

A Study on Investment Preference of Bank Employees in North Gujarat

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Abstract

Investors are investing in various investment avenues. Investors are investing their savings in more than one Investment Avenue to diversify the risk other than investing all savings in one Investment Avenue. This study basically attempts to examine the investment preference of bank employees in North Gujarat region. The respondents were asked to rank their preference from 1 to 9 (1= highly preferred and 9= least preferred) in order of their preference for selection of investment avenues for investment decision. Investment preferences were calculated based on the ranking given by the bank employees. The sample of this study consists of 225 respondents with a valid response rate of 88.89 percent. Garrett's ranking technique is used to find out the highly preferred investment avenue by the bank employees. The results of this study suggest that the respondents are given first preference to invest their savings in bank deposit then after mutual fund and provident fund. It is indicate that safety of investment play an important role for selection of investment avenue.

Keywords: Awareness, Behaviour, Investors, Investment Avenue

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1. Introduction

Deferred consumption or revenue that is not spent is called saving. One way to save is to set away funds in cash, an investment fund, a pension account, or a deposit account. Reducing expenses, like recurring costs, is another aspect

of saving.(Dubey & Sharma, 2018) An individual makes an investment in exchange for an uncertain future benefit. Individuals have different investment preferences based on the situations in which they invest. These conditions determine the individual's investment behavior. Safety, income stability, appreciation, liquidity, and transferability are all essential elements of investments. Based on their level of risk tolerance and risk-taking capacity, the investors allocate their excess funds to various investment channels.(Ramanathan & Sundaram, 2015) Based on demographic variables, the present research aims to examine investment preference of bank employees toward different investment avenues.

2. Review of Literature

(Palla et al., 2019) examined the impact of demographic factors on the sectors and mutual fund schemes with a particular focus on Andhra Pradesh's emerging capital region. The study found that the preference of respondents for the various sectors of the mutual funds is not affected by age and gender.

(Dubey & Sharma, 2018) carried out study on investors' preference towards savings and investment. The study found that the investors have positive attitude towards savings and investment. It also concluded that investors have good knowledge and awareness regarding savings

and investment. Majority of the respondents prefer to invest in bank deposit for long-term growth.

(Geetha & Ramesh, 2011) analyzed the choice of the people of investment avenues in Kurumbalur. The study found that the respondents in Kurumbalur are moderate aware of various investment choices but they are not aware of stock market, equity, bonds and debentures.

(Bajracharya & Mathema, 2017) identified the investors' preference for mutual funds in the metropolitan city of Kathmandu. The study found that the majority of investors are doubtful about investing in the new age investment such as mutual funds. Majority of respondents would prefer deposit in bank because they believed that it is secure and return is fixed. Investors have so many problem associated with selection of mutual fund such as the share market uncertainties and the associated risk so, investors ignore to invest in mutual fund.

(Ramanathan & Sundaram, 2015) attempted to analyze bank employees' investment preference towards different investment avenues, based on different demographic factors. The relationship between income and investment is strong, with a positive correlation. It concluded that respondents are aware of the investment avenues and still would prefer safe and risk-free investments. Respondents who are not willing to take risks only invest in life insurance products.

3. Research Methodology

Objective of Study

The main objective of the research is to study Investment preference of Bank Employees in North Gujarat.

Research Design

Descriptive research design is more appropriate for this study. It has therefore been adopted for this research study.

Sampling Design

For this study convenience sampling method used to collect primary data. The primary data was collected through structured questionnaire.

For this study, all bank employees of North Gujarat region is considered as a population. To determine the sample size, the researcher considered 95 per cent confidence level assuming 4 per cent tolerance error due to unknown population. In view of this, the sample size needed for this study is approximately 98, while the actual number of respondents is greater, i.e. 200. The questionnaire circulated among 225 respondents but 25 are removed due to incomplete response or data losing, resulting 88.89 percent response rate.

Data Analysis Tools & techniques

Researcher analyzed data by Garrett Ranking test and also used SPSS.

4. Data Analysis & Interpretation

Garrett's ranking technique is used to find out the highly preferred investment avenue by the bank employees. Rank given by respondents has been converted into score value. Estimated percentage position is converted into Garrett Score by using Garrett's ranking table. Garrett score of each investment avenue are added and find out the Garrett mean value by dividing total score by number of respondents.

Table 1 shows the respondents preference towards investment avenues. Table 1 indicates the garrett's scores which help to indentify highly preferred investment avenue to least preferred investment avenue by the respondents.

Table 1. Respondents' Preference towards investment avenues by using Garrett Ranking

Investment Avenues	Rank	1	2	3	4	5	6	7	8	9	Total Score	Garrett Mean	Rank
	Garrett's Table Value	80	69	61	55	50	44	38	30	19			
Bank Deposit	N	166	107	59	61	28	14	0	0	0	29633	68.12	1
	%	38.16	24.60	13.56	14.02	6.44	3.22	0.00	0.00	0.00			
	Garrett's Score	13280	7383	3599	3355	1400	616	0	0	0			
Post office Savings	N	9	107	69	64	84	36	46	4	16	23788	54.69	4
	%	2.07	24.60	15.86	14.71	19.31	8.28	10.57	0.92	3.68			
	Garrett's Score	720	7383	4209	3520	4200	1584	1748	120	304			
Corporate Fixed Deposit	Count	7	0	0	8	0	2	33	83	302	10570	24.30	9
	Percentage	1.61	0.00	0.00	1.84	0.00	0.46	7.59	19.08	69.43			
	Garrett's Score	560	0	0	440	0	88	1254	2490	5738			
Real Estate	N	0	0	8	0	25	129	102	125	46	15914	36.58	8
	%	0.00	0.00	1.84	0.00	5.75	29.66	23.45	28.74	10.57			
	Garrett's Score	0	0	488	0	1250	5676	3876	3750	874			
Equity shares	N	38	42	20	30	31	92	82	79	21	20291	46.65	6
	%	8.74	9.66	4.60	6.90	7.13	21.15	18.85	18.16	4.83			
	Garrett's Score	3040	2898	1220	1650	1550	4048	3116	2370	399			
Mutual Funds	N	146	89	39	24	63	28	39	7	0	27594	63.43	2
	%	33.56	20.46	8.97	5.52	14.48	6.44	8.97	1.61	0.00			
	Garrett's Score	11680	6141	2379	1320	3150	1232	1482	210	0			
Gold/Silver	N	0	4	6	21	69	93	77	119	46	16709	38.41	7
	%	0.00	0.92	1.38	4.83	15.86	21.38	17.70	27.36	10.57			
	Garrett's Score	0	276	366	1155	3450	4092	2926	3570	874			
Insurance Policies	N	0	23	71	162	77	28	56	14	4	22534	51.80	5
	%	0.00	5.29	16.32	37.24	17.70	6.44	12.87	3.22	0.92			
	Garrett's Score	0	1587	4331	8910	3850	1232	2128	420	76			
Provident Fund	N	69	63	163	65	58	13	0	4	0	26977	62.02	3
	%	15.86	14.48	37.47	14.94	13.33	2.99	0.00	0.92	0.00			
	Garrett's Score	5520	4347	9943	3575	2900	572	0	120	0			

Source: Calculated from Primary Data

Table 1 indicates the preference towards investment avenues for investment by bank employees. The respondents are given first preference to invest their savings in bank deposit with garrett mean score of 68.12. It is indicate that safety of investment play an important role for selection of investment avenue. Second preference was given to mutual fund with garrett mean score of 63.43,

third rank was given to provident fund with garrett mean score of 62.02, fourth rank was given to post office savings with garrett mean score of 54.69, fifth rank was given to insurance policies with garrett mean score of 51.80. it is found that Bank employees are ignore to take more risk to invest their saving, so they are given highly

preference to less risky avenue for investment of their savings.

Sixth preference was given to equity shares with garrett mean score of 46.65, seventh rank was given to gold/silver with garrett mean score of 38.41, real estate was given to eighth rank with garrett mean score of 36.58 and respondents were given last ninth rank to corporate fixed deposit with garrett mean score of 24.30.

5. Findings

From table 1, it is found that respondent were given more preference to investment avenues based on their mind set to avoiding take more risk to get high return. Majority of bank employees are focus on future safety and to get regular return in future so for that they are also given preference from less risky avenues to highly risky investment avenues.

6. Conclusion

The outcome of this research paper shows that majority of bank employees are prefer to invest their savings in bank deposit followed by investment in mutual fund, provident fund, post office savings ,insurance. It is concluded that bank employees are always considering risk factor for investment decision and it is not an important for them to take financial risk for invest savings in investment avenues.

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