INVESTMENT PATTERNS AND PERCEPTIONS OF IT PROFESSIONALS - A STUDY WITH SPECIAL REFERENCE TO SELECTED IT FIRMS IN CHENNAI

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ABSTRACT

Indian investor today has to endure a sluggish economy, the steep market declines prompted by deteriorating revenues, alarming reports of scandals ranging from illegal corporate accounting practices like that of Satyam to insider trading to make investment decisions. Stock market's performance is not simply the result of intelligible characteristics but also due to the emotions that are still baffling to the analysts. Despite loads of information bombarding from all directions, it is not the cold calculations of financial wizards, or company's performance or widely accepted criterion of stock performance but the investor's irrational emotions like overconfidence, fear, risk aversion, etc., seem to decisively drive and dictate the fortunes of the market.

Financial institutions are widely believed to play an increasingly important role in corporate management. A greater role for investors represents a socio-legal-economic movement that came about because of the newly increased concentration of ownership, enforcement of fiduciary responsibility standards, and a set of grievances that united investors bring in.

1. NEED FOR THE STUDY

Economic development of the country depends on its savings potential and investment capacity. Savings potential and savings patterns depend on the individual spending patterns and attitude towards investments. Investment behavior and attitude of the investors depends on awareness, availability and accessibility of the investment avenues. These things can help converting many individuals to an investors and there by savings and investments in the potential businesses. This can help in providing the initial investment to the entrepreneurs.

Entrepreneurship improves the economic empowerment, social status at micro level. At macro level it helps an individual to link himself with the rest of the world and get the benefit of social justice, upgraded knowledge and technology for better living. The growth and development of entrepreneurship depends on the investment climate prevailing in the country. Investment environment and climate is associated with the investment behavior of the investors in an economy.

Investor's behavior depends on many factors associated with Investment Avenue, investment climate, investment motives, individual perceptions towards investment avenues, investor's perception towards organized sector investments and business promotion, investment nature and associated returns etc. Hence, it is necessary to have a detailed study on the investment behavior of investors and to take the necessary steps to improve the same from time to time can help in smooth flow of funds for entrepreneurial activities and there by sustainable growth and development of an economy at large. At micro level it will pave a route map for employment opportunities; these employment opportunities can improve the income level, savings and investments of the individuals in the sample area. This can help in achieving the social justice and sustainable development of an economy in a balanced way. In this parlance, the researcher found a gap in investment behavior and investment potential of the sample area, is an ideal and opts subject to take up for conducting research.

2. RESEARCH METHODOLOGY

PROBLEM STATEMENT: Investment behaviour is a complex subject in nature. The Investment decisions are linked with many factors like socio economic profile, investment objectives, investment climate, herd behaviour, rationality of the investors, market conditions, investment climate, interest rates, risk bearing capacity, motivating factors of investment, tax savings and its impact on tax burden, rate of return in the form of capital gains, investment advice etc. In addition income earning patterns and savings habits of the individuals and the interest towards a particular investment avenue and the natures of change in the investment behaviour also play a key role. In this parlance, what factors influences the investment behaviour of in the investment potential IT hub cities areas where the marginal income is very low and the savings potential is also low. But the interest towards investments is high.

In this view, it is necessary to have a detailed study on the profile of the investors, investment preferences, investment avenues availability and accessibility, risk bearing capacity, level of awareness on investment avenues, factors considered in investment decision making etc and other related dimensions of investments and investment climate, motivating factors can give a broad idea to understand the market and to take necessary steps to improve investments potential in the sample area. With this idea the researcher selected the above said problem to conduct a research.

OBJECTIVES:
1. To study the demographic profile of the individual investors in IT firms in the sample area.
2. To analyze the investment behaviour of individual investors in the sample area.
3. To study the investment awareness and preferred investment avenue by the investors.
4. To assess the factors influencing the individual investment decisions in the sample area.
5. To find out the relationship between Demographic profile and the investment awareness, perceptions, attitude towards investment avenues, preferences and behavior.

SAMPLE:

The study is mainly based on primary data which was collected from the 394 investors selected through convenient sampling technique. The sample respondents were selected from the employees, consultants working in various software firms in Chennai city. In order to improve the validity of the questionnaire the equal sample representation is taken from the sample area covering all the major IT firms and spread across the city. On the other side, it is also considered that the sample representing all the potential investment age groups, income levels

and risk tolerance levels of the investors. The sample size is fixed by considering the appropriate population size, investment potential of the respondents.

The sample respondents are having at least one investment at the time of responding the questionnaire. This is taken into consideration to test the level of awareness on investment avenues and to weigh the degree of awareness on modern investment avenues. The savings potential of this sample is high when compared to other salaried class due to high level of perks provided by the IT firms can cover major living expenses. This can help in drawing the logical understanding of the investor's level of awareness, investment behavior, factors influencing investment behavior, motivating factors for investments, investment climate and investment environment improvement in the sample area.

DATA COLLECTION METHOD:

A structured questionnaire is prepared and circulated to 100 respondents and collected for pilot study. The pilot study results reliability was done using Corn Bach's Alpha and found at 0.864 (86.4%) as reliable. The variables used in the survey are relevant to the topic and objectives. Majority of the variables used in the questionnaire are pretested and customization is done for the requirements and suitability of the sample. The consolidation of online and manual questioners were done manually and prepared the master data sheet. The master data sheet is used for the analysis through SPSS statistical package.

3. DATA ANALYSIS & INTERPRETATION

The data collected is classified, grouped and analyzed by using the appropriate statistical tools and techniques. The results are compared with the tabulated values and inferences were made on the basis of comparing the calculated values with the tabulated values. The entire process of analysis is done by using SPSS software package for getting the error free and speedy data analysis. The results of the data analysis have explained the different dimensions of the issue and the various variables association, relation and correlation in the light of profile of the sample area and respondents accordingly.

**TABLE 3.1: FREQUENCY DISTRIBUTION OF SAMPLE
ON THE BASIS OF GENDER**

Gender	Frequency	Percentage
Male	315	79.9
Female	79	20.1
Total	394	100.0

Source: Primary data/Questionnaire.

CHART 3.1: FREQUENCY DISTRIBUTION OF SAMPLE
ON THE BASIS OF GENDER

GENDER WISE DISTRIBUTION OF SAMPLE
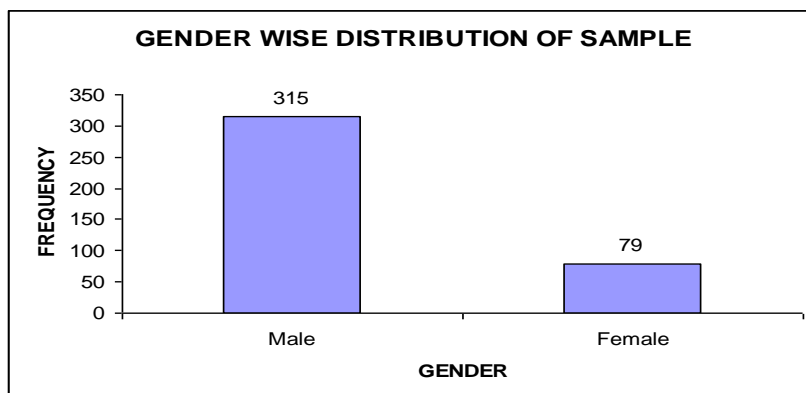
It is noted from the table 3.1 that, the sample consists 79.9 percent of male and the remaining 20.1 percent are female. The investment patterns of the men is different from the women in general, but the quantity of investment and the investment decisions and other related aspects of investment like awareness on investment avenues, information on availability and accessibility may be well known to men. This is due to exposure of men in public is better when compared to women. Women play many roles and responsibilities at home, and her exposure to general public and investment avenues and operating mechanism may be little less when compared to men. This has no way connected with the level of investments. In general investment decisions are taken in consultation with the family and majority of times the women decisions are dominated. In addition the observation on investment preferences is women prefers to invest in liquid, marketable and movable assets where as men is favoured towards fixed and long term investment avenues having both short run and long run capital gains.

TABLE 3.2 FREQUENCY DISTRIBUTION OF SAMPLE
ON THE BASIS OF AGE GROUP

Age group	Frequency	Percentage
Below 30	112	28.4
31-40	168	42.6
41-50	87	22.1
Above 50	27	6.9
Total	394	100

Source: Primary data/Questionnaire.

CHART 3.2: SHOWING THE DISTRIBUTION OF SAMPLE
ON THE BASIS OF AGE GROUP

DISTRIBUTION OF SAMPLE ON THE BASIS OF AGE
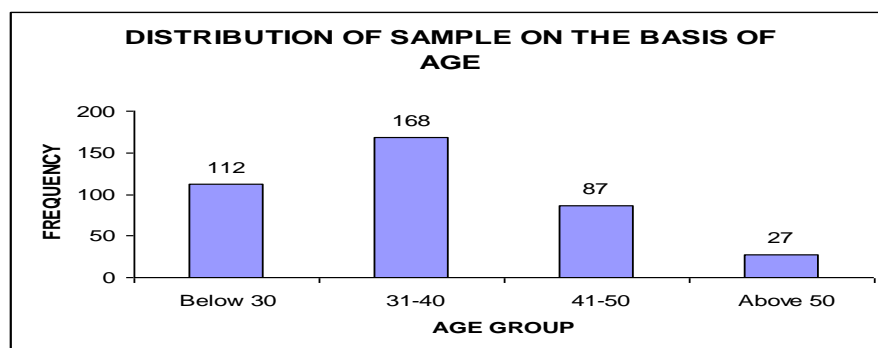
Age plays a major role in determining many aspects in an individual's life. The present study on investment patterns of the individual investors in the IT sector in the sample area, in the state of Tamilnadu reveals the age pattern of the sample as a potential group. The study reveals that, 42.6 percent of the sample is belongs to 31-40 years age group and another 22.1 percent are belongs to 41-50 years age group. It accounts nearly one third of the sample is high level of income earning age and potential savings group. This indicates the savings potential and investment capacity of the sample area. It is always noted in many studies, the earnings potential and savings potential goes together with direct relationship. This has been observed in the present study along with the empirical evidences.

The reasons behind high level of savings by these age groups may be matured level of thinking, planning for the future and protection to the dependents are the prime priorities of these age groups. This generally motivates the individuals to go for more savings. In addition investment decisions are linked with the market knowledge and decision making capacity of the individual. The said age group is optimum in all these dimensions and there by one can say the potential of the sample area is good and highly appreciable. The barriers may be in the form of availability and accessibility of the investment avenues, trust factor and statutory factors are comes in the second line. Still if the trust factor is taken care along with the availability and accessibility, the savings potential of the sample area can be enhanced further.

DATA ANALYSIS USING FRIEDMAN TEST:

There is no significant difference between the mean ranks between the level of awareness on the investment avenues among the sample respondents from the IT sector.

Types of investments	Mean Rank	Chi-square value	p-value
Bank deposits	**11.96**		
Chit funds	**9.47**		
Private finance	**8.24**		
Real estates	**8.68**		
Commercial halls	7.57		
Retail business	7.97		
Commission business	7.83		
Mutual funds	7.30	727.182	0.000**
Equity investments	7.57		
Debt investments	7.15		
Insurance	**9.07**		
Bullion market	7.01		
Derivatives market	6.32		
Online trading	7.17		
Commodities market investments	6.69		
Agricultural lands	**9.13**		
Farm houses	6.11		
Holiday resorts	5.98		
Tax saving schemes	**8.99**		
Development bonds	**8.95**		

Note: ** indicates the rejection of hypothesis at 1% level of significance.

Since P value is less than 0.001, the null hypothesis, There is no significant difference between the mean ranks between the levels of awareness on the investment avenues among the sample respondents is rejected at 1% level of significance. Hence, it is concluded that, there is a significant difference between the mean ranks of the level of awareness on the investment avenues among the sample respondents. Based on the mean value high level

of awareness is observed for the investment avenues like bank deposits with mean of 11.96, chit funds with mean of 9.47, private finance with mean of 8.24, real estates with mean rank of 8.68 and insurance with mean of 9.07, Agricultural lands with the mean rank of 9.13, tax savings schemes with the mean rank of 8.99 and development bonds with the mean rank of 8.95 among the sample respondents.

The average level of awareness is observed on investments like commercial halls, retail business, commission business, mutual funds, equity investments, debt investments, bullion market, derivatives market, online trading and commodities market investments among the sample. The mean score range of these investments is observed at 7.97 to 6.32. This clearly indicates the potential for conventional and safe and well known investments potency among the sample respondents from the IT sector. The time has come to go for modern investments and to gain optimum returns with the minimum possible risk by hedging the risk and joining and participating in the new age investment avenues. Still the trust factor stands as a barrier to the investors along with the moderate level of awareness on the modus operandi of the investment avenues. A clear promotional strategy can help to come out of this situation and to set a new paradigm shift in the pattern of investments among the sample respondents from the IT sector.

ANALYSIS OF DATA USING CHI-SQUARE TEST:
There is no association between investment objectives and level of awareness on investment avenues among the sample.

Investment objectives		Level of Awareness towards Investment			Chi-square Value	p-value
		Low	Moderate	High		
Regular income	Count	55	101	51		
% within Investment objectives		26.6%	48.8%	24.6%		
% within Level of Awareness on Investments		**51.9%**	53.4%	51.5%		
Capital appreciation	Count	19	24	12		
% within Investment objectives		34.5%	43.6%	21.8%		
% within Level of Awareness on Investments		17.9%	12.7%	12.1%		
Income & Growth	Count	23	37	17		
% within Investment objectives		29.9%	48.1%	22.1%		0.094$_{NS}$
% within Level of Awareness on Investments		21.7%	19.6%	17.2%		
Tax planning	Count	1	15	6		
% within Investment objectives		4.5%	**68.2%**	27.3%		
% within Level of Awareness on Investments		.9%	7.9%	6.1%		
Commercial Value	Count	2	4	8		
% within Investment objectives		14.3%	28.6%	**57.1%**		
% within Level of Awareness on Investments		1.9%	2.1%	8.1%		
Personal image/Family Protection Count		6	8	5		
% within Investment objectives		31.6%	42.1%	26.3%		
% within Level of Awareness on Investments		5.7%	4.2%	5.1%	**16.184**	

Since P value is greater than 0.05, the null hypothesis, There is no association between investment objectives and level of awareness on investment avenues among the sample is accepted at 5% level of significance. Hence, it is

concluded that there is no association between investment objectives and level of awareness on investment avenues.

Based on the mean value, it is observed that, low level of awareness is observed among the investors investing with an objective to have regular income among the sample. Investors having moderate level of awareness on investment avenues are investing with an objective to save the tax and investors having high level of awareness invest with an objective to gain commercial value to the investments are observed in the sample survey.

4. FINDINGS AND SUGGESTIONS

On the basis of the data analysis and inferences made on the empirical data few observations are below,

- There is an association between the level of awareness on investment avenues and suggestions to improve investment behaviour among the sample respondents from the IT sector.
- There is an association between the level of investment behaviour and responsiveness to investment climate among the sample respondents from the IT sector.
- There is an association between the level of investment behaviour and levels of motivation towards investments among the sample respondents from the IT sector.
- It is inferred that, there exists a positive and direct association between investment behaviour and suggestions to improve investment climate among the sample respondents from the IT sector.

According to t-test results, it indicates that the female investors are more dynamic and active than the male investors in influencing the investment environment in the sample. In general men prefer to have long term and fixed investments and women prefer to go for short term and liquid investment avenues.

Based on the finding from ANOVA, since p value is greater than 0.05, there is no significant difference between the age groups with regard to the perceptions on the awareness on investment avenues, investor behavior, investment climate, motivational factors to investments and suggestions to improve the investment climate in the sample.

Based on the finding from Chi-square test results, it is observed that there is an association between the investment objectives and the level of awareness on the investment avenues among the sample respondents.

5. CONCLUSION

The researcher concludes his work by saying if the regulatory body and the government is stringent, financial markets, institutions and financial products and services can flood in the market and collect funds for the developmental activities of an economy. Proper planning, organization and operating is need of the hour. Regulation should come first, markets, institutions and products can follow the route map given by the regulatory body. No second chance in interpreting in a different way is needed by evaluating and controlling the market environment and financial institutions business from time to time. Simple to stringent penalties and prosecution needs to be put in place to delay the decisions on the mal practices and to show a way forward. All these can definitely put the investment behaviour of the investors of IT sector in a well-defined and progressive dimension and the investors of this country at large.

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