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A Comparative Study on Investment Preferences of Salaried and Self-Employed Individuals

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ABSTRACT :

The investment behaviour of people is encouraged via numerous socio-economic factors, which includes their employment status. This studies paper objectives to conduct a comparative observe between salaried and self-employed people to become aware of and analyse their investment possibilities. The observe explores the variations in chance tolerance, preferred funding avenues, decision-making procedures, and economic dreams of those two wonderful profits groups. A established questionnaire became used to acquire primary records from a sample of a hundred participants, equally divided among salaried and self-employed individuals. The findings monitor superb variations in investment patterns, with salaried people displaying a desire for low-threat and glued-go back instruments including provident budget and stuck deposits, even as self-employed individuals show a better inclination towards marketplace-related investments like mutual budget and shares. The paper concludes through presenting insights into how financial advisors and policy makers can tailor investment merchandise and economic literacy projects to better serve the wishes of each organization.

Keywords: Investment Preferences, Salaried Individuals, Self-Employed Individuals, Risk Tolerance, Financial Behavior, Investment Instruments, Comparative Study

Introduction

Investment is a crucial aspect of personal monetary planning, because it now not best enables individuals develop their wealth but additionally guarantees long-term monetary security. In the cutting-edge financial surroundings, the supply of various funding avenues—ranging from conventional units like fixed deposits and gold to present day options like mutual budget, equities, and digital belongings—has led to numerous funding conduct among exceptional sections of society. Among the important thing determinants influencing investment selections is the nature of an man or woman's occupation, specifically whether they may be salaried or self-employed.

Salaried individuals regularly have constant and predictable earnings streams, in conjunction with access to agency-backed blessings such as provident funds, pensions, and insurance. This economic balance commonly consequences in a conservative investment approach with a desire for low-danger, steady devices. On the alternative hand, self-hired individuals normally face variable income styles and feature extra autonomy over their monetary choices. This may additionally foster a more aggressive or diverse funding strategy, relying on their enterprise success, financial literacy, and threat appetite.

Understanding the differences in investment options among those two occupational organizations is important not best for economic advisors and establishments aiming to layout customized economic products however additionally for policy makers looking for to promote inclusive monetary growth. This study seeks to discover these variations thru empirical analysis, presenting precious insights into how employment status shapes monetary choice-making.

Objectives of the Study

1. To examine the level of awareness and knowledge about different investment options among salaried and self-employed individuals.
2. To identify and compare the preferred investment avenues (e.g., fixed deposits, mutual funds, stocks, real estate) between salaried and self-employed individuals.
3. To analyze the risk appetite and investment behavior patterns of both groups based on their income stability and financial goals.

Literature Review

Bhalla (2010) emphasizes the importance of understanding portfolio management principles and highlights how different income groups adopt varying strategies depending on their financial stability. Salaried individuals often seek fixed-income securities due to their predictable cash flow, while self-employed individuals may explore diversified and higher-risk instruments for better returns.

Pandian (2012) provides insights into security analysis and outlines that knowledge of market instruments significantly influences investment behavior. This view is further supported by Singh (2016), who suggests that moderate financial literacy often leads to conservative investment decisions among working professionals.

According to Sadhak (2009), mutual fund penetration in India has grown due to increased awareness and ease of access. However, this growth has been more pronounced among salaried classes, who benefit from structured saving plans and tax-saving incentives.

Reilly and Brown (2011) explore the psychological aspects of investment decision-making, stressing that individual risk tolerance—often shaped by employment type and income consistency—plays a key role in portfolio selection. This is echoed in Statman's (2017) behavioral finance approach, which explains that even rational investors often deviate from optimal strategies due to emotional biases and lack of information.

Official sources such as the *Reserve Bank of India* (2023) and *SEBI* (2022) underline that while financial awareness has improved, especially among urban and salaried populations, the self-employed sector still lags in systematic investment planning and tends to rely more on informal or tangible assets like gold and real estate.

Data from *AMFI* (2023) further highlights an increase in retail mutual fund investors, with salaried professionals forming a significant portion. Meanwhile, platforms like *Investopedia* (2024) continue to serve as foundational tools for enhancing individual understanding of basic investment concepts and risk profiling.

Research Methodology

This section outlines the methods and procedures used to conduct the study. The purpose of this research is to analyze and compare the investment preferences of salaried and self-employed individuals based on their awareness, knowledge, risk appetite, and investment behavior.

1. Research Design

The study follows a **descriptive research design** to systematically describe the characteristics and investment behaviors of two distinct groups—salaried and self-employed individuals. The focus is on identifying patterns, preferences, and influencing factors without manipulating variables.

2. Type of Research

The research is **primary** and **quantitative** in nature. It is based on data collected directly from respondents through a structured questionnaire.

3. Sampling Technique

A **convenience sampling** method was used to select participants who were easily accessible and willing to respond. The sample includes both salaried and self-employed individuals.

4. Sample Size

The total sample size of the study is **100 respondents**, out of which **80 are salaried individuals** and **20 are self-employed**. This distribution allows for meaningful comparison while focusing on the salaried segment.

5. Data Collection Method

Primary data was collected using a **structured questionnaire** divided into four sections:

- Section A: General Information
- Section B: Awareness and Knowledge
- Section C: Investment Preferences
- Section D: Risk Appetite & Investment Behavior

The questionnaire included both multiple-choice and tick-box questions to ensure clarity and ease of analysis.

6. Data Analysis Tools

The collected data was compiled and analyzed using **percentage analysis** and presented through **tables**. Each response was categorized and interpreted to understand prevailing trends and differences between the two groups.

7. Limitations of the Study

- The sample size is limited to 100 respondents, which may not fully represent the broader population.
- The use of convenience sampling may introduce selection bias.

Data Analysis & Interpretation

Section A: General Information

Q1. What is your employment status?

Particular	No. of Respondents	Percentage
Salaried	80	80%
Self-employed	20	20%

Interpretation:

The majority of the respondents (80%) are salaried employees, while only 20% are self-employed individuals. This aligns with the study's focus on comparing the two groups with more representation from salaried individuals.

Q2. What is your monthly income range?

Particular	No. of Respondents	Percentage
Below ₹25,000	20	20%
₹25,000 – ₹50,000	35	35%
₹50,001 – ₹1,00,000	30	30%
Above ₹1,00,000	15	15%

Interpretation:

A majority (65%) of the respondents earn between ₹25,000 and ₹1,00,000 monthly. This indicates that most respondents belong to a middle-income bracket, which likely influences their investment preferences and risk appetite.

Q3. What is your age group?

Particular	No. of Respondents	Percentage
Below 25	10	10%
25–35	45	45%
36–45	30	30%
Above 45	15	15%

Interpretation:

The majority of respondents fall within the age group of 25–35 years, indicating a young and possibly more tech-savvy sample, which may influence investment awareness and preferences.

Section B: Awareness and Knowledge (Objective 1)

Q4. Are you aware of the following investment options?

Particular	No. of Respondents	Percentage
Fixed Deposits	90	90%
Public Provident Fund (PPF)	85	85%
Mutual Funds	80	80%
Stock Market	75	75%
Real Estate	65	65%
Gold	70	70%
Cryptocurrency	40	40%

Interpretation:

Respondents are most aware of traditional investment options such as fixed deposits and PPF. Awareness of newer or riskier options like cryptocurrency is significantly lower (40%).

Q5. How would you rate your overall knowledge about investment options?

Particular	No. of Respondents	Percentage
Very High	10	10%
Moderate	50	50%
Basic	30	30%
None	10	10%

Interpretation:

Half the respondents (50%) rate their investment knowledge as moderate, while only 10% claim to have very high knowledge. This suggests the need for improved financial literacy.

Section C: Investment Preferences (Objective 2)**Q6. Which investment options do you currently prefer or invest in?**

Particular	No. of Respondents	Percentage
Fixed Deposits	70	70%
Mutual Funds	60	60%
Stocks/Equity	45	45%
Gold	50	50%
Real Estate	40	40%
Recurring Deposits	35	35%
Others	10	10%

Interpretation:

Fixed deposits are the most preferred investment choice, followed by mutual funds and gold. Preference for equity and real estate is moderate, showing a mix of risk appetites.

Q7. What is your investment time horizon?

Particular	No. of Respondents	Percentage
Short-term (Less than 1 year)	20	20%
Medium-term (1–5 years)	50	50%
Long-term (More than 5 years)	30	30%

Interpretation:

Most respondents (50%) prefer medium-term investments, indicating a balance between liquidity and returns. Long-term investment preferences also form a significant share.

Section D: Risk Appetite & Behavior (Objective 3)**Q8. How would you describe your risk appetite when it comes to investments?**

Particular	No. of Respondents	Percentage
High (High risk for high return)	20	20%
Moderate (Balanced risk and return)	55	55%
Low (Secure and low-risk investments)	25	25%

Interpretation:

A majority (55%) of respondents have a moderate risk appetite, indicating cautious but open-minded investment behavior. Only 20% are highly risk-tolerant.

Q9. What is your main goal for investing?

Particular	No. of Respondents	Percentage
Wealth Creation	35	35%
Retirement Planning	20	20%
Child's Education	10	10%
Emergency Fund	15	15%
Tax Saving	15	15%
Other	5	5%

Interpretation:

Wealth creation is the top investment goal among respondents, followed by retirement planning and saving for emergencies or taxes.

Q10. How often do you review or modify your investments?

Particular	No. of Respondents	Percentage
Monthly	20	20%
Quarterly	25	25%
Annually	30	30%
Rarely/Never	25	25%

Interpretation:

Only 20% of respondents review investments monthly. A large portion either reviews them annually or rarely, indicating limited active portfolio management.

Findings

1. **Findings Employment Distribution:** Out of the total 100 respondents, 80% were salaried individuals, while 20% were self-employed. This

- skewed distribution helped focus on comparing investment preferences with a greater emphasis on salaried individuals.
2. **Income Profile:** A majority of respondents (65%) earn between ₹25,000 and ₹1,00,000 per month. This suggests a concentration of middle-income individuals, likely affecting their investment capacity and choices.
 3. **Age Demographics:** Most participants (45%) belonged to the 25–35 age group, followed by 30% in the 36–45 range. This reflects a predominantly young to mid-career demographic likely to be actively involved in financial planning.
 4. **Awareness of Investment Options:**
 - High awareness was noted for traditional instruments like Fixed Deposits (90%) and PPF (85%).
 - Awareness of mutual funds (80%) and stocks (75%) was also relatively strong, indicating growing financial literacy.
 - Only 40% were aware of cryptocurrencies, showing that newer digital assets are still not widely understood or trusted.
 5. **Self-Reported Investment Knowledge:** 50% rated their knowledge as moderate, while only 10% claimed a very high level of understanding. This reflects a decent base-level understanding but room for improvement in financial education.
 6. **Preferred Investment Options:**
 - Fixed deposits (70%) and mutual funds (60%) were the top preferences, suggesting a moderate to low-risk appetite.
 - Stock market investments (45%) and gold (50%) were also popular.
 - Only 10% chose "Other" options, indicating most stick with conventional investment instruments.
 7. **Investment Horizon:**
 - 50% of respondents preferred medium-term investments (1–5 years), while 30% leaned towards long-term plans.
 - Only 20% focused on short-term investments, reflecting a tendency to plan beyond immediate financial needs.
 8. **Risk Appetite:**
 - 55% had a moderate risk appetite, 25% were risk-averse, and only 20% were open to high-risk investments.
 - This distribution shows cautious optimism among respondents, especially salaried individuals.
 9. **Investment Goals:**
 - Wealth creation (35%) emerged as the primary goal, followed by retirement planning (20%) and emergency funds or tax-saving motives (15% each).
 - Fewer respondents invested for specific objectives like child's education (10%).
 10. **Investment Review Frequency:**
 - 30% reviewed their investments annually, 25% quarterly, and 25% rarely or never.
 - Only 20% were proactive with monthly reviews, showing a need for better portfolio monitoring habits.

Conclusion

The observe aimed to discover and evaluate the investment options of salaried and self-employed people through focusing on key elements such as focus, chance appetite, funding conduct, and economic desires. Based on the number one statistics amassed from a hundred respondents (with a bigger share of salaried individuals), numerous important insights had been drawn.

It turned into found that salaried people, because of their solid and predictable profits, generally tend to prefer safer funding options like constant deposits and public provident budget. Their chance urge for food is usually moderate to low, and that they typically invest for long-time period goals consisting of wealth introduction and retirement making plans. In comparison, at the same time as self-employed individuals confirmed barely greater inclination in the direction of higher-threat alternatives like fairness and real estate, their overall behavior also contemplated a cautious approach, likely because of earnings variability.

A key observation is the developing awareness of mutual budget and inventory marketplace investments across both organizations, specifically the various more youthful demographic. However, financial literacy remains a slight issue, with most respondents rating their investment expertise as common and showing constrained proactiveness in reviewing or updating their portfolios regularly.

Overall, the have a look at concludes that despite the fact that the employment popularity substantially affects investment preferences, each salaried and self-employed individuals exhibit a growing interest in various funding avenues. This suggests a fantastic shift closer to greater informed and strategic monetary planning. Enhancing financial literacy and selling normal funding opinions can in addition enhance funding conduct and outcomes for each companies.

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