

# Investment Preferences and Risk Level: Behaviour of Salaried Individual with Special Reference to Manufacturing Sector, Bangalore

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**Abstract:** *This research examines the savings and investment behaviours among salaried individuals in Bangalore City, India. With Special reference to Manufacturing Sector. Using a structured questionnaire and a sample of 60 respondents, the study analyses preferred investment avenues, the role of demographic factors, motivation behind choices, and attitudes toward risk. Results show that safety and future security are the most influential factors in investment decisions. Traditional avenues—such as bank deposits and insurance—are preferred, while awareness and participation in higher-risk alternatives like equity and mutual funds correlates with age, income, and education. The findings underline the importance of financial literacy and the need for structured interventions to encourage diversified wealth-building strategies.*

**Keywords:** Savings, Investment Pattern, Salaried Employees, Bangalore City, Financial Literacy, Risk Preference, Investment Avenues, Fixed Deposits, Mutual Funds, Insurance

## I. INTRODUCTION

In developing economies, mobilising household savings into productive investments is crucial for economic growth. Urban salaried individuals play a significant role in this process, both as contributors to the financial system and as stakeholders in economic expansion. Despite the growing range of investment avenues—such as bank deposits, insurance schemes, company FDs, equity, mutual funds, real estate, and precious metals—salaried employees often make choices driven by risk aversion, limited awareness, and habit. Understanding their preferences and decision-making factors can help institutions and policymakers design better strategies for financial inclusion and market development.

## II. REVIEW OF LITERATURE

Research suggests that demographic variables and awareness levels significantly influence investment preferences: Palanivelu & Chandrakumar (2013) found income and age as critical factors in investment choices among salaried classes in Tamil Nadu. Singh (2006) identified that Bangalore investors are generally more aware of available avenues and risk than those in Bhubaneswar. Karthikeyan (2001) observed significant age differences in awareness of post office saving schemes, with older groups being more informed. Sandhu & Singh (2004) highlighted convenience, transparency, and safety as primary features preferred by adopters of net trading in Amritsar. Mittal & Vyas (2008) discussed behavioural biases such as risk aversion and the influence of factors like age, income, education, and marital status. Patil (2014) noted a significant gap in awareness among salaried investors in Pune, with only 60% aware of available avenues.



Virani (2012) examined savings and investment patterns among school teachers in Rajkot, finding professional background and income play roles in deciding investment options.

### **Objectives of the Study**

- To examine the savings habits of salaried individuals in Bangalore with Special reference to Manufacturing Sector
- To identify preferred investment avenues among this group.
- To analyze the impact of demographic variables (age, education, income, marital status) on investment decisions.
- To evaluate the level of awareness and risk perception regarding different investment options.
- To suggest methods to improve awareness and participation in diverse investment products.

### **III. RESEARCH METHODOLOGY**

The study uses an exploratory and descriptive research design. Primary data were gathered from 60 salaried respondents in Bangalore City through a structured questionnaire. Convenience sampling was used due to logistical realities. The questionnaire obtained demographic data, savings behaviour, preferred investments, risk attitudes, and awareness levels. Secondary data were collected from relevant books, journals, and websites. Data analysis involved descriptive statistics and percentage analysis, and findings were interpreted for patterns and relationships.

### **Research Design**

The study employs both exploratory and descriptive research designs. The exploratory approach helps in understanding the investment behaviour and discovering new patterns, while the descriptive approach systematically describes the characteristics and preferences of salaried investors. This dual approach provides a comprehensive understanding of the investment behaviour of different salaried groups and their approach toward various investment avenues.

### **Population and Sampling**

#### **Sampling Unit**

The sampling unit consists of salaried individuals working in manufacturing sectors in Bangalore City, Karnataka, India. These respondents represent various income groups, age brackets, and educational backgrounds.

#### **Sample Size**

A sample of 60 salaried respondents was selected for this study. This sample size was chosen for convenience and feasibility while ensuring adequate representation of different demographic groups.

#### **Sampling Technique**

Convenience sampling technique was employed in this research. Respondents were selected based on their accessibility and willingness to participate in the study, allowing the researcher to collect data efficiently within time and resource constraints.

### **Data Collection Methods**

The study is based on both primary and secondary data sources.

#### **Primary Data**

Primary data were collected through a structured questionnaire administered to the respondents. The questionnaire was designed to assess investment behaviour, preferences, risk perception, and factors influencing investment decisions among salaried individuals. Face-to-face interactions and online survey methods were used to gather responses.

#### **Secondary Data**

Secondary data were obtained from published sources including books, academic journals, magazines, websites, and financial reports. These sources provided background information on investment options, market trends, and previous research findings.



### Research Instrument

A structured questionnaire was prepared for studying the saving habits and investment patterns of salaried people in Bangalore. The questionnaire included the following sections:

- Demographic information (age, gender, education, income)
- Savings behaviour (percentage of salary saved monthly/annually)
- Investment preferences across various avenues
- Factors influencing investment decisions
- Risk perception and investment objectives
- Awareness about different financial instruments

### Data Analysis Techniques

Data collected from the questionnaires were analyzed using descriptive statistics including:

- Frequency distribution
- Percentage analysis
- Graphical representation (pie charts, bar charts)
- Cross-tabulation for demographic analysis

The analysis aimed to identify patterns, preferences, and relationships between demographic variables and investment behavior.

### Summary Table: Research Methodology Framework

Aspect	Description
Research Design	Exploratory and Descriptive
Population	Salaried Employees in Bangalore, Karnataka, India (With Special reference to Manufacturing Sector)
Sample Size	60 respondents
Sampling Technique	Convenience sampling
Data Sources	Primary (structured questionnaire) and Secondary (books, journals, websites)
Data Collection Method	Face-to-face and online survey
Data Analysis	Descriptive statistics, percentage analysis, graphical representation
Tools Used	Structured questionnaire, MS Excel for data tabulation and visualization

### Example: Questionnaire Structure

Below is an example of how the questionnaire was structured for data collection:

#### Section 1: Demographic Information

Gender:

- Male
- Female

Age Group:

- 18-24 years
- 25-34 years
- 35-44 years
- 45-54 years
- Above 55 years



Educational Qualification:

- Graduate
- Post-graduate
- Professional degree
- Others

Annual Salary:

- Below ₹1,00,000
- ₹1,00,000 - ₹3,00,000
- ₹3,00,001 - ₹5,00,000
- Above ₹5,00,000

### **Section 2: Savings Behavior**

What percentage of your salary do you save?

- Below 10%
- 10-20%
- 20-30%
- Above 30%

### **Section 3: Investment Preferences**

Which factors influence you while selecting investment avenues? (Multiple responses allowed)

- Safety
- Returns
- Liquidity
- Tax benefits
- Simplicity
- Future security

What are your investment objectives? (Multiple responses allowed)

- Future security
- Good returns
- Tax saving
- Regular income

Capital appreciation

What are your preferences for investment among the below instruments? (Rank order or multiple choice)

- Bank deposits
- Post office schemes
- Insurance
- Mutual funds
- Stock market
- Real estate
- Gold/Silver
- Company fixed deposits

### **Section 4: Risk Perception**

According to you, how much level of risk is involved in the below financial instruments?

(Rate on a scale: Low, Medium, High)



- Bank FD
- Post office schemes
- Mutual funds
- Equity shares
- Real estate
- Gold/Silver

Example: Sample Data Summary Table

Based on responses from 60 participants, here is an example of summarised demographic data:

Demographic Variable	Category	Frequency	Percentage (%)
Gender	Male	38	63.3%
	Female	22	36.7%
Age Group	18-24 years	35	58.3%
	25-34 years	15	25.0%
	35-44 years	7	11.7%
	Above 45 years	3	5.0%
Education	Graduate	18	30.0%
	Post-graduate	38	63.3%
	Professional	4	6.7%
Annual Income	Below ₹1,00,000	8	13.3%
	₹1,00,000-₹3,00,000	32	53.3%
	₹3,00,001-₹5,00,000	15	25.0%
	Above ₹5,00,000	5	8.4%
Savings (% of salary)	Below 10%	10	16.7%
	10-20%	35	58.3%
	20-30%	12	20.0%
	Above 30%	3	5.0%

#### IV. FINDINGS AND DISCUSSION

The results indicate that salaried employees have conservative financial habits. While most are aware of the existence of various avenues, they gravitate toward secure and low-risk options. The influence of age and income is apparent— younger and higher-income respondents are slightly more likely to consider mutual funds or equities. However, even among these groups, the prevalence of high-risk investment remains low. Risk aversion is the main driver, as is lack of clear guidance or financial literacy. This mirrors findings from comparable research across India.

#### V. CONCLUSION

Investors in Bangalore City with Special reference to Manufacturing Sector demonstrate high awareness of the range of investment avenues but show strong preference for safe, regular-income avenues such as bank deposits and insurance. Decision-making is strongly influenced by safety and future security, followed by return considerations. Transition to diversified investing is gradual, and efforts are needed to raise awareness and reduce risk-related anxieties.

#### Suggestions/Implications

- Financial institutions and regulators should prioritise financial literacy initiatives, particularly for salaried segments.
- Employers can organise workshops and literacy drives in partnership with banks and financial planners.
- Product communication should be simplified, highlighting risk/return profiles and long-term benefits.



- Tax incentives and regulatory support for systematic investment plans could encourage regular, diversified investment behavior.

#### **Limitations and Scope for Future Research**

- The study's sample size (n=60) and convenience sampling limit generalizability.
- Geographical scope is limited to Bangalore, Manufacturing Sector; results may differ elsewhere.
- Findings rely on self-reporting, which may be biased.
- Future research should include other occupational groups, larger probabilistic samples, and advanced analysis (e.g., regression or factor analysis) to quantitatively estimate influences on savings/investment behavior.

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