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Change in Investment Preference of Salaried Employees with Respective Income Level

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***Abstract* – This study examines the changes in investment preferences of salaried employees with respect to their income levels. The primary objective of the research is to understand how income influences investment decisions, risk tolerance, and the selection of financial instruments. The study is based on primary data collected from 100 salaried individuals using a structured questionnaire. The findings reveal that income level plays a significant role in shaping investment behavior. Employees with lower income levels tend to prefer safe and low-risk investment options such as fixed deposits and insurance, focusing mainly on capital protection and liquidity. Middle-income individuals adopt a balanced approach by investing in both traditional and market-linked instruments like mutual funds. In contrast, high-income earners demonstrate higher risk tolerance and prefer investments in equities, real estate, and other high-return avenues. The study also highlights that factors such as financial awareness, investment objectives, and professional advice influence decision-making. Most respondents show a preference for long-term investments and consider both safety and returns as important factors. Statistical analysis using the Chi-square test confirms a significant relationship between income level and investment preferences. Overall, the research concludes that as income increases, investment strategies shift from conservative to more diversified and growth-oriented approaches. The study emphasizes the importance of financial literacy and informed decision-making in achieving long-term financial security and wealth creation.**

Keywords: **Investment Preferences,Salaried Employees,Income Level,Risk Tolerance,Financial Literacy**

I. INTRODUCTION

In today's dynamic financial environment, investment decisions play a crucial role in determining the financial stability and future security of individuals. Salaried employees, in particular, form a significant segment of investors, as they typically rely on a fixed and regular source of income. With increasing awareness of financial planning and the availability of diverse investment avenues, the investment preferences of salaried individuals have undergone considerable changes over time. One of the most important factors influencing these preferences is the level of income.

Income level directly affects an individual's capacity to save and invest, as well as their willingness to take risks. Employees with lower income levels often prioritize safety and liquidity, preferring traditional investment options such as savings accounts, fixed deposits, and insurance policies. Their primary concern is to protect their limited resources while ensuring easy access to funds in times of need. On the other hand, individuals with higher income levels tend to have surplus funds, enabling them to explore a wider range of investment opportunities and take calculated risks in pursuit of higher returns.

As income increases, there is a noticeable shift in investment behavior from conservative to more diversified and growth-oriented strategies. Middle-income earners often balance their portfolios by investing in both low-risk and market-linked instruments such as mutual funds. High-income individuals, supported by greater financial awareness and risk tolerance, are more likely to invest in equities, real estate, and other high-yield assets. This shift reflects not only changes in financial capacity but also evolving attitudes toward wealth creation and long-term financial planning.

Moreover, factors such as financial literacy, tax-saving motives, job security, and access to financial information further influence investment decisions. Understanding these patterns is essential for financial institutions, policymakers, and employers aiming to design suitable investment products and promote effective financial planning. Therefore, this study seeks to analyze the changes in investment preferences of salaried employees with respect to their income levels, providing insights into their behavior and decision-making processes.

Objectives

- To study the various investment options preferred by salaried employees
- To study the level of awareness of salaried employees about different investment avenues.
- To examine the risk preference of salaried employees while making investments

II. HYPOTHESIS

A research hypothesis is a tentative statement that can be tested through data analysis.It helps in examining the relationship between variables and drawing meaningful conclusions.

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Null Hypothesis (H_0):
There is no significant relationship between the income level of salaried employees and their investment preferences.

This implies that investment choices are independent of income levels and are influenced by other factors.

Alternative Hypothesis (H_1)
There is a significant relationship between the income level of salaried employees and their investment preferences.

III. LITERATURE REVIEW

Investment preferences among salaried employees are strongly influenced by income level, along with factors like risk tolerance, financial literacy, and job stability. Higher-income individuals tend to invest in riskier, higher-return options, while lower-income groups prefer safer instruments such as fixed deposits and insurance. Middle-income earners often adopt a balanced, diversified approach. Financial literacy and tax-saving motives also play key roles in shaping investment choices, especially in India. Additionally, technological advancements have encouraged greater participation in modern investment avenues like mutual funds and stocks. Overall, income remains a key determinant of investment behaviour, though more focused research on salaried individuals is needed.Research Gaps

Existing studies highlight the role of business analytics in decision-making, but lack empirical evidence on its impact specifically within HR-related decisions. This creates a need to examine whether analytics integration genuinely improves the quality and effectiveness of organizational decision-making. Current literature discusses HR analytics broadly but does not clearly link it to measurable outcomes such as employee productivity, retention, and engagement.

This gap necessitates evaluating the actual impact of analytics-driven HR practices on organizational performance.

Research on AI in HR focuses largely on its potential benefits, with limited empirical analysis of its impact on overall organizational outcomes. This highlights the need to assess whether AI-driven HR practices contribute significantly to organizational success.

IV. RESEARCH METHODOLOGY

This study is based on a descriptive research design aimed at analyzing the investment preferences of salaried employees with respect to their income levels. Primary data was collected through a structured questionnaire consisting of multiple-choice questions. A total of 100 respondents were selected using the convenience sampling method from different sectors. The data was collected through both online and offline modes. For analysis, simple statistical tools such as percentage method, tabulation, and graphical representation were used. The study focuses on comparing investment behavior across different income groups to identify patterns and trends.

1. Population and Sample
The population of this study consists of all salaried employees working in different sectors such as private companies, government organizations, educational institutions, and small to medium enterprises. These individuals represent the broader group whose investment preferences are influenced by their income levels.

The sample for this study includes 100 salaried employees selected using the convenience sampling method. Respondents were chosen based on their availability and willingness to participate. The sample includes individuals from different income groups, age categories, and professional backgrounds to ensure a balanced analysis of investment behavior.

2. Data and Sources of Data
The study is based on both primary and secondary data. The primary data was collected directly from 100 salaried employees using a structured questionnaire. The data includes information related to respondents' age, gender, income level, investment preferences, risk tolerance, investment objectives, and level of financial awareness. This data was used to analyze patterns and relationships between income levels and investment behavior

Primary Data
- Collected through a structured questionnaire
- Responses gathered from salaried employees via online (Google Forms) and offline methods
- Provides first-hand and original information for the study
- Secondary Data:
- Books, journals, and research articles related to investment behavior
- Reports from institutions like Reserve Bank of India and Securities and Exchange Board of India
- Websites such as Investopedia and World Bank
- Newspaper articles and online sources for additional insights

3. Data Analysis Method
The study used simple statistical tools such as percentage method, tabulation, and graphical representation to analyze the data. Percentage analysis helped convert raw data into meaningful comparisons, while charts like bar graphs and pie charts improved clarity. Comparative analysis was used to examine differences in investment behavior across different income groups.

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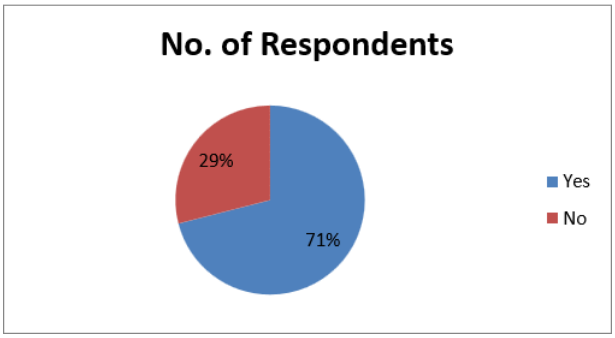
V. DATA ANALYSIS & INTERPRETATION

Do you invest a part of your income regularly?

Options	No. of Respondents	Percentage
Yes	71	71%
No	29	29%
Total	100	100%

Graph



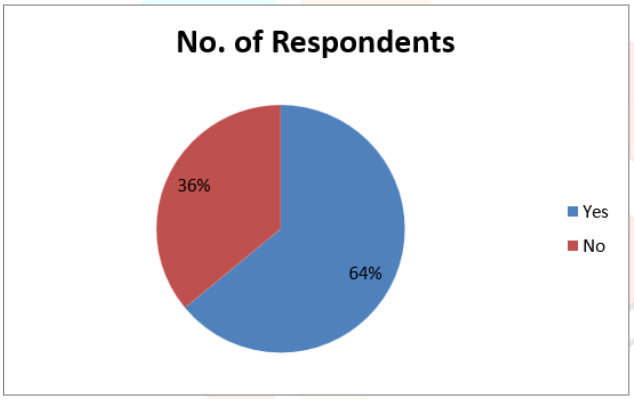
Interpretation

A large majority of respondents (71%) invest a part of their income regularly, while 29% do not. This indicates a good level of financial awareness and a positive attitude toward savings and investment among salaried employees.

Does your income level affect your investment decision?

Options	No. of Respondents	Percentage
Yes	64	64%
No	36	36%
Total	100	100%

Graph

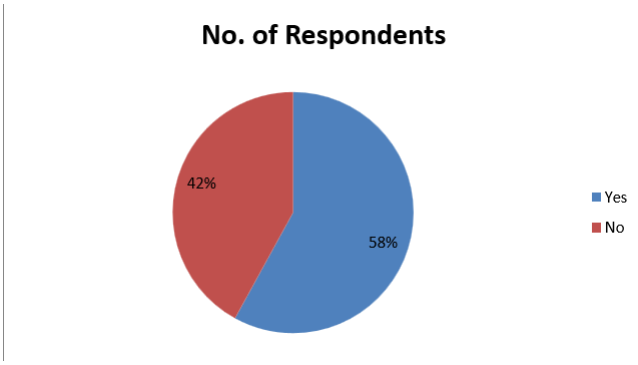


Interpretation

The data indicates that a majority of respondents (64%) believe that their income level affects their investment decisions, showing that income plays a significant role in determining how much and where people invest. This suggests that higher or more stable income may encourage better or more diversified investment choices. On the other hand, 36% of respondents feel that income does not affect their investment decisions, indicating that some investors may prioritize factors like financial goals, risk preference, or knowledge over income level. Overall, the findings highlight that income is an important but not the only factor influencing investment behaviour.

Does advise from friends/family affect your investments?

Options	No. of Respondents	Percentage
Yes	58	58%
No	42	42%
Total	100	100%



Interpretation

The data shows that 58% of respondents are influenced by advice from friends and family when making investment decisions, indicating that personal networks play an important role in shaping financial choices. However, 42% of respondents are not influenced by such advice, suggesting that a significant portion of investors rely on their own research or professional guidance. Overall, while external advice does impact many investors, a considerable number still make independent investment decisions.

Strategic Cost Control Practices in Modern Organizations
Sample Size: N = 100
Level of Significance: $\alpha = 0.05$
Statistical Tool: Chi-Square Goodness of Fit Test

Why Chi-Square Test?

The Chi-Square Test is used when data is categorical, such as survey responses or preferences. It helps determine whether the observed responses differ significantly from the expected distribution or are due to chance. Since the hypotheses involve categorical data (e.g., Likert scale responses), the Chi-Square Goodness of Fit Test is the most suitable method.

Hypothesis 1

There is no significant relationship between the income level of salaried employees and their investment preferences.

Total Respondents: N = 100

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Step 1: Level of Significance
We test at $\alpha = 0.05$ — this means we allow only a 5% chance of making a wrong decision.

Step 2: Degrees of Freedom (df)
df = Number of categories − 1 = 2 − 1 = 1 (We have 1 response levels)

Step 3: Critical Value (Benchmark)
From Chi-Square table at df = 1, $\alpha = 0.05$: Critical Value = 3.841
If our calculated Chi-Square value is MORE than 3.841, we reject H_0.

#	Option/Choice	Observed (O)	Expected (E)	O − E	$(O - E)^2$	$(O - E)^2 / E$
1	Yes	64	50	14	196	3.92
2	No	36	50	-14	196	3.92
	TOTAL	100	100	—	—	7.84

Key Findings and Discussion
The study shows a clear relationship between income level and investment preferences among salaried employees. Lower-income individuals prefer safe options like savings accounts, fixed deposits, and insurance due to low risk tolerance and need for security. Middle-income groups adopt a balanced approach by combining safe and moderate-risk investments such as mutual funds. Higher-income employees are more inclined toward high-risk, high-return options like equities and diversified portfolios. As income increases, risk tolerance, financial awareness, and diversification also increase. Tax-saving motives and job stability further influence investment decisions. Overall, income level plays a crucial role in shaping investment behavior and financial planning among salaried individuals.

VI. CONCLUSION

The study concludes that income level significantly influences the investment preferences of salaried employees. Individuals with lower income tend to prioritize safety and liquidity by investing in low-risk instruments, while higher-income individuals are more willing to take risks and invest in diversified, high-return options such as mutual funds and equities. Middle-income groups generally follow a balanced investment approach.Additionally, factors like financial literacy, tax-saving benefits, and job stability further shape investment decisions. As income increases, there is a noticeable shift toward better financial planning, higher risk tolerance, and greater diversification. Overall, income plays a key role in determining investment behavior among salaried employees.

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