



INVESTIGATING THE FACTORS INFLUENCING INVESTMENT  
OPTIONS OF EMPLOYEES WORKING IN PRIVATE SECTOR  
COMPANIES IN RANIPET DISTRICT

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## ABSTRACT

In the current economic climate, investors have a variety of alternatives at their disposal, and the incentives pushing them to invest are influenced by their socioeconomic status. Thus, a research on employee investment alternatives becomes more important when rules are developed for the protection of Indian investors and the establishment and regulation of investment plans generally. The study employs exploratory research methods. 220 respondents were divided into samples using a convenience sampling method. The research's findings will help investors understand the various decisions they must make based on the current circumstances and the likely results of each choice. They will also help investors determine what factors most influence their behaviour now and in the future, affecting their future policies and strategies. Investors' investment decisions will determine the type of investor strategy that will be used.

**Keywords:** Investment, Risk factors, Exploratory Factor Analysis, Confirmatory Factor Analysis.

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## 1. INTRODUCTION

Any prospective investor purchases shares of a firm in hopes of profiting from dividends and price growth of his investment. Return, safety, liquidity, simplicity, affordability, and tax advantages are what individual investors look for. Consumption and saving make up the majority of a person's income. Savings are further broken down into two categories: investments and liquid savings held by the individual. Deferred consumption, or not spending money, is saving. Savings strategies involve setting money away in places including cash, investment funds, pension accounts, and deposit accounts. Savings are essentially unplugged personal gains. Savings are put to work through investments in order to generate more income. The simple definition of investment is the use of money with the intention of generating more income or increasing its value. There are many different investment

alternatives accessible to investors today. These possibilities are often referred to as investment avenues or financial products. Financial products are the many schemes created by banks and other financial organisations to entice investors to place their money in them.

### 1.1 FINANCIAL PRODUCES AVAILABLE FOR INVESTMENT

There are several investing opportunities in India. These investment options may be divided into two categories: hazardous and risk-free, as well as long term and short term (high liquidity and low liquidity). The following carefully chosen investment opportunities will be taken into account in the current research.

Options for investing without risk

Savings accounts, Public Provident Funds, Fixed Deposits, Guaranteed Income Insurance Plans, and Post Office Monthly Income Account Programmes are all examples of financial instruments.

Options for investing without diversified risk

- Unit-Linked Insurance Plans
- Traditional Life Insurance Policies (non-guaranteed)
- Mutual Funds with and without Systematic Investment

Investment alternatives with diversified risk  
Direct investments in the stock market, direct real estate investments, and gold and other precious metals are examples.

## 1.2 FACTORS AFFECTING THE CHOICE OF A FINANCIAL PRODUCT

The following are the elements that influence a person's decision to select a certain financial product from the list above. These factors may be grouped into four general categories.

Features of a fund

Creditability

Convenience

Aspects of success

## 1.3 NEED FOR THIS STUDY

"Investment" relates to the idea of postponed consumption, which entails making a loan, buying an item, or saving money in a bank account with the intention of earning returns in the future. In reality, middle-class investing is a sort of self-restraint that prevents people from spending their full income for legitimate and self-protective reasons. This helps to maintain the regular money flow in the form of pay even amid certain expected short-term setbacks. The benefit for delaying investment returns depends on how well the investment plans are doing economically and how much money comes. This is, however, frequently exposed to market concerns. In order to accurately estimate the economic growth of a certain geographic area, an investor must have a thorough understanding of his or her capacity for investing, choice of the proper investments, attitude towards investments, and elements that have the upper hand over their investment plans. In relation to the aforementioned elements, the private sector employees of Ranipet, which is located in

the Indian state of Tamilnadu, are examined from this perspective.

## 1.4 OBJECTIVES OF THE STUDY

1. To find individuals' preferred investment strategies
2. To identify what factors steer investors towards particular investment ideas.
3. To investigate the preferred manner of investment plans and the factors influencing investors.

## 1.5 LIMITATION OF THE STUDY

The research on private firm employees' knowledge, attitudes, expectations, and satisfaction with regard to their investments is limited to the Tamilnadu region's Ranipet District.

## 2 REVIEW OF LITERATURE

Imran and Rautiainen (2022) found that intensive strategy in decision-making (SIDMs), such as acquisitions, mergers, and new product lines, typically involve high risk and have an impact on the success of the organisation over the long run. The findings show that management influence, financial analysis, top executives, and strategy-based investment are the four key SIDM techniques. The only investment strategy associated with perceived high profitability is one based on financial analysis.

When Quaicoe and Eleke-Aboagye (2021) questioned investors, they revealed several behavioural biases. Herding was deemed to be the most important factor affecting respondents' investing choices. Once more, it was discovered that biases such as regret aversion, the gambler's fallacy, mental accounting, overconfidence, and anchoring (Parveen & Siddiqui, 2018) all significantly influenced investors' perceptions.

In their investigation of the prevalence of several behavioural biases among Indian investors, Baker et al. (2019) looked at overconfidence and self-attribution, the disposition effect, anchoring bias, representativeness, mental accounting, emotional biases, and herding (Shukla et al., 2020). As a result, the statistics are consistent with the hypothesis that

individual investors do not always act rationally. The findings also show that financial literacy has no significant relationship with overconfidence and emotional biases, but it does have a negative relationship with behavioural biases and herding biases, as well as a positive relationship with mental accounting bias. When it comes to their stock market knowledge, men are more overconfident than women.

Investor perception will give a means to precisely assess how the investors believe about the products and services offered by the firm, according to Brahmabhatta et al. (2012) in their research titled "A study of investor behaviour on investment avenues in Mumbai Fenil". Finding out what present and potential investors require and researching investor behaviour are the study's key goals. For the research, 100 investors were selected. Most people are acting prudently, which reflects a survivalist mindset in the workplace. Understanding what investors are doing on a regular basis is essential for survival in these trying times. Because of this, the survey found that even when faced with challenges, consumers choose to invest in the stock market than any other marketplaces.

### 3. RESEARCH METHODOLOGY

An effort is made to understand the investor's profile and personality traits through a study of behaviour analysis of investor attitude. In order to understand their investing preferences. This study can help the creators of financial products create products that will appeal to investors with low risk tolerance.

A study of behavior analysis of investor's attitude is an attempt to know the profile of the investor and also the characteristics of the investors. So as to know their preference with respect to their investment. This study can facilitate the financial product designer to design product which can cater to the investors who are low risk tolerant. In today's fast changing and highly competitive world, it is quite difficult to earn an impressive rate of return on

investment. This study will also help investor to earn better profits from the investment option in this current market situation. If a financing firm understanding the logic behind the survey on investor attitude it can easily frame up its strategies for a nearby future and can even encourage the investor to invest in such an investment which close to his mindset and ideology where it can cut the cost on promoting him to grab a product of the company which is away from his view. This study is carried out on dual strategies namely, Sampling Design and Data Collection.

### 3.1 SAMPLING DESIGN:

The methodical strategy used for data collecting and analysis lends credence to any research's veracity. The information gathered from private employees in Ranipet, Tamilnadu, is the subject of the current study. To choose the Ranipet-based employees of private enterprises, convenience sampling was used.

## 4. ANALYSIS AND INTERPRETATION OF DATA

By creating appropriate tables for the data, a strategic analysis of the obtained data was conducted. Using statistical tools like exploratory factor analysis and SEM, the collected raw data from the completed questionnaires were tabulated and analysed.

### 4.1 RELIABILITY STATISTICS

Cronbach's Alpha	N of Items
.838	27

Source:

The overall dependability score is 0.838, which is higher than the advised value of 0.50 (Hair et al., 2006; Nunnally, 1978).

4.2 KMO AND BARTLETT'S TEST		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.833
Bartlett's Test of Sphericity	Approx. Chi-Square	3432.414
	df	351
	Sig.	.000

KMO ranges in value from 0 to 1. Hair et al. (2006) state that the KMO value should be larger than 0.50 and the Bartlett test of

sphericity should be significant (above 0.000).

### 4.3 EXPLORATORY FACTOR ANALYSIS

Rotated component matrix						
ITEMS	Component					
	1	2	3	4	5	6
Saving Bank Account	.894					
Public Provident Fund	.867					
Fixed Deposits	.823					
Guaranteed income insurance plans	.814					
Post office monthly income account schemes	.785					
National Saving Certificate	.668					
Quality of service		.978				
Research		.926				
Simplicity		.757				
Switching option		.671				
Quick grievance mechanism		.480				
Quick service		.477				
Traditional Life Insurance Policies			.895			
Mutual Funds with and without Systematic Investment			.891			
Unit Linked Insurance Plans			.886			
Gold ETF			.812			
Brand image				.915		
Information source				.819		
Credit rating agency				.718		
Past performance				.540		
Tax benefit					.874	
High returns					.861	
Price					.838	
Liquidity					.784	
Direct Investment in Stock market						.885
Direct Investment in Real Estate						.765
Gold and other Precious Metals						.646

#### Factor 1:

Saving Bank Account, Public Provident Fund, Fixed Deposits, Guaranteed income insurance plans, Post office monthly income account schemes (single) • National Saving Certificate. Items with low factor loading were dropped from the research because all of the items had factor loading values over 0.70, which is in the permissible range of 0.05. As a result, each of these goods

reflects the concept of risk-free investment possibilities.

#### Factor 2:

Quality of service, Research, Simplicity, Switching option, Quick grievance Mechanism and Quick service .Items with low factor loading were dropped from the research because all of the items had factor loading values over 0.70, which is in the permissible range of 0.05. As a result, all of

these components represent the Success Factors construct.

**Factor 3:**

Traditional Life Insurance Policies (non-guaranteed), Mutual Funds with and without Systematic Investment, Unit Linked Insurance Plans, Gold ETF (Exchange traded funds). Items with low factor loading were dropped from the research because all of the items had factor loading values over 0.70, which is in the permissible range of 0.05. All of these products, which are Investment Options without Diversified Risk, thus, reflect a single construct.

**Factor 4:**

Brand image, Information source, Credit rating agency and Pat performance. All of the items had factor loading values more than 0.70, which is in the acceptable range of 0.05, and items with low factor loading were dropped from the research. All of these elements so represent the notion of creditability.

**Factor 5:**

Tax benefit, High returns, Price, Liquidity. Items with low factor loading were dropped from the research because all of the items had factor loading values over 0.70, which is in the permissible range of 0.05. As a result, all of these components represent the Fund Characteristics construct.

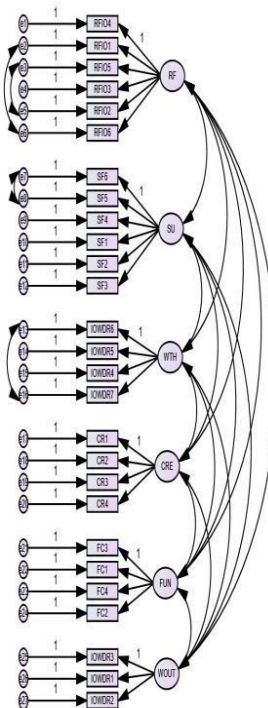
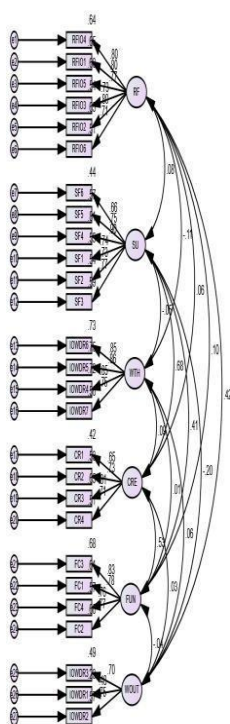
**Factor 6:**

Direct Investment in Stock market, Direct Investment in Real Estate, Gold and other Precious Metals

Items with low factor loading were dropped from the research because all of the items had factor loading values over 0.70, which is in the permissible range of 0.05. All of these products, which are Investment Options with Diversified Risk, thus, represent a single construct.

**4.4 CONFIRMATORY FACTOR ANALYSIS**

Measurement fit(without modification indices)      Measurement fit(with modification indices)



All constructs are handled equally in the measurement model, which also includes exogenous and endogenous variables. Low fit indices were produced by the current model. As a result,

the model has to be altered to achieve better fit. The outcomes of the current model are displayed below.

**Fit Statistic Change as a Result of Error Correlation**

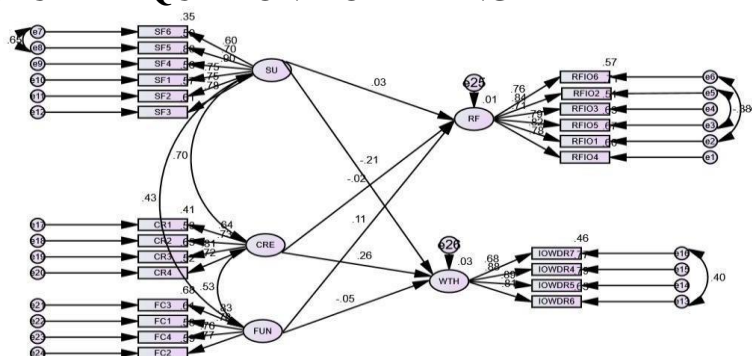
Model	$\chi^2/df$	GFI	AGFI	CFI	TLI	NFI	IFI	RMSEA	RMR
Before Error Correction	2.222	0.813	0.771	0.884	0.868	0.809	0.855	0.075	0.059
After Error Correction	1.655	0.857	0.823	0.938	0.929	0.860	0.939	0.057	0.055

**4.5 MODEL VALIDITY MEASURES**

	CR	AVE	MSV	MaxR(H)	RF	SU	WTH	CRE	FUN
RF	0.905	0.615	0.016	0.909	<b>0.784</b>				
SU	0.885	0.565	0.492	0.907	0.059	<b>0.752</b>			
WTH	0.888	0.667	0.016	0.907	-0.127†	-0.046	<b>0.817</b>		
CRE	0.816	0.528	0.492	0.827	0.063	0.702***	0.088	<b>0.727</b>	
FUN	0.865	0.615	0.280	0.867	0.108	0.426***	0.005	0.530***	<b>0.784</b>

After the elimination of the investment alternatives with diversified risk, there are no validity issues to be found.

**4.6 STRUCTURAL EQUATION MODELLING**



**Regression Weights:**

	Items		Estimate	S.E.	C.R.	P
RF	<---	SU	.035	.126	.274	.784
WTH	<---	SU	-.314	.181	-1.728	.004
RF	<---	CRE	-.028	.157	-.178	.859
WTH	<---	CRE	.429	.227	1.892	.002
RF	<---	FUN	.093	.080	1.160	.246
WTH	<---	FUN	-.055	.113	-.484	.628

**5. IMPLICATIONS**

The conclusion is that investors are better knowledgeable about different investment opportunities and the risk involved.

Investors with success factors can choose from a variety of risk-diverse investment alternatives, such as direct investments in the stock market, real estate, gold, and other

precious metals, etc. This survey demonstrates that among credible investors, risk-free investing solutions are the most popular. It covers the advantages of life insurance, tax savings, and future planning.

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