Research Paper *IJBARR*
Impact Factor: 3.072 *E- ISSN -2347-856X*
Peer Reviewed, Listed & Indexed *ISSN -2348-0653*

A RELATIONSHIP BETWEEN DEMOGRAPHIC VARIABLES AND INVESTMENT DECISIONS OF SALARIED EMPLOYEES – A STUDY WITH REFERENCE TO CHENNAI CITY.

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Abstract
The dynamics of the investment process, culture, and the relationship between investors and their advisors can also significantly impact the decision making process and resulting investment performance. It attempts to find out the significance of demographic factors of population such as gender, age, education, occupation, income, savings and family size over several elements of investment decisions like priorities based on characteristics of investments, period of investment, reach of information source, frequency of investment and analytical abilities. The study was made by conducting a survey in Chennai district of Tamilnadu,. The study reveals that the demographic factors have a significant influence over some of the investment decision elements and insignificant in others elements too.

Keywords: Gender Differences, Investment Strategies, Financial Decision, Future Consumption.

Introduction

Traditionally, the right to make investment decisions normally belongs to men. However, women today are making a bigger share of the decision over whether to invest in stocks, bonds or **real estate**. Specifically, in 2009, women decided how to allocate about $20 trillion in investments -- about 27% of the world's wealth, which is up by 16% from 2008. When it comes to investing, men and women hold to traditional stereotypes, according to a recent study. Male investors are more confident, while women are more realistic and risk averse, according to the 2006 Share Builder Women & Investing Survey, which polled 965 women and 1,066 men over the age of 18. Investment process, culture, and the relationship between investors and their advisors can also significantly impact the decision making process and resulting investment performance. An investor's background and past experiences can also play a significant role in the decisions an individual makes during the investment process. Investments are defined as the tradeoff of the present consumption for a higher level of future consumption. It is very important to understand the role of gender in investment decision making process (IDM).

Review of Literature

Gupta (1994) made a household investor survey with the objective to provide data on the investor preferences on Mutual Funds and other financial assets.
Lewellen et al. (1977) found that age, sex, income and education affect investor's preferences.
Rajeswari and Moorthy (2005) observed that investors demand intertemporal wealth shifting as they progress through the life cycle.
Warren *et al.* (1990) and Rajarajan (2000) predict individual investment choices (e.g., stocks, bonds, real estate) based on lifestyle and demographic attributes.

Objectives of the Research

1. To study a socio – economic profile of salaried employees in Chennai city.
2. To examine the investment decision process of salaried employees for their prudential benefits.

Hypothesis

Ho: There is no significant relationship between demographic factors and the factors influencing the investment decision making process.
Ho: There is no significant relationship between demographic factors and the periods of investment made by the people.
Ho: There is no significant relationship between demographic factors and sources of awareness on investment.
Ho: There is no significant relationship between demographic factors and frequency of investment by the people.
Ho: There is no significant relationship between demographic factors and analysis on the investment by the people.

Scope & Limitations of the Study

1. To study the investment preference among salaried people working in private sectors in Chennai district , Tamilnadu , India.
2. To analyze the investment decision among the salaried investors.

3. The study has also the limitation of time, place and resources.
4. This Study used only some factors to analyze the factors effecting investment decision of Individual investor.

Research Methodology

The sources of data are primary as well as secondary. The data collected from the female investors survey constitute primary data and information gathered through books, journals, magazines, reports and dailies constitute secondary data. The data collected from both the sources are scrutinized, edited and tabulated. The data are analyzed using Statistical Package for Social Sciences (SPSS) and other computer packages.

Area of the Study

Chennai, the capital city of Tamil Nadu, is located at the North east of the state. Apart from being a major district, this metropolis also serves as the gateway of South India. The Chennai city has been chosen for undertaking the present study in view of its distinct and unique historical importance. Moreover, it is the work place as well as the domicile place of the researcher. This capital of the state of Tamil Nadu is India's fourth largest metropolitan city and one of the 35th largest metropolitan areas in the world with a metropolitan population of about 7.4 million in 2005. It consists of 10 zones and is divided into 155 wards for enforcing clean administration and providing welfare measures.

Sample Size

A sample size of 200 respondents is taken for the study in a random sampling method. Among the 175 questionnaires, only 150 respondents returned the filled in questionnaire. Out of this, only 100 of them are found usable. The sample of this study covers the different parts of Chennai. Hence the exact sample of the study is **100**.

Analysis of Data

Analysis of data is a process of inspecting, cleaning, transforming, and modeling data with the goal of highlighting useful information, suggesting conclusions, and supporting decision making. Data analysis has multiple facets and approaches, encompassing diverse techniques under a variety of names, in different business, science, and social science domains.

Parameter	No. of investors	Percentage
Gender		
Male	76	76%
Female	24	24%
Total	100	100%
Age Group		
up to 30	18	18%
31-40	36	36%
41-50	32	32%
51-60	10	10%
Above 60	04	04%
Total	100	100%
Qualification		
Below Graduation	10	10%
Graduation	23	23%
Post Graduation	33	33%
Professional Degree	34	34%
Annual Income		
Up to 50,000	7	7%
50,001 – 1,00,000	28	28%
1,00,001-2,00,000	36	36%
2,00,001- 5,00,000	10	10%
Above 5,00,000	19	19%
Total	100	100%

1. When categorizing the employees on the basis of gender. 76% are male and 24% are female respondents.
2. 36% of the employees belong to the age group between 31-40. 32% of the employees come under the age between41-50, 18% of the employees are upto 30 whereas 10% of the employees are 51-60 and above and only 04% are above 60%.

3. 34% of the employees in are professional degree. 33% of the employees are Post Graduation .About 23% of the respondents are Graduation; and only 10% are Under Graduation.
4. 36% of the employees belong to the annual income group between 1,00,001 – 2,00,000 , 28% of the employees come under the annual income between 50,001 – 1,00,000; 19% of the employees are come under above 5,00,000 where as 10% of the employees are 2,00,001 – 5,00,000 and only 7% are up to 50,000.

In order to analyze the investment decision process of salaried employees for their prudential benefits the researcher uses factor analysis by principal component method. It helps the researcher to identify predominant factor responsible for investment decision .

Factors of Investment Decision

The application of factor analysis by principle component method is applied on 15 variables of investment decision and the final results are obtained.

Table 7,KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.513
Bartlett's Test of Sphericity	Approx. Chi-Square	1006.591
	df	105
	Sig.	.000

From the above table is found that KMO measure of sampling adequacy is .513, Bartlett's Test of Sphericity with approximate Chi-Square value is 1006.59 are statically significant at 5% level. Therefore it can be concluded that all the 15 variables for normal distribution with less than 5% admirable errors it also ensures the formulative factors out of variables. The following table indicates individual variances of all the 15 variables as shown in the communality table.

Table 8, Communalities

	Initial	Extraction
ID1	1.000	.282
ID2	1.000	.679
ID3	1.000	.534
ID4	1.000	.288
ID5	1.000	.661
ID6	1.000	.135
ID7	1.000	.310
ID8	1.000	.346
ID9	1.000	.179
ID10	1.000	.494
ID11	1.000	.575
ID12	1.000	.050
ID13	1.000	.421
ID14	1.000	.137
ID15	1.000	.214

Extraction Method: Principal Component Analysis.

From the above table it is found that some of the variable possesses low variance less than .3 are eliminated from the proceedings. This leads to factorization of all the 15 variable has shown in the following total variance table.

Table 9, Total Variance Explained

Component	**Initial Eigen values**			**Extraction Sums of Squared Loadings**			**Rotation Sums of Squared Loadings**		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	1.995	13.298	13.298	1.995	13.298	13.298	1.786	11.908	11.908
2	1.748	11.653	24.951	1.748	11.653	24.951	1.766	11.775	23.682
3	1.562	10.412	35.363	1.562	10.412	35.363	1.752	11.681	35.363
4	1.388	9.250	44.614						
5	1.334	8.894	53.508						

6	1.090	7.268	60.775						
7	.993	6.622	67.398						
8	.904	6.027	73.425						
9	.793	5.290	78.714						
10	.693	4.622	83.336						
11	.632	4.216	87.552						
12	.581	3.871	91.422						
13	.485	3.236	94.659						
14	.449	2.994	97.653						
15	.352	2.347	100.000						

Extraction Method: Principal Component Analysis.

Knowledgeable Decision

1. I prefer an investment with little or no ups or downs in value, and I am willing to accept the lower returns these investments may make. (.508) (ID1)
2. I am hopeful when understanding investment in stock that has exhibited a sure loss.(.598)(ID2)
3. My investment in stocks is largely based on investment knowledge experience and education.(.808) (ID5)
4. I have invested in shares and managed funds in the past and I have gained some knowledge through this experience.(.432) (ID15)

Therefore factor can be "Investor Knowledge Decision".

Safety Decision

1. I am cautious about stocks which show sudden changes in price or trading activity. (.590) (ID3)
2. I usually have worry investing in stocks that have a past negative performance in trading. (ID4)
3. I am not often afraid to invest in stocks that have shown a past position performance in trading.(ID9)
4. I feel regret of a drop in the price of a stock I have purchased.(-.555) (ID10)
5. When the market goes down, I tend to sell some of my riskier investments and put the money in safer investments.(.715) (ID11)
6. I usually have a fear to invest in stocks that have a save gain.(ID12)
7. I always devote a lot of time to evaluating options fully before coming to important decisions in investment. (.477) (ID13)

Therefore factor can be "Safety Decision ".

Credibility Decision

1. I usually consider the credibility of brokerage firms that financial service.(ID6)
2. It is always easy to determine the credibility of the stock market. (-.492) (ID7)

Therefore factor can be "Credibility Decision ".

Findings and conclusion

1. It is concluded that the socio economic profile is very important to decide investment pattern and investment decision of salaried employees in metropolitan city of Chennai. In particular occupation diversification and income of the salaried employees are highly significant in influencing their preference and investment decision .
2. The empirical analysis revealed that the predominant factor are Knowledgeable decision , safety decision and credibility decision highly significant in identifying the nature of investment decision in salaried employees in Chennai city.

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