



INVESTMENT PATTERNS OF SALARIED EMPLOYEES: A STUDY ON PREFERENCES AND CHALLENGES

¹Prof. Prachi Jagwani, ²Prof. Pratiksha Jain, ³Prof. Pooja Choudhary, ⁴Prof. Udit Binwal

^{1,2,3,4}Assistant Professor

^{1,2,3,4}Department of Management

^{1,2,3,4}G H Rasoni College of Engineering and Management, Jalgaon, India

Abstract: Investment behaviour among individuals is shaped by various demographic and socio-economic factors. This descriptive research paper aims to analyse the investment preferences of the salaried class towards different financial products available in the market. The study specifically identifies demographic variables such as Age, Gender, Employment Level, Education Level, Annual Income, and factors like risk, return, safety, liquidity, and affordability that influence these preferences. Data were collected through a structured questionnaire administered to 65 respondents. The research explores the relationship between investor wellbeing and their investment choices, highlighting the significant impact of these preferences on investor satisfaction and financial security. Additionally, the study addresses common challenges faced by the salaried class in investment decisions and provides recommendations based on the findings.

Keywords: *Investment Preferences, Salaried Class, Investor Behavior*

I. INTRODUCTION

Investment is a fundamental financial activity undertaken by individuals to secure financial stability and achieve economic growth. It involves allocating savings into various financial instruments with the expectation of generating returns. Investment behavior, however, varies from person to person, influenced by individual circumstances, financial goals, and risk appetites. For salaried individuals, investment decisions are particularly critical, as they must strategically allocate their limited financial resources to maximize returns while ensuring financial security.

The Indian financial market offers a wide range of investment avenues, including traditional options such as fixed deposits, post office savings, and real estate, as well as modern alternatives like mutual funds, equities, and digital assets. The choice of investment is influenced by several factors, including risk tolerance, expected returns, liquidity, safety, and affordability. Additionally, demographic factors such as age, gender, income level, education, and employment status play a significant role in shaping investment preferences.

This study aims to analyze the investment preferences of the salaried class and the factors that influence their financial decisions. The research investigates how demographic characteristics impact investment choices and assesses the relationship between an investor's wellbeing and their preferred investment options. By examining the investment patterns of salaried individuals, this study seeks to provide insights into the challenges they face and offer recommendations for improving financial decision-making.

The research follows a descriptive approach, collecting primary data from 50 respondents through a structured questionnaire. The findings will help identify key determinants influencing investment preferences and their subsequent impact on investor wellbeing. Additionally, the study aims to highlight the common problems faced by salaried investors and suggest strategies to optimize their investment portfolios for financial growth and security.

II. Literature Review

1. Investment Behaviour in the Modern Financial Environment

Investment behaviour has evolved significantly with the growth of digital financial services, fintech platforms, and increased financial awareness. The expansion of systematic investment plans (SIPs), online trading platforms, and mobile-based investment applications has transformed the participation of salaried individuals in financial markets.

According to Reserve Bank of India (2023), household financial savings have increasingly shifted toward market-linked instruments such as mutual funds and equities. Similarly, reports by Securities and Exchange Board of India (2023) indicate a rise in retail investor participation, particularly among young salaried professionals.

Recent studies suggest that salaried individuals are gradually moving from traditional savings instruments toward diversified portfolios that include mutual funds, equity shares, and retirement-focused schemes (Kumar & Joseph, 2021).

2. Demographic Factors and Investment Preferences

Demographic variables such as age, income, education, gender, and employment level significantly influence investment decisions.

- Younger investors tend to prefer high-risk, high-return instruments such as equities and cryptocurrencies.
- Middle-aged salaried individuals prefer balanced portfolios including mutual funds and insurance-linked investments.
- Older investors prioritize capital protection through fixed deposits, PPF, and post office savings.

A study by Gupta and Ahmed (2020) found that income level strongly determines investment diversification. Higher-income salaried employees show greater risk tolerance and allocate funds to equity-oriented schemes.

Research by Sharma and Bansal (2019) concluded that educational background positively influences financial literacy, which in turn enhances portfolio diversification and long-term wealth planning.

3. Risk Perception and Behavioural Biases

Behavioural finance has gained importance in understanding investment behaviour. Cognitive biases such as overconfidence, herd behaviour, and loss aversion affect salaried investors' decisions.

A report by National Stock Exchange of India (2022) observed that retail investors often react emotionally to market volatility, especially during economic uncertainty.

Studies (Patel & Patel, 2021) suggest that salaried individuals prefer moderate-risk investments due to fixed income constraints. Risk perception increases during economic instability, leading investors to shift toward safer instruments like bank deposits and gold.

4. Financial Literacy and Investment Decisions

Financial literacy plays a crucial role in shaping investment preferences. Individuals with higher financial knowledge tend to:

- Diversify investments
- Invest in long-term wealth creation tools
- Avoid speculative trading

A survey conducted by National Centre for Financial Education (2022) revealed that financial awareness among salaried individuals has improved, but gaps still exist in understanding market-linked products.

Research by Singh and Verma (2023) confirmed a positive relationship between financial literacy and investment in mutual funds and equity markets.

5. Investment and Financial Wellbeing

Financial wellbeing is closely associated with informed investment decisions. Long-term investments in retirement schemes, provident funds, and diversified portfolios enhance financial security and reduce stress.

According to Ministry of Finance (2023), structured savings instruments such as Public Provident Fund (PPF) and National Pension System (NPS) contribute significantly to long-term financial stability of salaried individuals.

Recent empirical findings (Reddy & Narayanan, 2022) show that salaried individuals who follow systematic investment planning report higher levels of financial satisfaction and economic confidence.

III. Research Objectives:

The primary goal of this study is to analyze the investment preferences of salaried individuals and the factors influencing their financial decisions. The study aims to assess the impact of demographic attributes, risk perception, and return expectations on investment choices. The specific objectives of the research are as follows:

1. To study the investment preferences of the salaried class across various financial products available in the market.
2. To analyze the impact of key investment factors, including Risk, Return, Safety, Liquidity, and Affordability, on the investment choices of salaried individuals.
3. To measure the extent to which preferred investment options contribute to the financial security and overall wellbeing of salaried investors.
4. To identify the common challenges faced by salaried individuals while making investment decisions.
5. To provide recommendations and strategies to help salaried individuals make informed.

IV. Research Methodology:

1. RESEARCH DESIGN:

The research is descriptive in nature. This research identifies the factors affecting the preferences of salaried class on investment options and describes the significance each factor have on the investment options.

2. SAMPLING TECHNIQUE:

Sampling technique is the technique used to select the sample size. Convenient sampling technique is used for this research. Investors were taken according to the convenience of the research study. The respondents are from various locations spread across the country.

3. SOURCES OF DATA:

The research uses both Primary and Secondary data.

Primary Data

Primary data has been collected from 50 respondents using questionnaire (survey method).

Secondary Data

Secondary data was collected from reviewing various literature related to investment options and investment preferences.

4. SAMPLE SIZE

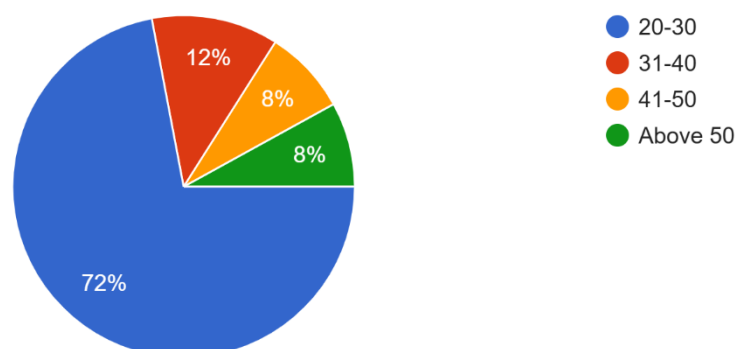
The population size is indefinite as the number of people earning salary and investing in different investment options is large in number. It is difficult to access the population. The sample size is 50. The respondents are from various locations spread across the country

V. Data Analysis and Interpretation:

The collected data were analyzed using descriptive statistics such as frequency distribution and percentage analysis. Graphical representations are used to present findings clearly. Each graph is followed by a detailed interpretation to explain the results.

2. Age

50 responses



Interpretation:

The majority of respondents fall within the 30–45 years age group, indicating that middle-aged salaried individuals actively participate in investment activities. Younger respondents (below 30 years) show emerging investment interest, while respondents above 50 years are comparatively fewer. This suggests that investment activity increases with financial stability and career maturity.

4. Employment Grade Level

50 responses



Interpretation:

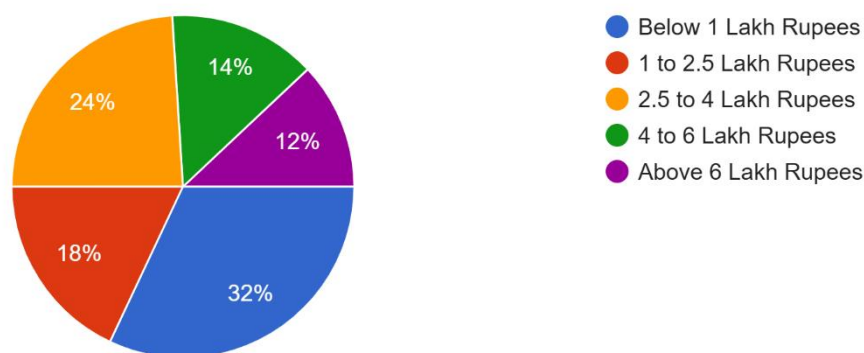
The chart shows that 58% of respondents are entry-level employees, 18% are middle-level employees, and 24% are senior or executive-level employees.

Since the majority are in the early stage of their careers, the overall investment pattern is likely to reflect conservative behavior with a preference for safer investment options. Senior-level employees, representing nearly one-fourth of the sample, are more likely to have higher income and greater risk tolerance, potentially opting for diversified investment avenues.

Thus, employment experience plays a key role in shaping investment preferences and risk-taking ability among salaried employees.

8. Annual Income

50 responses

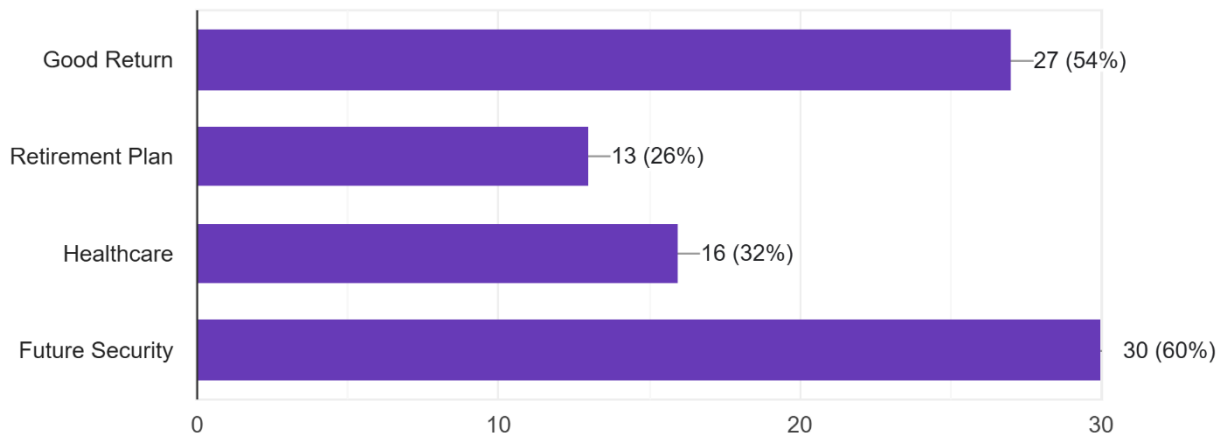


Interpretation:

The data indicates that most respondents belong to the middle-income category. A smaller proportion falls into high-income brackets. Income level plays a significant role in determining investment diversification and risk appetite. Higher income groups tend to allocate more funds toward diversified and market-linked instruments.

9. What is the objective behind investing your savings?

50 responses



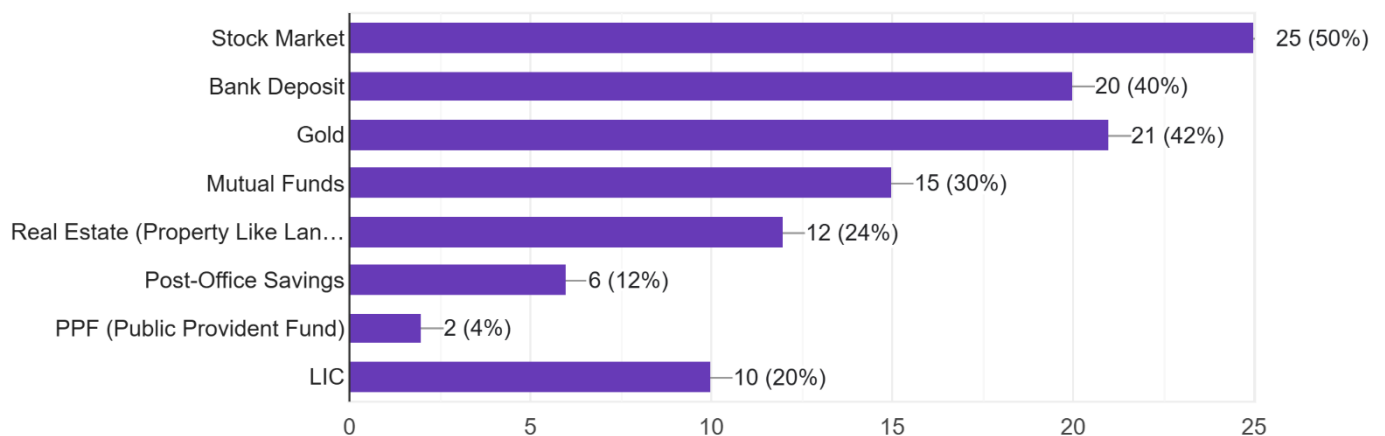
Interpretation:

The chart indicates that the primary objective behind investing savings among salaried employees is Future Security (60%), followed by Good Return (54%). Healthcare (32%) and Retirement Planning (26%) are comparatively lower priorities.

This suggests that salaried employees primarily invest to ensure long-term financial stability and protection against uncertainties. While earning good returns is important, security remains the dominant motive. Retirement planning and healthcare, though significant, appear to receive comparatively less focused planning, indicating a preference for general financial safety over specific long-term goals.

10. Which of the following investment options have you currently invested in?

50 responses

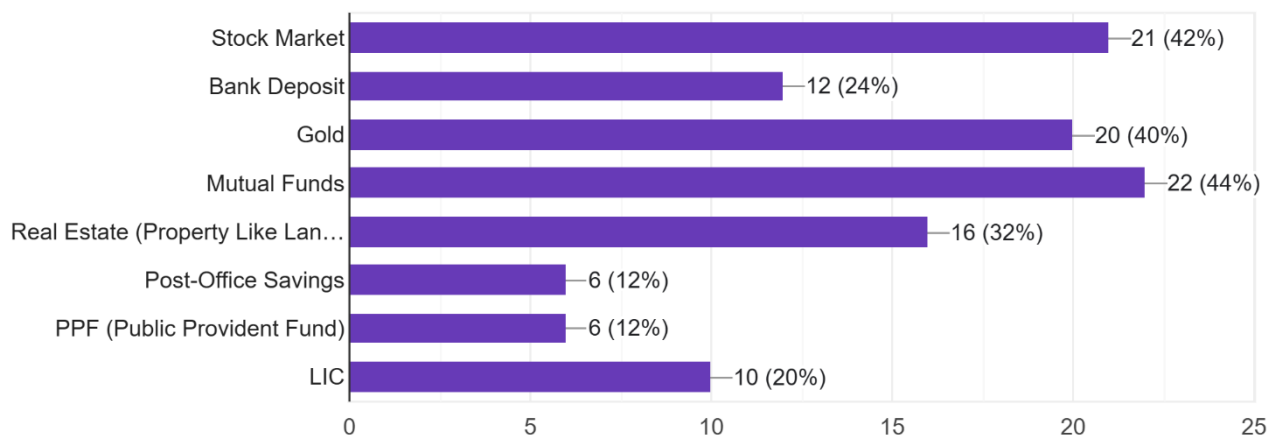


Interpretation:

Fixed Deposits and Gold emerge as the most preferred investment avenues among respondents, reflecting a conservative investment approach. Mutual Funds show growing acceptance, while direct equity investment is comparatively lower due to perceived risk. This indicates that salaried investors prioritize capital safety over high returns.

11. Which of the following do you prefer investing in / as an alternative to your current investment options?

50 responses

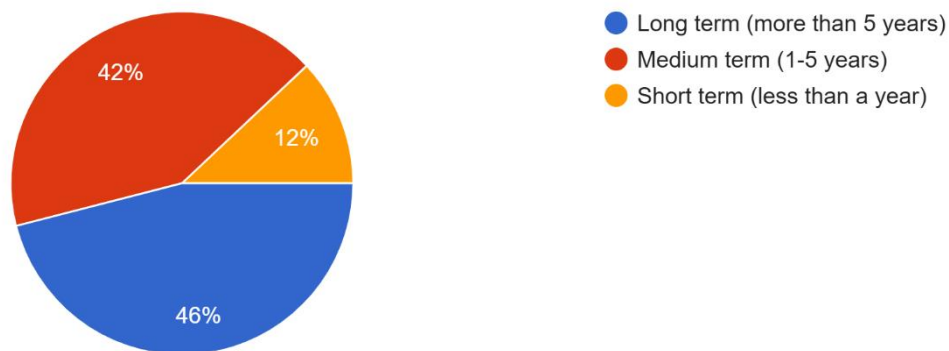


Interpretation:

Fixed Deposits and Gold emerge as the most preferred investment avenues among respondents, reflecting a conservative investment approach. Mutual Funds show growing acceptance, while direct equity investment is comparatively lower due to perceived risk. This indicates that salaried investors prioritize capital safety over high returns.

12. How long are you looking to invest your money for?

50 responses

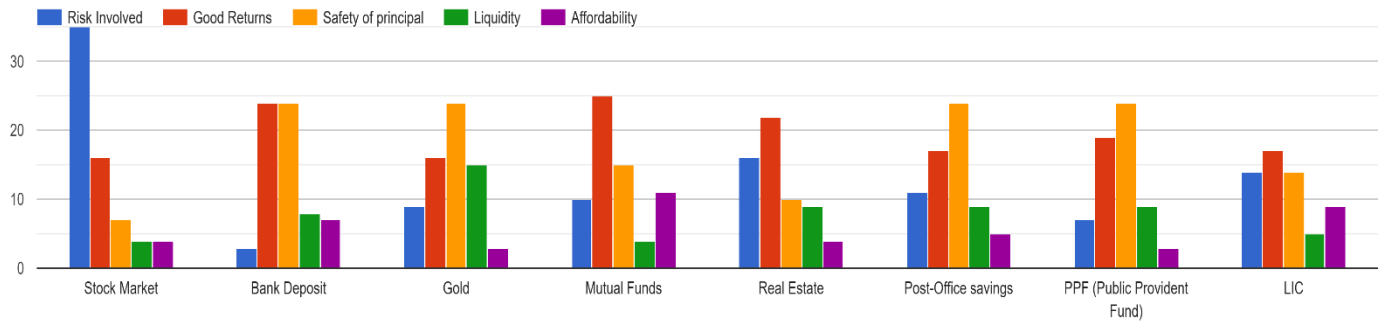


Interpretation:

The chart shows that 46% of salaried employees prefer long-term investments (more than 5 years), while 42% opt for medium-term investments (1–5 years). Only 12% prefer short-term investments (less than one year).

This indicates that most salaried employees have a long-term investment outlook, focusing on sustained wealth creation and future financial security. The relatively low preference for short-term investments reflects cautious behavior and a desire to avoid frequent risk and market volatility. Overall, salaried employees tend to prioritize stability and long-term financial planning over short-term gains.

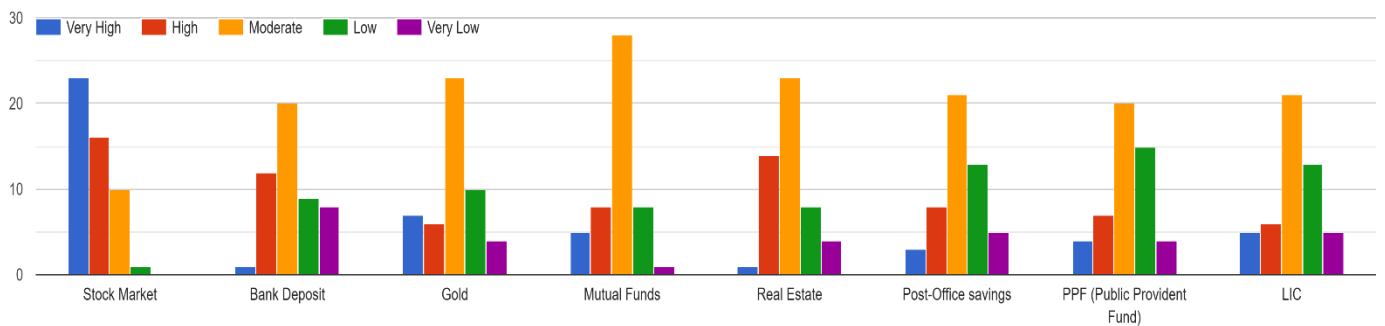
13. What are the factors which are likely to influence your decision while choosing the given investment options?



Interpretation:

The analysis shows that Good Returns and Safety of Principal are the most influential factors across most investment options. Risk consideration is highest in the stock market, while safety is prioritized in bank deposits, PPF, and post-office savings. This indicates that salaried employees prefer a balanced approach—seeking reasonable returns while ensuring capital protection.

14. How much risk do you think is involved in financial products?

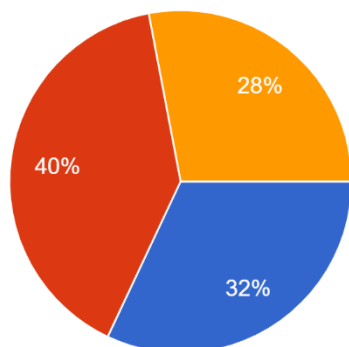


Interpretation:

Respondents perceive the Stock Market as highly risky, whereas bank deposits, PPF, LIC, and post-office savings are largely viewed as low to moderate risk. Mutual funds and real estate are considered moderately risky. This reflects a cautious investment mindset among salaried employees.

15. The investment option of my choice helped me achieve my savings objective:

50 responses



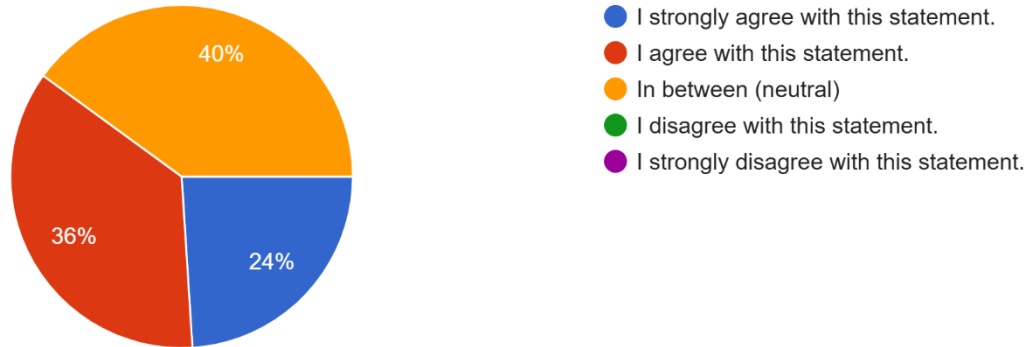
- I strongly agree with this statement.
- I agree with this statement.
- In between (neutral)
- I disagree with this statement.
- I strongly disagree with this statement.

Interpretation:

A majority (72%) either strongly agree or agree that their chosen investment options have helped achieve their savings objectives, while 28% remain neutral. This suggests overall satisfaction with current investment choices among salaried employees.

16. My investment has ensured regular income of money and has a long-term benefit attached to it; how do you agree with the statement?

50 responses

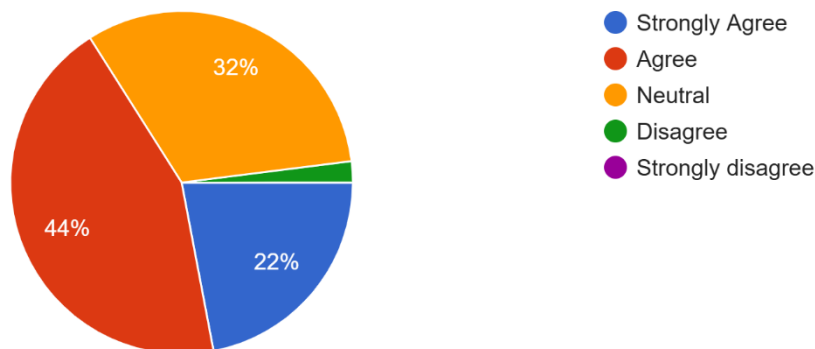


Interpretation

Most respondents either agree (36%) or remain neutral (40%) regarding regular income and long-term benefits from investments, with 24% strongly agreeing. This indicates moderate confidence in investment performance but suggests scope for better financial planning strategies.

17. My overall well-being has increased after investing my savings, would you agree to this statement?

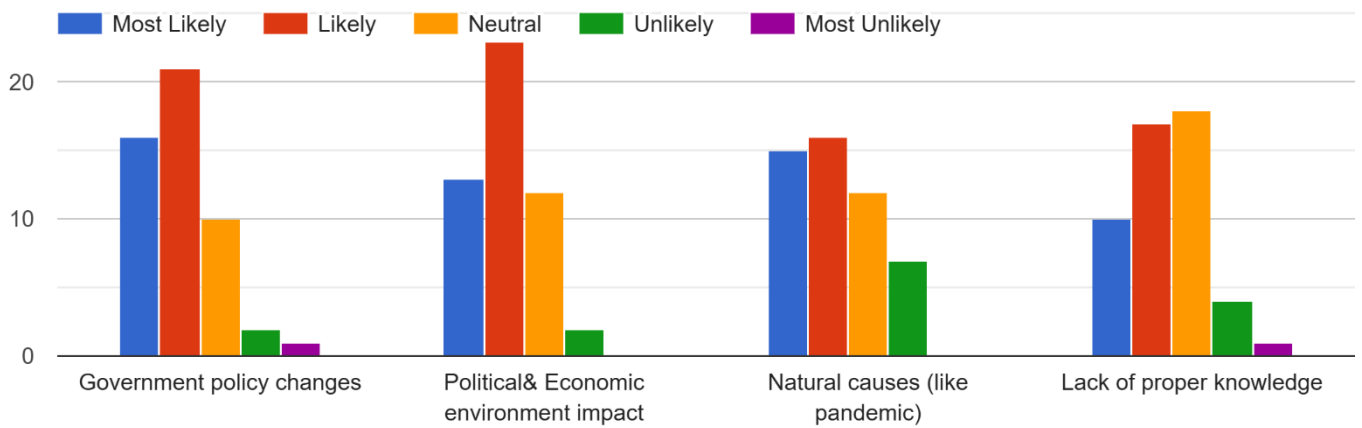
50 responses



Interpretation

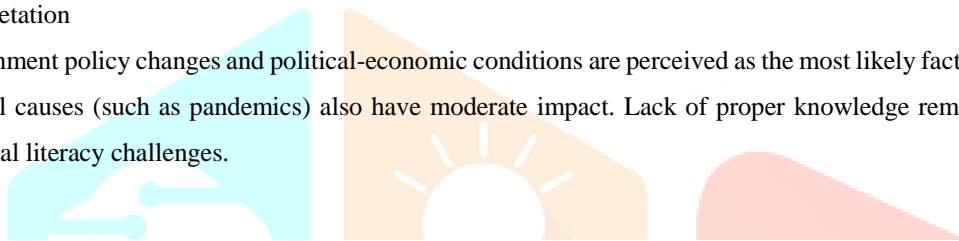
A significant majority (66%) agree or strongly agree that investing has improved their overall well-being. This highlights the positive psychological and financial impact of structured investment habits among salaried individuals.

18. How likely does the following problems affect your investment decision?



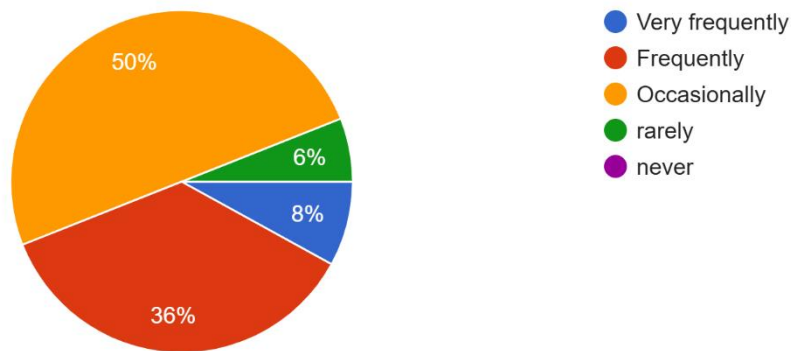
Interpretation

Government policy changes and political-economic conditions are perceived as the most likely factors affecting investment decisions. Natural causes (such as pandemics) also have moderate impact. Lack of proper knowledge remains a notable concern, indicating financial literacy challenges.



19. How often do you get opportunities to learn about various investment opportunities?

50 responses

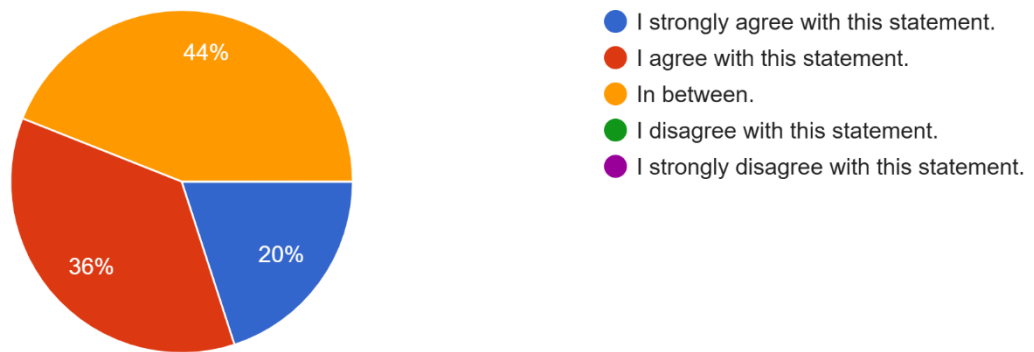


Interpretation:

Half of the respondents (50%) learn about investment opportunities occasionally, while 36% do so frequently. Only a small percentage access information very frequently. This suggests moderate exposure to financial knowledge, but highlights the need for more structured and regular financial awareness initiatives.

20. Your investment risk could have been low if there was a stable economic environment, do you agree to this statement?

50 responses

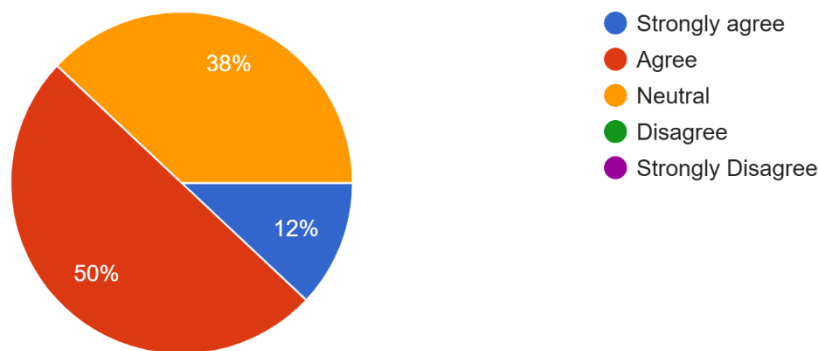


Interpretation:

The findings reveal that 56% of respondents (20% strongly agree and 36% agree) believe that their investment risk would have been lower in a stable economic environment, indicating that macroeconomic instability is perceived as a significant external challenge influencing investment decisions among salaried employees. A considerable 44% of respondents remained neutral, reflecting moderate awareness or uncertainty regarding the direct impact of economic stability on investment risk. Notably, no respondents disagreed with the statement, suggesting a general consensus that economic conditions play an important role in shaping the investment preferences and risk perception of salaried employees.

21. How do you agree to the statement: "if the government fiscal policies were not constantly changing I could invest in long term investments."

50 responses

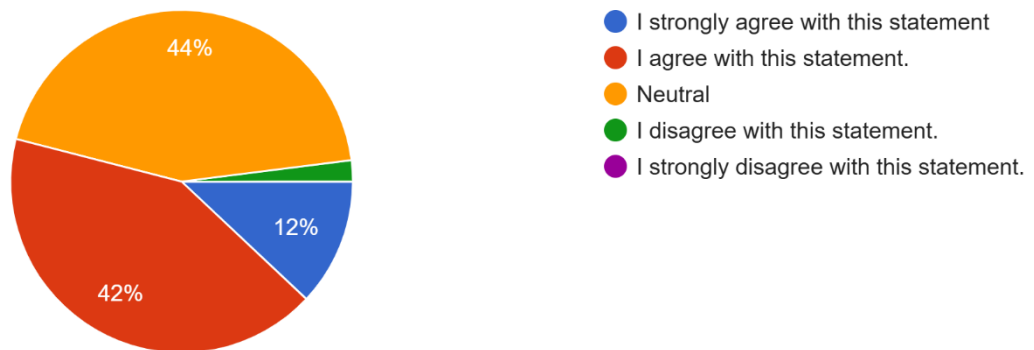


Interpretation:

The findings indicate that a significant majority of respondents (62%) either agree (50%) or strongly agree (12%) that frequent changes in government fiscal policies discourage them from investing in long-term investment options. This suggests that policy instability is perceived as a major external challenge influencing long-term investment decisions among salaried employees. Additionally, 38% of respondents remained neutral, reflecting moderate uncertainty or limited clarity regarding the direct impact of fiscal policy changes on their investment behavior. Notably, no respondents disagreed with the statement, highlighting a general perception that stable and consistent government fiscal policies are essential for encouraging long-term investment among salaried employees.

22. My investment is highly liquid and they help me at any time amidst natural causes (pandemic for instance)

50 responses

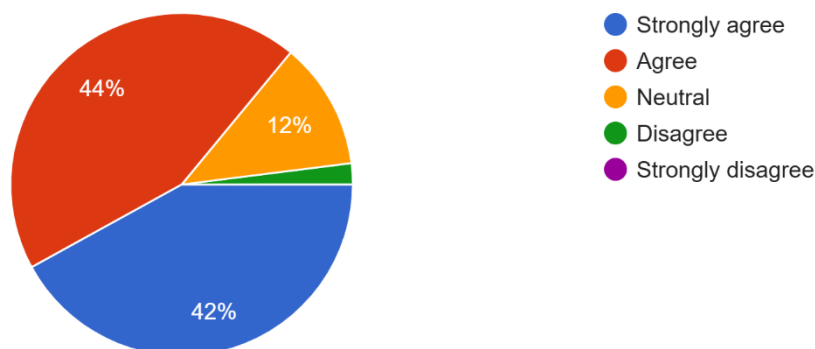


Interpretation:

The findings reveal that a majority of respondents (54%) either agree (42%) or strongly agree (12%) that their investments are highly liquid and can support them during emergencies such as pandemics. This indicates that salaried employees show a preference for maintaining liquidity in their investment portfolios to manage unforeseen circumstances. However, a significant 44% of respondents remained neutral, suggesting moderate confidence or uncertainty regarding the liquidity of their investments. Only a very small percentage expressed disagreement, reflecting that most salaried employees recognize the importance of liquidity as a protective measure against unexpected economic or natural disruptions. Overall, the results suggest that liquidity preference is an important factor influencing the investment patterns of salaried employees.

23. If I get proper knowledge in investment options, I can increase my returns and reduce risk. (state your level of agreement)

50 responses



Interpretation:

The findings indicate that a substantial majority of respondents (86%) either strongly agree (42%) or agree (44%) that proper knowledge of investment options can help increase returns and reduce risk. This clearly highlights the importance of financial literacy in shaping the investment behavior of salaried employees. Only 12% remained neutral and a very small proportion expressed disagreement, suggesting minimal resistance to the role of knowledge in investment decision-making. The results imply that lack of adequate investment knowledge may be a key challenge affecting optimal investment choices among salaried employees. Therefore,

improving financial awareness and education could significantly enhance their risk management capability and return potential, thereby positively influencing overall investment patterns.

VI. Findings

The present study titled “Investment Patterns of Salaried Employees: A Study on Preferences and Challenges” examined the investment behavior, influencing factors, and challenges faced by salaried individuals. Based on the analysis of primary data collected from 50 respondents, the following key findings have emerged:

Demographic Influence on Investment Behavior

The majority of respondents belong to the 30–45 years age group, indicating that middle-aged salaried individuals are more actively involved in investment activities. Investment participation appears to increase with financial stability, income growth, and career maturity. A significant portion of respondents are entry-level employees, which explains the prevalence of conservative investment choices.

Investment Objectives

The dominant objective of investment among salaried employees is future financial security, followed by the expectation of good returns. Retirement planning and healthcare are considered important but receive comparatively less structured focus. This reflects a general security-oriented mindset rather than aggressive wealth maximization.

Preferred Investment Avenues

Fixed deposits and gold emerged as the most preferred investment options, highlighting a strong inclination toward capital safety and guaranteed returns. Mutual funds are gradually gaining acceptance, while direct equity investment remains comparatively low due to high perceived risk. This confirms the predominance of conservative investment behavior among salaried individuals.

Investment Horizon

A majority of respondents prefer long-term and medium-term investment horizons, indicating a forward-looking financial approach. Short-term investments are relatively less preferred, suggesting that salaried employees focus on long-term wealth accumulation and financial stability.

Factors Influencing Investment Decisions

Safety of principal and expected returns are the most significant determinants of investment decisions. Liquidity is also considered important, especially in the context of emergencies such as economic crises or pandemics. The findings reveal a balanced investment outlook where employees seek reasonable returns while ensuring capital protection.

Risk Perception

The stock market is widely perceived as highly risky, whereas bank deposits, PPF, LIC, and post-office savings are viewed as low-risk instruments. Mutual funds and real estate are considered moderately risky. This indicates a cautious risk appetite among salaried investors.

External Challenges

Macroeconomic instability and frequent changes in government fiscal policies significantly influence investment decisions. A majority of respondents agree that policy instability discourages long-term investments. Political-economic conditions and lack of consistent fiscal policies are perceived as key external challenges affecting investor confidence.

Financial Literacy and Awareness

An overwhelming majority of respondents believe that proper knowledge of investment options can increase returns and reduce risk. However, moderate frequency of information-seeking behavior suggests that financial awareness is not structured or continuous. Lack of adequate financial knowledge remains a major constraint affecting optimal portfolio diversification.

Impact on Well-being

Most respondents' express satisfaction with their chosen investment options and agree that investment practices contribute positively to their financial security and overall well-being. However, moderate confidence regarding regular income generation suggests scope for improved financial planning strategies.

VII. Conclusion

The study concludes that salaried employees predominantly adopt a conservative and security-oriented investment approach. Capital safety, stable returns, and liquidity are prioritized over aggressive return maximization. Fixed deposits and gold remain the most preferred instruments, reflecting risk-averse behavior.

Demographic characteristics such as age, income level, and employment experience significantly influence investment preferences and risk tolerance. External factors including economic instability and frequent changes in fiscal policies act as major deterrents to long-term investment decisions. These challenges contribute to cautious investment behavior and limited participation in high-return market-linked instruments.

The findings further highlight that financial literacy plays a critical role in shaping investment decisions. While respondents recognize the importance of knowledge in reducing risk and increasing returns, moderate exposure to structured financial education limits informed diversification. Overall, the investment patterns of salaried employees are shaped by a combination of risk perception, security concerns, policy environment, and financial awareness levels.

The study reinforces the need for stronger financial education initiatives, policy stability, and professional advisory support to enhance investment efficiency among salaried individuals.

VIII. Suggestions and Recommendations

Based on the findings of the study, the following recommendations are proposed:

1. Strengthening Financial Literacy

Structured financial education programs, workshops, and digital awareness campaigns should be promoted to improve investment knowledge among salaried employees. Enhanced literacy can reduce irrational risk perception and improve portfolio diversification.

2. Encouraging Diversified Investment Portfolios

Salaried individuals should adopt a balanced portfolio strategy by combining low-risk instruments with moderate-risk market-linked investments such as mutual funds and systematic investment plans (SIPs).

3. Promoting Goal-Based Financial Planning

Investors should adopt goal-based investment planning focusing on retirement, healthcare, and long-term wealth creation rather than relying solely on general savings objectives.

4. Policy Stability and Transparency

Government authorities should ensure consistency and transparency in fiscal policies to strengthen investor confidence and promote long-term investment participation.

5. Professional Financial Advisory Support

Organizations may provide access to certified financial advisors as part of employee welfare programs to guide employees in making informed investment decisions.

6. Development of Emergency Funds

Salaried employees should maintain adequate emergency funds to ensure liquidity during unforeseen circumstances without disturbing long-term investments.

7. Risk Awareness and Behavioral Training

Financial institutions and employers should conduct behavioral finance workshops to educate employees about calculated risk-taking and long-term wealth creation strategies.

IX. References:

1. Gupta, R., & Ahmed, S. (2020). Impact of income level on investment diversification among salaried employees. *Journal of Financial Studies*, 12(3), 45–58.
2. Kumar, P., & Joseph, A. (2021). Changing investment preferences of salaried individuals in India. *International Journal of Finance and Economics*, 9(2), 78–90.
3. Ministry of Finance. (2023). *Annual economic review report 2022–23*. Government of India. <https://www.indiabudget.gov.in>

4. National Centre for Financial Education. (2022). *Financial literacy and inclusion survey report*. <https://www.ncfe.org.in>
5. National Stock Exchange of India. (2022). *Retail investor behavior and market participation report*. NSE India. <https://www.nseindia.com>
6. Patel, M., & Patel, R. (2021). Risk perception and investment behavior among salaried professionals. *Asian Journal of Management Research*, 14(1), 112–125.
7. Reddy, V., & Narayanan, K. (2022). Investment planning and financial wellbeing: Evidence from salaried households. *Journal of Behavioral Finance Studies*, 6(4), 201–215.
8. Reserve Bank of India. (2023). *Handbook of statistics on the Indian economy 2022–23*. RBI Publications. <https://www.rbi.org.in>
9. Securities and Exchange Board of India. (2023). *Annual report 2022–23*. SEBI Publications. <https://www.sebi.gov.in>
10. Sharma, D., & Bansal, R. (2019). Financial literacy and investment decision-making among working professionals. *Indian Journal of Finance*, 13(5), 34–48.
11. Singh, A., & Verma, P. (2023). Financial knowledge and portfolio diversification among salaried investors. *International Journal of Financial Planning*, 10(1), 55–69.

