



A Study on Investment Preferences of Salaried Employees

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Abstract – Investment plays an important role in the financial life of salaried employees, as they depend on a fixed and regular income. In today's changing economic environment, individuals need to plan their investments carefully to meet future goals such as retirement, education, and financial security. This study aims to understand the investment preferences of salaried employees, the factors influencing their decisions, and their level of awareness about different investment options. The research focuses on how employees balance risk and return while choosing investment avenues. The study is based on both primary and secondary data. Primary data was collected through a structured questionnaire from salaried individuals, while secondary data was gathered from research papers, journals, and online sources. The findings show that most salaried employees prefer safe investment options such as fixed deposits and insurance, while some are shifting towards mutual funds and equity investments. Factors like income, risk tolerance, and financial knowledge play a key role in influencing investment decisions.

Keywords – Investment Preference, Salaried Employees, Risk, Return, Financial Awareness, Investment Behaviour

I. INTRODUCTION

Investment refers to the process of allocating money in different financial instruments with the aim of earning returns in the future. For salaried employees, investment is very important because they earn a fixed income and must plan their finances carefully to meet both short-term and long-term goals. These goals may include buying a house, children's education, retirement planning, and handling emergencies.

In today's financial market, there are many investment options available such as bank deposits, mutual funds, insurance, shares, bonds, gold, and real estate. Each option has different levels of risk and return. Salaried employees generally prefer safer investments because they have limited income and cannot afford high financial losses. However, with increasing awareness and digital platforms, some individuals are also exploring modern investment options.

Investment decisions are influenced by several factors such as income level, age, education, financial goals, and risk-taking ability. Studies show that factors like safety, liquidity, and return play an important role in selecting investment avenues. Many employees also consider tax-saving benefits while making investment decisions.

Understanding the investment behavior of salaried employees is important for financial institutions, policymakers, and individuals. It helps in designing better financial products and improving financial literacy. This study aims to analyze these aspects and provide insights into the investment preferences of salaried employees.

Objectives

- To study the various investment options preferred by salaried employees.
- To understand the factors influencing investment decisions of salaried employees.
- To analyze the investment objectives of salaried employees such as safety, return, and tax saving.
- To study the level of awareness of salaried employees about different investment avenues.

Hypothesis

Hypothesis 1: Investment Options Preferred

H₀₁: There is no significant relationship between salaried employees and their preferred investment options.

H₁₁: There is a significant relationship between salaried employees and their preferred investment options.

Hypothesis 2: Factors Influencing Investment Decisions

H₀₂: There is no significant impact of influencing factors on investment decisions of salaried employees.

H₁₂: Influencing factors have a significant impact on investment decisions of salaried employees.

Hypothesis 3: Investment Objectives (Safety, Return, Tax Saving)

H₀₃: There is no significant relationship between investment objectives and investment choices of salaried employees.

H₁₃: There is a significant relationship between investment objectives and investment choices of salaried employees.

Hypothesis 4: Awareness of Investment Avenues

H₀₄: Awareness of investment avenues does not significantly affect investment decisions of salaried employees.



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H14: Awareness of investment avenues significantly affects investment decisions of salaried employees.

II. LITERATURE REVIEW

Hooda, Kanwa & Gupta (2024): This study found that investment behaviour of salaried individuals depends on income, awareness, and expected returns. It highlighted that financial knowledge plays a key role in investment decisions.

Ardra & Regina (2025): Their research showed that salaried employees prefer bank deposits and safe investment options. Factors such as age, income, and family responsibilities influence their decisions.

Renu (2023): The study concluded that investment choices differ based on income level, saving habits, and market conditions. Employees consider purpose of investment and knowledge before investing.

Purnima & Lalitha (2021): Their research found that most salaried employees prefer low-risk investments such as bank deposits and provident funds. Safety and stable returns were the main factors influencing decisions.

Bhushan & Medury (2012): This study explained that investment behaviour varies from person to person and depends on demographic factors. It also highlighted the shift from traditional to modern investment options.

Venkat Reddy & Tharun (2025): The study found that salaried employees prefer low-risk options, while younger investors are more inclined towards mutual funds and equities.

Research Gaps

From the review of literature, it is observed that many studies focus on general investment patterns and preferences of salaried employees.

However, there is limited research that combines factors such as awareness, risk preference, and influencing factors together in one study. Also, changing financial environments and digital investment platforms have created new opportunities that are not fully explored in previous research.

Therefore, this study attempts to fill this gap by providing a comprehensive understanding of investment preferences, awareness level, and behavioural factors affecting salaried employees.

III. RESEARCH METHODOLOGY

Population and Sample

The population of the study includes salaried employees from different sectors such as private companies, banks, educational institutions, and government organizations. A

sample of around 100 respondents is selected using convenience sampling method.

Data and Sources of Data

Primary Data: Collected through a structured questionnaire from salaried employees.

Secondary Data: Collected from books, journals, research papers, and online sources.

Data Analysis Method

The data collected from respondents is analyzed using simple statistical tools such as percentages, tables, and charts. Each response is organized and classified to identify patterns in investment preferences, influencing factors, awareness levels, and risk behaviour. The results are presented in a clear and easy-to-understand format to draw meaningful conclusions about the investment behaviour of salaried employees.

IV. DATA ANALYSIS & INTERPRETATION

1. Which investment option do you prefer the most ?

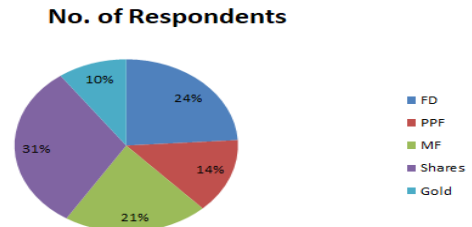
Fixed Deposit (FD) - 24%

Public Provident Fund - 14%

Mutual Funds - 21%

Shares - 31%

Gold - 10%



Interpretation

The data shows that Shares are the most preferred investment option (31%), indicating that a large number of respondents are willing to take higher risk for potentially higher returns. Fixed Deposits (24%) and Mutual Funds (21%) also show strong preference, suggesting that many investors still value safety and balanced growth options.

PPF (14%) and Gold (10%) are less preferred, which indicates comparatively lower interest in long-term secured savings and traditional safe-haven assets. Overall, the results reflect a moderate shift towards market-linked and higher return investments, while still maintaining interest in safer investment avenues.

2. What is the most important factor influencing your investment decision?

Safety - 37%

Return - 41%



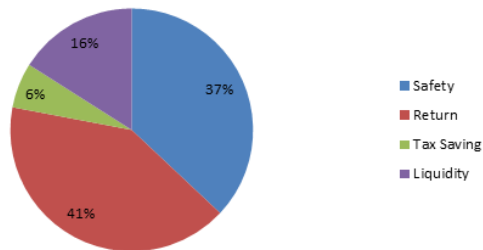
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Tax Saving – 6%

Liquidity – 16%

No. of Respondents

Chart Area



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V. FINDINGS

The study reveals that most salaried employees prefer safe and low-risk investment options such as fixed deposits and provident funds. This shows that they focus on protecting their money rather than taking high risks. Safety of capital is considered very important by the majority of respondents.

At the same time, many employees also look for good returns on their investments. This indicates that they try to maintain a balance between safety and growth. They want their money to be secure while also earning reasonable returns.

The study also finds that income level plays a significant role in investment decisions. Employees with higher income are more willing to invest in options like mutual funds and shares, while those with lower income prefer traditional and safer investment options.

Another important finding is that return on investment and risk level are the main factors influencing investment choices. Employees carefully consider how much return they will get and how much risk is involved before making decisions.

Finally, the study highlights that financial awareness among salaried employees is generally good, but there is still a lack of knowledge about modern investment

options. Many respondents rely on professional advice, while some are influenced by friends and family. Overall, salaried employees are risk-averse and make investment decisions based on safety, returns, and financial goals.

VI. CONCLUSION

The study concludes that salaried employees follow a balanced approach towards investment, where both safety and returns are given equal importance. Most individuals prefer investment options that protect their money while also providing stable income or growth.

Traditional investment options such as fixed deposits and insurance policies are still widely preferred among salaried employees. However, there is a gradual shift towards modern investment options like mutual funds and stock market investments, especially among younger and higher-income individuals.

The study also highlights that factors such as income level, financial awareness, and risk preference play a significant role in shaping investment decisions. Employees with higher income and better knowledge tend to diversify their investments, while others prefer safer and familiar options.

It is observed that most salaried employees are risk-averse and avoid high-risk investments due to financial responsibilities such as family expenses and future planning. Their decisions are mainly influenced by the need for financial security and stability.

Overall, the research emphasizes the importance of proper financial planning, increased awareness, and professional guidance. Improving financial literacy can help salaried employees make better investment decisions and achieve their long-term financial goals effectively.

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