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Cracking the Code of Financial Acumen: Investigating Investment Practices among IT professionals in India

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ABSTRACT

Background: The Information Technology (IT) sector serves as a cornerstone of India's economic landscape, emphasizing the pivotal role of savings and investments in fostering sustainable growth.
Purpose: This study seeks to delve into the intricacies of saving and investment behaviours exhibited by IT professionals, aiming to provide valuable insights for financial planning and decision-making.
Data and Methodology: Through a meticulously designed structured survey, this research rigorously examines the investment behaviour of IT professionals, employing robust statistical tools and techniques for comprehensive analysis.
Statistical Tools and Techniques Used: Leveraging advanced statistical methodologies, including regression analysis and correlation studies, enables a thorough exploration of the factors influencing investment decisions among IT professionals.
Results: The study uncovers significant findings regarding the drivers of investment activities among young IT professionals, shedding light on their diverse investment objectives and risk tolerance levels.
Suggestions: In light of the results, actionable recommendations are proposed to bolster financial literacy initiatives and empower IT professionals with the knowledge and skills necessary for prudent investment practices, thereby fostering economic resilience and prosperity.

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INTRODUCTION

An investment is an asset or item accrued with the goal of making income or credit. In an economic outlook, an investment is the purchase of goods that are not consumed today but are used in the future to generate wealth. In finance, an investment is a financial asset bought with the idea that the asset will provide income further or will later be sold at a higher cost price for a profit. Investment is a financial activity carried down to get return. It is the commitment of funds which have been saved from current consumption with the hope that some benefits will accrue in the future. Thus, it is a reward for waiting for money. So, the first step to investment is savings. The main factors influencing investment are safety, return, growth of capital, risk, liquidity, tax benefits and convenience. Various investment options are available with differing risk-reward trade -offs. Like Bank deposits, Stocks, Mutual funds, Post office savings, Insurance, Gold, physical assets etc. An understanding of the core concepts and a thorough analysis of the options can help investor create a portfolio that maximizes returns while minimizing risk exposure. An investment is a sacrifice of current money or other resources for future benefits and investment may be defined as the net addition to a nation's physical stock of capital. In the present financial market scenario numerous avenues of investment are available.

REVIEW OF LITERATURES

Chakraborty and Mitra (2017) examine the relationship between financial literacy and investment decisions among IT professionals in India. Through empirical analysis, the authors find that higher levels of financial literacy positively influence investment decision-making among IT professionals, highlighting the importance of financial education in promoting informed investment behavior within this demographic.

Usha Lakshmi & Dr.K. Selvavinayagam (2019) this Studies the investment behaviour of College Teachers of Government and Private Colleges in Dharmapuri District. Researchers found that being from salaried class college teachers of both government & private college; they consider safety as the most important factor while investing. This behaviour was a result of lack of financial literacy and lack of awareness about the grievance process available in case of issues. Most of them tend to invest in gold, real estate, secured fixed or recurring deposits in banks and insurance.

Gupta and Mishra (2018) Focusing on the investment behavior of IT professionals in India, this research investigates the impact of financial literacy and risk perception. The findings suggest that individuals with higher financial literacy tend to exhibit more favorable investment behavior and are better equipped to manage investment risks, underscoring the significance of financial education initiatives in shaping investment decisions.

Dr. N. S. Pandey & P. Kathavarayan (2017) researched the savings and investment behaviour of college faculty members in Puducherry region. This study deals with investors' preference of Shares, Debentures, Mutual fund, Bank deposits and Life insurance etc. It was conducted through primary data with a sample of 113 respondents from Pondicherry region. The results of the study show that age, gender, education, marital status and income shows highly significant towards investm ent preferences and correlation inferences awareness towards investment avenu es and education is significant, Chi square find the satisfaction level towards investment has association between age, gender, monthly income, marital status, education.

The study conducted by Gupta (2018) explores the relationship between financial literacy and its impact on financial behavior, particularly concerning various financial instruments and activities. Findings suggest that while individuals may possess knowledge of financial instruments, it has limited influence on their financial behavior. The research underscores the significance of psychological factors, such as self-control and instant gratification, which may exert a stronger influence on financial decisions than mere financial literacy.

Dr. Varsha Virani (2014) The research study was based on the micro economic approach of estimating the responses of the respondents i.e. school teachers towards the savings and investment pattern in the Rajkot city. The objective of the study was to determine the relationship between the

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savings and investments pattern among the school teachers. The study was done on the different government and private school teachers. The research shows that majority of the respondents were saving money as Bank deposits for the safety of an unpredictable future.

Anju K J & Dr. Anuradha P S (2017) Researchers has conducted research to understand the saving and investment behaviour of the IT professionals in Bengaluru. The rationale behind choosing this topic was that IT professionals have gained attention of economists but there still remains untapped potential of their income. Primary data was collected through questionnaire from 439 respondents.

Sameer S. Manek (2017) Has conducted research on investment behaviour of professional people of Rajkot City. Researcher states that investors were expected to earn high return but with the safer side. It was found that Mutual Funds were more attractive investment for the majority of the people because it has high return and more liquidity therefore it was found more expected and while the conservative investors who expect more safety of their investment were expected to go for fixed deposits too.

Sharma and Jain (2019)This study explores the relationship between financial literacy, risk tolerance, and asset allocation strategies among IT professionals in India. Results indicate that higher levels of financial literacy positively correlate with greater risk tolerance and more diversified asset allocation strategies, emphasizing the role of financial education in enhancing investment decision-making processes.

Avinash Kumar Singh (2006) This person analysed was investment patterns of the investors. This study is helps to evaluate the investor and their investment pattern. He found that majority of the investors are aware of the various investment alternatives and risk associated with that investment. 50 above aged people was preferred insurance, tax saving schemes and fixed deposits. Remaining of the investors was preferred equity investment and these people are daily monitoring the performance of the equity funds

Sudalaimuthu & Senthil kumar (2008)These people analysed most of the investors are preferring mutual fund investment. Investors may aware of mutual fund units, schemes, types, risk associated with funds, units of market value and what are the factors influences to invest their savings into mutual fund. Mutual fund return was satisfied the investor's expectation. This study helps to know the perception of the investors and mutual fund investment schemes

Manish Mittal and Vyas (2008) This study founded that the investors available certain set of cognitive & emotional weakness on their investment behaviour. Cognitive means an individual self-thinking. This person founded that the investors are having selfbiases on investment options and also having systematic bugs in investment avenues.

Singh and Tiwari (2020) Investigating the investment decision-making process among IT professionals in India, this research assesses the impact of financial literacy on investment behavior. The findings suggest that individuals with higher levels of financial literacy tend to make more informed investment decisions, indicating the importance of financial education initiatives in empowering investors to navigate complex financial markets effectively.

Kapoor and sharma (2021) this study examines the influence of financial literacy on investment behavior among IT professionals in India. Through empirical analysis, the authors find that individuals with greater financial literacy tend to exhibit more prudent investment behavior and are more likely to engage in long-term wealth-building strategies, highlighting the crucial role of financial education in shaping investment decisions within this demographic.

STATEMENT OF THE PROBLEM

An investment could be a sacrifice of current cash or different resources for future benefits and investment could also be outlined because the web addition to a nation's physical stock of capital. Within the gift monetary market situation, various avenues of finance square measure obtainable the two vital aspects of any investment square measure time and risk. However, at the time of investment,

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their emotional inclinations, deep seated thought patterns, psychological biases and different factors could have an effect on their investment behaviour. Despite the increasing availability of financial resources and investment opportunities, there is a notable gap in the understanding and application of financial literacy among IT professionals in India at Kerala, Trivandrum. This lack of financial literacy may hinder their ability to make informed investment decisions, potentially leading to suboptimal outcomes and missed opportunities for wealth accumulation.

NEED FOR THE STUDY

Investing in many kinds of assets is a more and more stylish movement that draws individuals from all walks of life no matter their occupation, economic standing, education or family background. Once an individual has more cash than he needs for current consumption, he would create by mental act as a possible capitalist. The businesses that have additional financial gain could wish to invest their surplus in extending the established firm or commencing a brand new business enterprise.

OBJECTIVES

1. To study the investment preferences of IT professionals.
2. To study the various factors influencing towards IT Professionals
3. To Study the Satisfaction level of IT Professionals towards Financial Services offered by Investment agencies.
4. To suggest appropriate recommendations for enhancing the investment behaviour among IT Professionals.

HYPOTHESIS

H0: There is no significant difference between Income and choice of investment avenues.

H1: There is no significant difference between age and Income level of respondents

SCOPE OF THE STUDY

The scope of the present study is confined to investment behaviour among information technology professionals in the world of investment, relatively a limited number of attempts have been made to conceptualize the investment patterns of specified strata. There is a proactive change in consumption rather than investing. On the other side the flow of income has been increased.

Table 1: Various Investment preferences by IT Professionals

Investment Options	Period of Investment (Minimum)	Who Can Invest	**Risks**	Returns Offered
Equity	NA	An investor who knows to balance risk and return	High	NA
Mutual Funds	Within a scheme like ELSS a lock-in period of 3 years	An investor who has an appetite for medium to high risk	LowHigh	Market-Linked
National Pension Scheme	60 years	An investor looking forward to retirement plans	LowHigh	Market-linked (8 to 10 per cent)
Public Provident Fund (PPF)	15 years	Long-term investment goals	Nil	7.9 per cent
Bank Fixed Deposits	7 days	One who doesn't wish to take the risk or be exposed to an equity	Nil	Fixed Returns, different from bank to bank

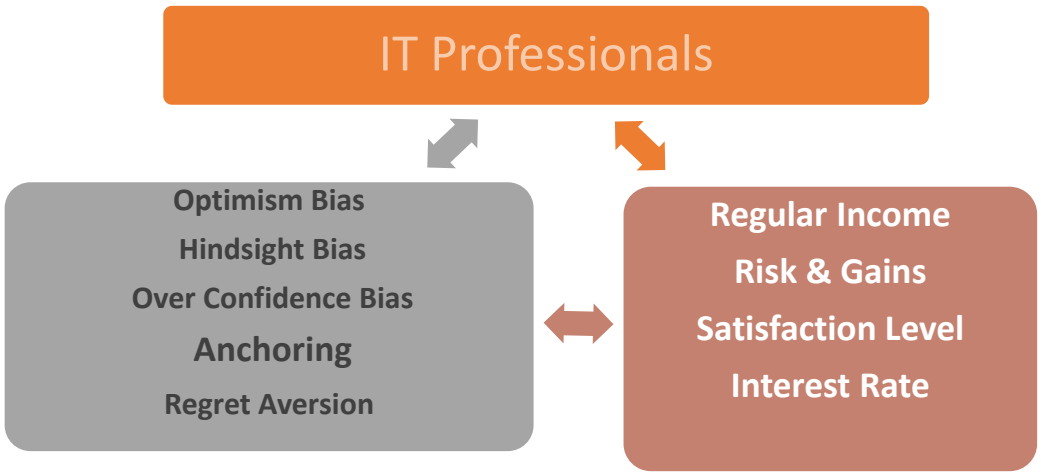
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Senior Citizen Savings Scheme (SCSS)	5 years	Senior Citizens	Nil	8.7 per cent
Pradhan Mantri Vaya Vandana Yojana (PMVVY)	10 years	Senior Citizens	Nil	7.4 per cent
Post Office Monthly Income Scheme (POMIS)	5 years	Indian Citizen	Nil - Low risk	7.7 per cent

CONCEPTUAL FRAMEWORK

Behavioural Factors

Behavioral finance delves into the intricate interplay between psychology and financial decision-making, recognizing that human beings are not always rational actors in economic contexts. From the tendency to follow the crowd during market euphoria to the aversion to losses that leads to irrational decision-making, behavioral finance sheds light on the cognitive biases and emotional influences that shape how individuals manage their money. By understanding these behavioral patterns, investors and policymakers can better anticipate market movements, develop strategies to mitigate irrational behavior, and ultimately enhance financial well-being.



RESEARCH METHODOLOGY

Data collection

Primary data have been collected by using Google form from samples of 100 respondents. The respondents were IT professionals employed in various companies in Trivandrum city. It is a capital city in Kerala. only Secondary data is collected from various reports, books, journals, records, etc. and various websites.

Tools for Analysis

The objectives and hypothesis of the study has been used suitable tools. For Collecting data from the various Information Technology professionals from different Information Technology sectors, using with questionnaires were MS Excel and then fed into Statistical Package for the Social Science

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software was applied to get the desired results and other tools used are ANOVA, T-test, Chi-square test and Correlation Analysis. Descriptive analysis is mainly taken to consider in this study.

Data Analysis and interpretation

Table 2: Results of t-Test for Demographic Factors with respect to Factors influencing Investment among IT Professionals

Factors influencing investment options towards IT professionals	Gender	Mean	SD	T value	P value
Interest rates	Male	2.62	.496	3.118	.002
	Female	2.45	.500		
Risk & return	Male	2.67	.476	1.206	.228
	Female	2.61	.487		
Regular Income	Male	2.87	.353	6.049	.000
	Female	2.63	.508		
Safety & security	Male	2.31	.503	1.612	.108
	Female	2.39	.546		
Tax benefits	Male	2.38	.499	2.707	.007
	Female	2.47	.524		

Source: Primary data

Analysis: From the study, it is found that there was significant difference between Gender and different factors influencing on Investment Preferences among IT Professionals. Table-1 depicts t-test results for the hypothesis. From the managerial decision point of view, it was found that the reduced interest rates, Tax benefits and safety and security were the factors that majorly influenced the investment decision of male respondents while going for investment behaviour as null hypothesis is rejected and Alternative hypothesis is accepted. Similarly, females preferred on various options to satisfy their needs and less expensive compared to oil-based avenues.

Table 3 : Results of ANOVA for Understanding Factors Influencing Investment Behaviour of IT Professionals:

Factors impacting investment choices for IT specialists	Age	N	Mean	Standard deviation	F	p
Rates of interest	17-24	26	2.01	.000	2.543	.080
	25-30	14	2.49	.707		
	30-61	10	2.56	.500		

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Risk and Gain	17-24	41	2.01	.000	4.289	.014
	25-30	25	2.49	.707		
	30-61	54	2.56	.500		
Consistent Income	17-24	55	2.01	.000	13.03	.000
	25-30	41	2.49	.707		
	30-61	35	2.56	.500		
Security and safety	17-24	23	2.01	.000	4.225	.015
	25-30	32	2.49	.707		
	30-61	23	2.56	.500		
Benefits from taxes	17-24	45	2.01	.000	2.022	1.33
	25-30	30	2.49	.707		
	30-61	30	2.56	.500		

Analysis: Table-2 presents ANOVA results which examined the difference in age and factors influencing investment preferences towards IT Professionals. It was found that the respondents belonging to age group above 25 years are giving more importance to the different factors while taking different options Hence, the null hypothesis is rejected.

Table 4 : Results of Multiple Liner Regression analysis Model Summary

Model	R	R-Square	Adj R-Square	Std.Er of the Estimate
1	.316[a]	.100	.096	.979

Estimators: (stable), Age, Income and Gender

Model		Sum of sum	df	Mean square	F	Significance
1	Regression	52.753	3	17.585	18.398	.000[b]
	Residual	473.856	491	.956		
	Total	526.608	49			

a). The investment behaviour of IT professionals is the dependent variable.

b). (Stable) Predictors: Age, Income and Gender

Table 5: The correlation among the respondents' investment decision (dependent variable) and other independent variables

Model		Unstandardized coefficient		Standardized coefficient	t	Significance	Collinearity statistics	
		B	Standard Error	Beta			Tolerance	VIF
(Stable)		9.642	.745		12.927	.000		
1	Age	1.311	.235	.242	5.609	.000	.985	1.016
2	Gender	-.243	.092	-.111	-2.617	.009	.995	1.005
3	income							

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	-203	.061	-.145	-3.354	.002	.987	1.014

Primary data source

Analysis: Table-3 Highlights the relationship between the investment decision of the respondents (Dependent variable) and other independent variables like age, income and gender. Multiple linear regression analysis was carried out and revealed that overall model is found significant. Itis clearly understood that age, gender and income found to have significant impact on investment preferences among IT Professionals.

FINDINGS

Most of IT Employees have fairly aware about all alternatives especially about bank deposits and government security.

And also risk perception on equity and mutual funds is very high and low for bank deposits and government security.

They expect high rate of return for equity and mutual fund and low return for insurance.

Some of Respondents are of the opinion that savings and investment increase family income.

Savings and investment allow them to meet unexpected medical expenditure.

CONCLUSION

Investment behaviour of IT Professionals reveals that the popular of the respondents have only low level of savings. Also, they are given more position to bank deposit and Insurance policies. The basic goal of investment is return and long-term goal is future of their family needs. Major factors influencing the investment decision is economic scenario. More than partial of the respondents prefer medium term investment with moderate risk having moderate return Majority of the respondent are satisfied with the present return at the same time they expect increase in return. Respondents got information regarding the investment from the family members and friends So educate the professional to invest more and there by development of the economy.

Scope for further research

In this study examined the intricacies of saving and investment behaviours exhibited by IT professionals, aiming to provide valuable insights for financial planning and decision-making in Trivandrum from Kerala. Further study can explore investment pattern and savings behaviour, the importance of financial literacy, any salaried peoples investment decision behaviour.

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