

## Investment Preferences and Behaviour of Employees: Evidence from Private Higher Educational Institutions in Delhi NCR

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### Abstract

Financial behaviours of salaried employees, especially those in education, are significant indicators of financial well-being and security in the longer term. This study tries to explore the investment behaviour, preference and factors influencing the investment of the private higher education institutions (HEIs) employees of Delhi National Capital Region (NCR). The respondents consist of 250 respondents who have been selected using stratified random sampling method and were given a structured questionnaire. Data were analysed descriptively, by ranking method and Chi-square test. The results show the most preferred investment channels are traditional ones like fixed deposits, life insurance and mutual funds. The three key determinants that affect an investor's investment decision were identified as safety of principal, regular returns and tax benefits. The gender, income level, age and investment preferences were found to be statistically significant. The study ends with a few policy suggestions for enhancing financial literacy regarding academic professionals.

**Keywords:** Investment Behaviour, Private Higher Education, Delhi NCR, Financial Literacy, Salaried Employees, Investment Avenues

### 1. Introduction

Investment occurs when the maker purposefully sacrifices current consumption for the purpose of increasing future wealth. If you are working in the organised sector and earning a salary, financial planning doesn't just happen at your whim, it's an economic necessity, as you have retirement responsibilities, inflationary pressure and a need for financial independence. Although there is a lot of research available on the finance of the household and personal investment, very few empirical studies have been directed towards the investment behaviour of employees of private higher educational institutions in India. A cluster of private universities and autonomous colleges is located in the Delhi

National Capital Region (NCR) comprising the districts of Delhi, Gurugram, Noida, Faridabad and Ghaziabad. These institutions are composed of an academic staff, administrative personnel, and support staff who make up a class of salaried workers with distinct characteristics: Moderate to high education levels, relatively stable incomes, knowledge of financial instruments, and constraints on investment resulting from the context of service. However, their investment habits are not thoroughly studied in the academic research.

To bridge the gap, the present study tries to explore the investment habit of employees in private higher educational institutions in Delhi NCR, investment channels, influencing factors and awareness of the employees. The results are expected to be useful for any financial planner, HR professionals or policymakers who are interested in the financial well-being of academic professionals.

## 2. Review of Literature

Investment behaviour has been the subject of a large amount of research in the fields of behavioural finance and personal financial management. Among the pioneering studies to emphasize the psychological aspects of investment decisions was a 1985 paper by Shefrin and Statman that showed how individual investors' decisions are affected by the psychological factors of loss aversion and mental accounting. Much of the subsequent research on retail investor behaviour has been driven by their framework. In the Indian context an investigation was done by Sood and Medury (2012) into the savings and investment behaviour of the salaried employees of Haryana, which showed that these employees have a strong inclination towards safer and secured financial instruments like post office deposits and LIC policies which are government controlled. It observed that risk aversion was the predominant behavioural trait, particularly with those employees aged between 35 and 50 years. Also, Ramesh and Krishnaswamy (2014) found that even though market-linked products give a higher rate of return, bank fixed deposits and life insurance were the two most popular investment vehicles among government and private sector employees in Tamil Nadu. Garg and Sindhu (2015) explored the investment choices of the employees of higher educational institutions in Punjab and Haryana. They concluded that income level and educational qualification had significant influence on the choice of investment avenue, with more educated employees being more interested in equity linked investment avenues such as equity linked saving schemes and mutual funds. The financial literacy level was, however, claimed to be moderate, and it was concluded that financial literacy campaigns may

positively influence investment behaviour. Bhushan and Medury (2013) analysed the impact of demographic factors on financial literacy and concluded that financial awareness of the Indian employees was mostly influenced by gender, education and income. Their research highlighted the importance of gender-neutral financial education initiatives because they discovered that women workers had less financial knowledge and risk-taking behaviour than men workers. More recently, Kaur and Kaushik (2019) studied the acceptability of SIPs in mutual funds among the younger employees in private universities in Delhi NCR and found that the younger employees were interested in SIPs via mutual funds. But the older workers and office workers still favoured traditional tools. The authors also observed that awareness had improved slightly for tech-savvy respondents, due to the growth in digital investment platforms. The overall impression gained from the literature is that it is taking some time to increase awareness of modern investment instruments, and these traditional safe-return investment instruments are still playing a dominant role in investment decisions of salaried people in India. Demographic factors, such as income, gender, age and education, also have a large effect on the individual investment decision. The present study follows this work and, extends it to a more recent and geographically representative sample.

### 3. Objectives and Hypotheses

#### 3.1 Objectives

The main goals of this study are as follows:

- (i) To find out what kinds of investments employees of colleges in Delhi NCR like to make.
- (ii) To look at what factors affect the investment decisions of these employees.
- (iii) To see if there are any links between the employees personal details and how they invest.
- (iv) To find out how much these employees know about money and how willing they are to take risks.

#### 3.2 Hypotheses

**H<sub>01</sub>:** The gender of the employee will not affect what kind of investments they like.

**H<sub>02</sub>:** How money the employee makes will not affect what kind of investments they choose.

**H03:** The age of the employee will not affect how risk they are willing to take with their investments.

**H04:** How long the employee has been working will not affect how long they hold onto their investments.

## 4. Research Methodology

We used an straightforward approach to do this study. We collected two types of data. Primary data came from a questionnaire that we gave to employees of colleges in Delhi NCR. Secondary data came from journals, reports and government documents. We wanted to include all types of employees from these colleges. So we made sure to include both men and women people of ages, income levels and educational backgrounds. We gave out 280 questionnaires. Got 250 back which is a very good response rate of 89.3 per cent. The questionnaire had three parts. The first part asked about the employees personal details. The second part asked about their investments and how much they know about money. The third part asked them to rate how important certain factors are when making investment decisions. We made sure the questionnaire was good and reliable by getting experts to review it and testing it with a group of people. We used a computer program to analyse the data. We looked at the standard deviation of the answers. We also used tests to see if there were any links between the employees personal details and their investment choices.

## 5. Data Analysis and Findings

### 5.1 Demographic Profile of Respondents

The table lists the personal information of 250 respondents to the survey. The majority of respondents are male, accounting for 64.8 per cent of the population. The most prevalent age range is 36-45 years old, accounting for 43.2 per cent. A postgraduate degree is held by a majority of the survey respondents (52.0 percent). 40.8 percent of the participants earn between rs.50,001 and rs.80,000.

**Table 1: Demographic Profile of Respondents**

Variable	Category	Frequency	Percentage (%)
Gender	Male	162	64.8
	Female	88	35.2
Age Group	25–35 years	94	37.6
	36–45 years	108	43.2
	46–55 years	48	19.2
Educational Qualification	Postgraduate	130	52.0
	M.Phil / Ph.D.	120	48.0
Monthly Income	Rs. 30,001–50,000	88	35.2
	Rs. 50,001–80,000	102	40.8
	Above Rs. 80,000	60	24.0
Work Experience	1–5 years	72	28.8
	6–10 years	98	39.2
	Above 10 years	80	32.0

Source: Primary Data (2024)

## 5.2 Preferred Investment Avenues

Investment Alternatives: Investors prefer safe, traditional instruments. Table 2 reveals the list of preferred investment avenues of our respondents. Multiple responses were entertained. A sum of 79.2 percent favored fixing deposits, savings in bank deposits. It is the preferred investment alternative, followed by Life Insurance, LIC policies(74.4%), Mutual funds-SIP & lump sum(64.8%), Provident Fund(EPF/PPF)-62.0%. Equity market and real estate are preferred by a very little percentage(8.4% and 6.0%). Only 12.8% selected cryptocurrency, especially respondents in the age group below 35 years old.

**Table 2: Preferred Investment Avenues**

Investment Avenue	Investors (n)	Percentage (%)	Rank
Fixed Deposits / Bank Savings	198	79.2	1
Life Insurance / LIC	186	74.4	2
Mutual Funds (SIP/Lump Sum)	162	64.8	3
Provident Fund (EPF/PPF)	155	62.0	4
Equity / Stock Market	98	39.2	5
Real Estate	86	34.4	6
Gold / Jewellery	74	29.6	7
National Savings Certificates (NSC)	58	23.2	8
Cryptocurrency / Digital Assets	32	12.8	9

*Source: Primary Data (2024); Multiple responses permitted*

### 5.3 Factors Influencing Investment Decisions

The eight decision factors which affects investors to invest, is analysed by respondents with 5-point Likert scale and are presented in Table 3 including the mean score, SD and rank order. Safety of the principal amount' acquired highest mean score of 4.51 (SD= 0.58, Rank 1), signifying the high degree of risk aversion among the sample. The second most preferred investment attributes are regular return / income (Mean= 4.38, SD=0.55, Rank 2) and 'tax benefits' (Mean=4.22, SD= 0.63, Rank 3). Liquidity comes in the fourth order of preference (Mean=4.10, SD= 0.58, Rank 4). However, the peer and family influences, appreciation of capital, own risk attitude, trends in the market, all ranks below Rank 4 but are greater than 3 on 5-point scale which also suggests that these factors do play an important role in the decisions.

**Table 3: Factors Influencing Investment Decisions (Likert Scale)**

Factor	Mean	Std. Dev.	Rank	Sig. Level
Safety of Principal Amount	4.51	0.61	1	0.001
Regular Return / Income	4.38	0.72	2	0.001
Tax Benefits	4.22	0.68	3	0.002
Liquidity of Investment	4.10	0.79	4	0.003
Peer / Family Influence	3.86	0.88	5	0.012
Capital Appreciation Potential	3.74	0.91	6	0.021
Risk Tolerance	3.58	0.96	7	0.038
Market Trend Awareness	3.44	1.02	8	0.044

Source: Primary Data (2024); Scale: 1 (Least Important) to 5 (Most Important)

## 5.4 Chi-Square Test Results

Association between demographic variables and investment behaviours Using chi square analysis, association between demographic variables and investment behaviours is tested. The results are summarized in table 4 below. Table 4 association of demographic Variables with Investment behaviour Gender had a significant association with their preferred investment vehicle ( $\text{Chi}^2 = 14.32$ ,  $\text{df}=6$ ,  $p=0.026$ ), so  $H_0$  could not be accepted. Similarly, age group is associated significantly with preference of Risk, ( $\text{Chi}^2= 19.48$ ,  $p= 0.013$ ) and income Level is associated with their Preference of investment vehicle ( $\text{Chi}^2=22.14$ ,  $p=0.008$ ). Thus, Income Level and Age significantly affect their preferences of investment avenue. Education Qualification is not associated significantly with Saving Rate ( $p= 0.067$ ), so  $H_0$  in respect of qualification was not rejected. Work experience is associated significantly with Investment Period ( $\text{Chi}^2 =16.90$ ,  $p=0.010$ )

**Table 4: Chi-Square Test Results**

Variable	Chi-Square Value	df	p-value	Result
Gender vs. Investment Avenue	14.32	6	0.026	Significant

Variable	Chi-Square Value	df	p-value	Result
Age Group vs. Risk Preference	19.48	8	0.013	Significant
Income Level vs. Investment Type	22.14	10	0.008	Significant
Qualification vs. Savings Rate	8.76	4	0.067	Not Significant
Experience vs. Investment Duration	16.90	6	0.010	Significant

Source: Primary Data (2024)

## 6. Discussion

The findings of the current study are broadly consistent with the existing literature on the investment behaviour of Indian salaried employees and, in some aspects, offer further elaboration. The prevalence of fixed deposits and life insurance in the choices of respondents corroborates the well-documented deep-seated risk aversion among the Indian middle class (Ramesh & Krishnaswamy, 2014; Sood & Medury, 2012). Nevertheless, the significant portion of respondents opting for mutual funds (64.8%) indicates that education and urban location of the participants have some moderating effect on the prevailing risk aversion trend. Safety of principal and steady returns are found to be the two paramount investment criteria reflecting the prevalent sense of vulnerability of the financial professionals, especially those working with institutions that do not offer defined benefit pension plans. The high ranking of tax benefit (3rd criterion) validates the influence of governmental policy on the savings decisions of people, which was also found by Garg and Sindhu (2015). The observed associations between gender, income, and age, and the pattern of their respective investments reinforce the argument that demographic attributes indeed shape the financial decisions and choices of people. Interesting was the observation that academic qualification was not significantly correlated with saving rates in the present sample. It implies that possessing educational degrees may not be sufficient for effective financial planning and that financial education per se could be more critical than just academic degrees. The fact that low proportions of respondents showed an inclination for



cryptocurrency investment (12.8%), which is relatively high only among the younger cohort, suggest a low degree of adoption among academic personnel of the NCR region despite increasing attention on digital assets in popular media and policy debates. This could be attributed to the uncertainties surrounding cryptocurrency investments in India and also due to conservative nature of the sample studied.

## 7. Conclusions and Recommendations

This study found evidence that employees of private institutions in the Delhi-NCR region follow predominantly conservative investment preferences; they favour instruments which assure principal safety and yield regular return, are tax efficient and readily encashable. Even though a substantial fraction of them are investing in mutual funds, overall engagement with market-linked products continues to be low. Gender, income, and age are observed as major correlates of investment behaviour among them. In the light of the aforesaid observations, the following recommendations are made.

Institutions should design and disseminate targeted financial literacy programs as a component of their employee benefits. HR professionals could collaborate with registered investment advisors/financial planners to offer investment advisory services or sessions periodically. Asset management and insurance companies serving the NCR should develop suitable products that take care of both the safety requirement and the inflation-hedging aspect needed to maintain long term purchasing power for academic professionals. Further research could broaden the scope of this investigation to encompass academic professionals working in state-funded educational establishments or extend its geographic range beyond the NCR region. A longitudinal study monitoring changes in the savings behaviour of the academic professionals in this region over time would also be extremely valuable due to the recent rapid pace of development in India's digital investment ecosystem.



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