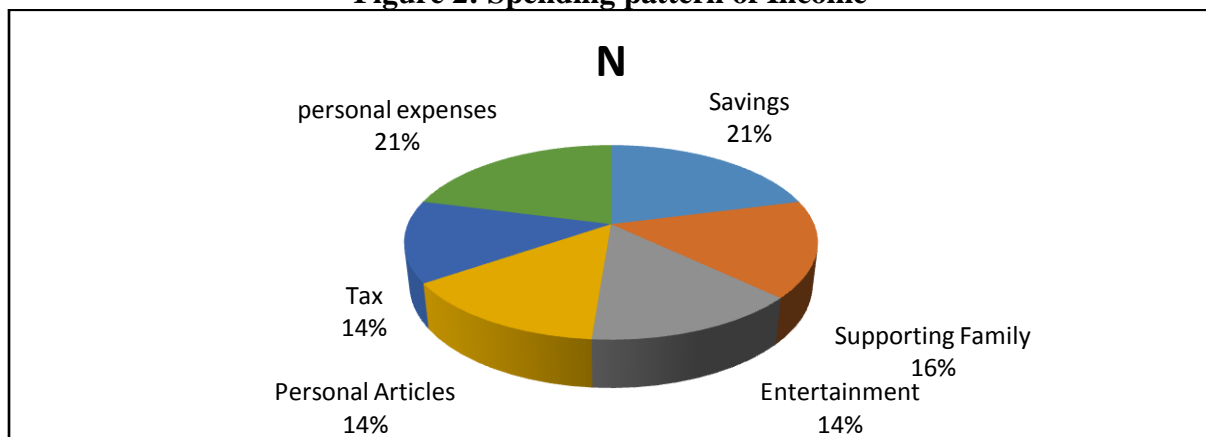
Source: Primary data

The table 5 explains that most of the investors make the investment in order to save tax (82.4%).After that investment is made for the reason of family welfare (70.6%), then for retirement benefit (61.8%), to fight inflation (55.9%), to get returns (50%), future uncertainty (38.2%), and others (17.6) respectively. The below figure shows the graphical representation of reasons for investing.

Spending Pattern

Figure 2 shows the spending pattern of respondents. It reveals how the fresh I.T employees are utilizing or using their income. If savings are high the chance for making investment will also be high.

Figure 2: Spending pattern of Income



The figure 3.3.4 tells us about how the respondents spend their income.21% of their income are spend for the purpose of meeting the personal expenses and another 21% of their income is saved by them.For supporting family they spend 16% of their income. For the purpose of tax, personal articles and entertainment they spend 14 % respectively.

Findings

- The investment avenues, where the respondents made the investment and awareness level of respondents on the investment avenues are among the 34 respondents 100 percent have the bank fixed deposit, 23.5 percent have the public provident fund, 100 percent have the life insurance, 50 percent have the medical insurance, 14.7 percent have mutual fund, 32.4 percent have shares, 11.8 percent have promissory note, 5.9 percent have certificate of deposits, 23.5 percent have gold and 8.8 percent have government securities
- The satisfaction level of fresh I.T professionals indicates that the public provident fund has the highest level of satisfaction (2.63). Next to that is promissory note, which has got the highest level of satisfaction (2.50). After that medical insurance (2.47), mutual fund (2.40), life insurance (2.21), certificate of deposit (2.00), shares (1.64), bank fixed deposit (1.59), gold (1.50), government security (1.33)s level of satisfaction comes next respectively. In the real estate sector and Treasury bill the fresh I.T employees didn't made any sort of investments.
- The major factors that affected the investment avenues were safety and tax benefits. After that liquidity and returns affect the decision. Marketability, capital appreciation, savings and other factors are only after these.
- The main problem faced by the respondent is the lack of information. Next difficulty faced by them is lack of awareness, lack of surplus, others includes formalities, transaction cost, taxation aspects, and non-availability of investments respectively.
- Most of the investors make the investment in order to save tax .After that investment is made for the reason of family welfare. Then for retirement benefit, to fight inflation, return, future uncertainty, and others respectively.

Conclusion

Now a day, the traditional methods like banks, insurance and post office schemes are high responsive to the respondents. The more stress to be given to boost the modern means of investment instruments like bonds, mutual funds, government securities, promissory notes, treasury bills, equity shares, preference shares etc.

The investor's investment pattern should be objective oriented. They should identify their objective at first and should select a pattern according to their needs. They should stress on maximum profitability without suffering the safety aspect. It is difficult to prescribe an optimum pattern to the investors as the investors are differing from each other. It is also difficult to compare and decide which particular scheme is superior and advantageous to the investor. It is better to consult the help of professionals before investing in risky schemes.

It is not possible to prescribe an optimal investment pattern to the investors as the individual preference varies depending upon the level of risk one is prepared to take, their need for income or capital appreciation etc. Therefore, an investor has to examine the different channels and choose those channels that will ensure the highest available yield. The study revealed that those who did financial planning have had made more investment. Before making, spending a family budget is to be prepared. It must be realistic on the basis of that spending is made. Thereby wasteful expenses can be cut down to a certain extent. By keeping proper accounts of income and expenditure, the savings of the respondents can be increased. The savings can be properly invested. Before making investment, cost benefit analysis is to be made on the basis of which investment should be made.

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