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A Study on Portfolio Investment on Various Social Sub Class

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Abstract: *This study aims to investigate the connections between distinct socioeconomic categories and portfolio investment techniques. As communities become increasingly diverse and complicated, the idea of social subclass has received a lot of attention recently. The possible effects on wealth creation and financial well-being of portfolio investment behaviour among people from various social subclass are examined in this study. A mixed-methods approach is used in the study, combining quantitative analysis of investment data with qualitative investigation through interviews and questionnaires. Examining investing patterns, risk tolerance, asset allocation, and performance outcomes across various social subclass is the main goal of the quantitative analysis. The objective of the qualitative component is to identify the fundamental drivers of choice, decision-making, and investment behaviour for each subclass. This study looks at a wide range of social subclass to find potential differences in investment methods and results by taking into account elements including income level, education, occupation, and cultural background. It also looks into how social networks, financial knowledge, and access to investment possibilities affect the choices people make when making investments in various subclass.*

Keywords: Investment behaviour, risk tolerance, socioeconomic, decisions, allocation of assets, financially well-being

I. INTRODUCTION

Investments made into a variety of financial assets, such as stocks, bonds, mutual funds, and other securities, are referred to as portfolio investments. The purpose of these investments is to produce returns over a predetermined time frame. By presenting prospects for wealth building, income generation, and financial growth, portfolio investing plays an important part in a variety of socioeconomic sectors. The practise of investing in a variety of assets, including stocks, bonds, mutual funds, and other securities, with the goal of generating long- term financial gain is known as portfolio investment. As people look to diversify their financial portfolios and reduce risk, the idea of portfolio investing has grown in popularity in recent years. The effects of portfolio investing on various social sub-classes can vary. People from higher socioeconomic classes typically have more access to financial education, resources, and networks, which can help them make better investment decisions and possibly earn larger returns.

Additionally, these people might have more access to investing opportunities than people from lower socioeconomic strata. On the other side, those from lower socioeconomic classes might not have as much access to financial resources and education, which might make it more challenging for them to invest in a portfolio. To enable people from lower socioeconomic strata, access financial education and investing opportunities, certain programmes and organisations have been established. For instance, community-based organisations and financial institutions may provide investment opportunities and financial literacy programmes catered to these people's requirements. In general, the introduction of portfolio investing may affect many socioeconomic sub-classes in both favourable and negative ways. Even though people in higher social classes may have more access to resources and investment opportunities, programmes aimed at promoting financial education and investment opportunities can help to advance greater financial equality and opportunity for people across all social classes.

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II. REVIEW OF LITERATURE

(Jovica Stankovic, Ksenija Dencic-Mihajlov,Jelena Z. Stankovic,Evica Petrovic, 2023) This study focused on the Belgrade Stock Exchange (BSE), an emerging capital market, to explore the prerequisites and effectiveness of socially responsible investment (SRI). Motivation: We looked at the impact of using social criteria in asset selection on investment portfolio performance at the BSE considering the growing trend of SRI (GSIA, 2020) and the importance of information on corporate social responsibility (CSR) to investors (Miralles-Quiros, Miralles-Quiros, & Arraiano, 2017), especially on social issues. By examining the topic of SRI in the emerging market, this study adds to the body of work that has primarily concentrated on developed capital markets in Europe, the United States, and Canada (Von Wallis & Klein, 2015). The setup for creating socially conscious portfolios based on market trends and social performance is offered.

(Vo, Mobeen Ur Rehman &Xuan-Vinh, 2019) This paper investigates the presence of integration between six socially responsible stocks for the purpose of portfolio composition. Data for our study are based on the daily frequency and range from March 2016 to April 2019. Our results highlight that Gender Diversity funds exhibit a low correlation pattern with Low Carbon, Social Choice, and USA ESG funds, whereas the Social Choice equity demonstrates a low correlation pattern with USA ESG and Social ETF funds across all decomposed scales. These results are also supported by the findings of non-linear Granger causality test across all investment horizons, i.e., from D1 to D8. Our results imply the inclusion of different asset classes together with socially responsible funds in a portfolio which may have useful implications for investors.

(Henke, Hans-Martin, 2016) This study assesses the financial effects of corporate bond portfolio screening using environmental, social, and governance parameters. A matched sample of conventional funds is used to examine the risk-adjusted financial performance of 103 socially conscious bond funds in the US and the Eurozone. Socially conscious bond funds outperformed the market from 2001 to 2014 by 0.5% yearly. A review of fund holdings and a performance-attribution study led to the conclusion that this outperformance is mostly due to the reduction of ESG risks, which is accomplished by excluding corporate bond issuers with subpar CSR practises. Another indication that the outperformance is more likely to take place during recessions or bear market times is the separation of crisis and non-crisis periods. This crisis-related return is confirmed by us.

(Lisette Cooper, Jeremy Evnine, Jeff Finkelman,, 2016) Prior to this, socially responsible investing- the practise of staying away from investments in firms with unfavourable environmental or social characteristics-was the main option for individuals looking to match their investment portfolios with their principles. Investors can now allocate funds across a variety of social finance products, enabling them to create investment portfolios that support and fit with their values. Although social finance is still a young topic, it is expanding quickly. The signatories to the United Nations (UN) Principles for Responsible Investment, who agreed to take environmental, social, and governance issues into consideration in their investment processes, as of 2015 controlled around $59 trillion in assets, a than 10-fold increase.

(Gunnar Friede, Timo Busch &Alexander Bassen, 2015) Beginning in the early 1970s, researchers began looking for a link between corporate financial performance (CFP) and environmental, social, and governance (ESG) factors. Since then, more than 2000 empirical research and numerous review papers on this relationship have been published by academics and investors. Only a small portion of the main research that have been examined in the largest prior review analysis, making conclusions difficult to generalise. As a result, there is still a lack of consensus regarding how ESG criteria affect finances. This study pulls all available primary and secondary data from earlier academic review studies in order to address this flaw. By doing this, the study synthesises the results of over 2200 distinct studies. Consequently, this study provides by far the most thorough assessment of the academic literature on this subject and enables.

(David Wood, Ben Thornley &Katie Grace, 2013) This article looks at how public policy can and does help U.S. institutional asset owners engage in impact investing. We describe how the government frequently plays a crucial role in facilitating purposeful investment for social and environmental advantages by asset owners by acting as an underwriter, co-investor, regulator, procurer of goods and services, or as a giver of subsidies and technical help. The article focuses on how policy interacts with certain legislative specifications and a distinctive investing culture that frequently limit institutions' ability to make impactful investments. For the institutional involvement in impact investing to expand beyond the existing meagre activity, these limitations must be taken into consideration. For the purpose of

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creating private investment markets that deliver beneficial results, careful cooperation between policymakers and institutional investors will be needed.

(Graaf, Alfred Slager and Frank Jan de, 2009) This paper addresses the implementation of Socially Responsible Investment (SRI) in the investment process. SRI covers a broad range of investment strategies, with different implications for the role of trustees and portfolio managers. We argue that a clear distinction needs to be made between ethical based, investment driven and value-ensuring objectives in SRI. This distinction effectively enables trustees and investors to address and implement the SRI strategies and assess the added value in the investment process.

(Sparkes, Russell, 2008) One of the financial sectors with the fastest growth is ethical or SRI investing. All pension funds are now required by new government requirements to take such factors into account. Business ethicists have not given this phenomenon much critical thought, and there is no established conceptual framework. This study aims to close this analytical gap and is written by a practitioner in the field. It examines whether there is any distinction between "ethical," "green," or "socially responsible." It also addresses the challenging issue of how any public investment can be deemed "ethical" in a society that openly embraces diversity. The paper tracks the emergence of the many terminologies used to characterise ethical investing and provides an analysis of its historical development.

2.1 Objectives of the Study

- To examine the investment behavior & preferences of social sub class.
- To explore the impact of macroeconomics factors.
- To identify the most popular investment instruments among different social sub class.
- To examine the impact of financial literacy & education on the investment behavior of different social sub class.

III. RESEARCH METHODOLOGY

The study will employ a mixed-methods approach, combining quantitative analysis of investment data, demographic information, and economic indicators with qualitative research through interviews and surveys. Data will be collected from reputable financial sources, investment firms, government reports, and academic studies.

3.1 Limitations of the Study

- The research design relies on self-reported data, which may be subject to recall bias or social desirability bias.
- The study may be limited to specific geographic regions or populations, and the findings may not be generalizable to all social subclasses globally.
- External factors, such as market conditions or macroeconomic events, may influence investment behaviour and cannot be fully controlled in this study

IV. DATA ANALYSIS AND INTERPRETATION:

		No. of respondents	Total	Percentage
Age group (In years)	20 – 30 years	125	153	81.7
	30 – 40 years	16		10.5
	40 – 50 years	7		4.6
	50 – 60 years	5		3.3
Educational qualification	Undergraduate	68	153	44.4
	Postgraduate	52		34
	High school or equivalent	28		18.3
	others	5		3.3
	Student	40		26.1

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Employment status	Employment part time	39	153	25.5
	Employment full time	32		20.9
	Self employed	18		11.8
	Unemployed	14		9.2
	Retired	6		3.9
	Others	4		2.6
Annual income	Less than Rs.20000	58	153	37.9
	Rs. 20000 – Rs. 40000	44		28.8
	Rs. 40000–Rs. 60000	22		14.4
	Rs. 80000 –	10		6.5
	Rs. 100000			
	More than Rs. 100000	10		6.5
	Rs. 60000 –Rs. 80000	9		5.9

Chi square tests Null hypothesis (Ho)

There is no significance relationship between gender and investment preference by socioeconomic class.

Alternative hypothesis (H1)

There is significance relationship between gender and investment preference by socioeconomic class.

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Gender * Investment preference	153	100.0%	0	.0%	153	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	22.397(a)	18	.215
Likelihood Ratio	25.314	18	.117
Linear-by-Linear Association	.057	1	.811
N of Valid Cases	153		

Interpretation:

As per the above table, it is referred that the P value is 0.215 > 0.05. Hence Null hypothesis (Ho) is accepted. There is no significant relationship between gender and investment preference by socioeconomic class.

CORRELATION ANALYSIS

Null hypothesis (Ho)

There is no significance relationship between age and financial literacy of socioeconomic class.

Alternate hypothesis (H1)

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There is no significance relationship between age and financial literacy of socioeconomic class.

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Age * Financial literacy	153	100.0%	0	.0%	153	100.0%

Symmetric Measures

		Value	Asymp. Std. Error(a)	Approx. T(b)	Approx. Sig.
Interval by Interval	Pearson's R	.042	.087	.512	.610(c)
Ordinal by Ordinal	Spearman Correlation N of Valid Cases	-.027 153	.083	-.331	.741(c)

Interpretation:
As per the above table, it is inferred that the R value is 0.610 > 0.05. Hence Null hypothesis (Ho) is accepted. There is no significant relationship between age and financial literacy of socioeconomic class.
INDEPENDENT SAMPLE T TEST

Group Statistics

	Age	N	Mean	Std. Deviation	Std. Error Mean
Investment Preference	20-30 30-40	125 16	3.2800 3.3750	1.83865 1.66833	.16445 .41708

Independent Samples Test

	Levene's Test for Equality of Variances		t-test for Equality of Means				
	F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference
Investment preference Equal variances Assumed	.072	.788	-.196	139	.845	-.09500	.48352
Equal variances not assumed			-.212	19.968	.834	-.09500	.44833

Interpretation:
The significant value 0.788 > 0.05 Ho is accepted. Therefore, there is no significant difference in equality of variance between group, hence equal variance is assumed when equal variance is assumed, the significant value for T-test 0.05 = 0.05.
Hence, Ho is accepted. There is a significant difference between age and investment preference.

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V. FINDINGS OF THE STUDY

- Thus, the 73.9 % of the respondents are male.
- Thus, the 81.7 % of the respondents are on the basis of 20 – 30 years of age.
- Thus, the 49.7 % of the respondents are moderately fluctuating in the exchange rates affected your international transactions or travel plans.
- Thus, the 50.3 % of the respondents are slightly aware of changes in government policies and regulations that have impacted their financial situation.
- Thus, the 63.4 % of the respondents are highly capable of managing their own personal finances without investing.
- Thus, the 40.5 % of the respondents are experienced in decreasing their salary in past years.

VI. SUGGESTIONS:

These funds provide stability and possible long-term growth by giving exposure to a wide variety of assets. Invest in established, financially sound businesses with a track record of reliable dividend payments and expansion. To gain from rental income and possible property value growth, think about investing in REITs that own properties such as office buildings, residential buildings, or healthcare facilities. Investigate options to invest in private businesses or funds that concentrate on venture capital, growth-stage businesses, or private real estate. These mutual funds offer a diversified approach with less effort by automatically adjusting asset allocation based on the investor's intended retirement date. Support organisations that offer small loans and other financial services to businesspeople in poor nations. By doing so, you can improve local economies while also possibly earning a little profit

VII. CONCLUSION

Portfolio investments in affordable housing can help with housing affordability issues, give low-income individuals and families reliable home options, and support inclusive communities. This may have advantageous social and economic effects, such as lowering the number of homeless people and raising standard of living generally. A useful technique for diversification and perhaps accomplishing financial objectives is to diversify your portfolio by investing in different socioeconomic categories. Investors can assist industries that support their values while possibly making financial returns by investing in various social subclasses like education, healthcare, renewable energy, and affordable housing.

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