



“A Comparative Analysis of Investment Perceptions Between Government and Private Sector Employees in Mangaluru City”

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Abstract

Investment can be defined as commitment of funds that is expected to generate additional money. Savings shapes the important part of the economy of any nation. With the savings, in various options available to the people, the money acts as the driver for growth of the country. This paper tries to portray the viewpoint of government sector employees and private sector employees towards the saving habits or investments. This research also aims to compare the investment patterns of the employees of both the sector and for this purpose data is collected by using a questionnaire using stratified random sampling. This study indicates that the employees from both the sectors are aware of the various investment avenues but they prefer investments with medium risk.

Key words: Investments, Government employee, Private employee, investment pattern

Introduction

To invest is an interesting activity that attracts people from all walks of life irrespective of their age, gender, income, education, and family background. When a person has more money than he requires for current consumption, he is coined as a potential investor. Investment is the employment of funds with the aim of achieving additional income or growth in value. The essential characteristic of an investment is that, it always waits for a reward.

The term investment is used to describe the process of investing money in shares, debentures and bonds, public deposits, post office savings, public provident fund, money market instrument, mutual funds, fixed deposits, gold-silver, real assets, life policies derivative instruments, commodity market and etc. These outlets where the money is invested are known as investment assets. Analysis, decision-making and processes involved in allocation of funds to these different assets and more specifically, selection of one or the other asset is known as investment management.

Private sector employees work primarily for businesses or non-profit agencies. Private industries and services are owned or controlled by an individual person or a commercial company, rather than by the state or an official. Private individuals are acting only for themselves and are not representing any group, company or organization. Private sectors employers can generally demote or fire employees based upon the views they express. So, the private employees will be risk averse as their income is not regular.

Government employees enjoy job security, promotion and educational opportunities, comprehensive medical insurance coverage, and pension and other benefits often not provided in comparable positions in private employment. So, these employees may take the risk in their investment because their incomes are regular and they get high pay scale while compare to private employees

Review of Literature

Sangeeta Arora and Kanika Marwaha (2012) in their article “**Investment Patterns of Individual Stock Investors: An Empirical Analysis of Punjab**” Asia-Pacific Journal of Management Research and Innovation 2012, attempted to analyse investment pattern of individual stock investors of Punjab. For the purpose, the preferences for various financial products, factors influencing such preferences, time spent on monitoring investments and the sources of information chased by them before investing are gauged. An in-depth analysis is carried out to find out whether demographic variables, that is, age, gender and income, exert a significant impact on the choice of various investment avenues. A pre-tested, well-structured questionnaire was administered personally to 250 individual stock investors in Punjab and their responses were sought for further analysis. The responses have been analyzed in terms of frequencies, percentages and weighted average scores and factor analytic techniques. Bank fixed deposits have been found as first preference followed by gold as the second preference and then stocks as the third preference. The results of the factor analysis revealed four factors, that is, projected benefits, personal financial need, taxation benefits and security needs. Internet, Investment advisors and family-member recommendations are their most preferred sources of information. Large numbers of investors have been found monitoring their investments monthly.

Lalith Mohan Kathuria and Kanika Singhania (2010) in their research paper “**investor knowledge and investment practice of private sector banks employees**” the findings of the study reveals that print media and website were the two more sources of information that helped the respondents to make investment decisions. In this research majority of the respondents had invested in secured mode of investments like employees PF, PPF and post office saving schemes. Another finding of this study was that even the bank employees considered insurance as an investment tool rather than risk coverage instruments.

Joseph Anbarasu d, Clifford Paul S and Annette B (2011) in their article “**an empirical study on some demographic characteristics of investors and its impact on pattern of their savings and risk coverage through insurance schemes**” their study reveals that the people are aware about the important of savings but the awareness about the investment opportunity is less. Steps have to be taken by the government and the private companies to increase the awareness by advertisement. Investment companies need to offer schemes that are affordable by the low salaried people.

Need for the study

This study is done to compare the investment perspective of private and government employees. To know whether the employees invest their surplus amount in varied investment avenue for their future needs and also to know whether the employees will invest in such investment avenues which have high return followed with high risk. To study whether the investors plan to reinvest their money

Statement of the problem

Lack of awareness, knowledge and blind faiths is the common problem faced by the government and private employees over their investment. Private employees’ do not invest their money in the risky investment avenue because their income is not regular and their income is low so they may not have the surplus amount to invest.

Objectives

- To examine and compare the investment preference made by government and private employees
- To evaluate the return on investments and satisfaction level of the employees on their investment.
- To understand whether the investors have sufficient knowledge about the investment avenues.

Scope of the study

This study is restricted to salaried people of the government and private sectors in Mangalore city only. This study helps us to know the investment perspective of salaried people among the government and private employees. It also helps us to know which investment plan is mostly preferred and also the satisfaction level of the employees.

Hypothesis

H0: There is significant difference between investment behavior of government and private employees.

H1: There is no significant difference between investment behavior of government and private employees.

Methodology

Primary data: The study sample comprise of 250 salaried people in Mangalore city. Using stratified random sampling method, the employees where classified into two categories on the criterion of type of employment. 125 were private employees and 125 were government employees. The respondents were salaried employees employed in various companies in manufacturing, trading and service providing sectors. The data is collected through questionnaire method, interview method or through mail.

Secondary data: Information will be collected from internet, research journals, text books, magazines and website.

Statistical tools

Percentage analysis method is used to analyse the data.

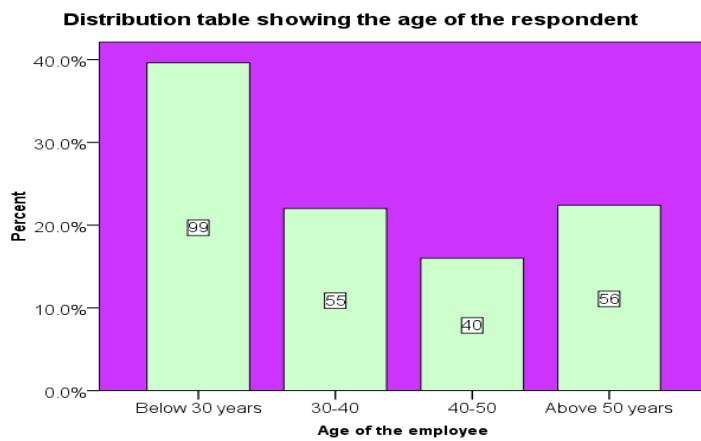
Analysis and Interpretation

Percentage analysis

1. Percentage of Respondents based on age

Age of the employee

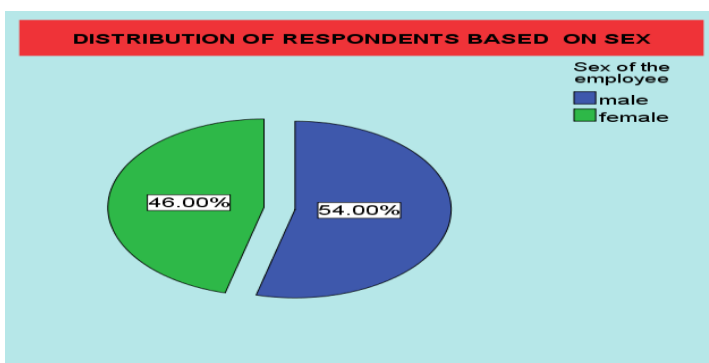
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	below 30 years	99	39.6	39.6	39.6
	30-40	55	22.0	22.0	61.6
	40-50	40	16.0	16.0	77.6
	above 50 years	56	22.4	22.4	100.0
	Total	250	100.0	100.0	



From the above table it is clear that 40% of the respondents belong to the age group of below 30, 22% of the respondents belong to the age group of 30-40, 16% of the respondents belong to the age group of 40-50, 22% of the respondents belong to the age group of above 50.

2. Percentage of Respondents based on sex

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Male	135	54.0	54.0	54.0
Female	115	46.0	46.0	100.0
Total	250	100.0	100.0	

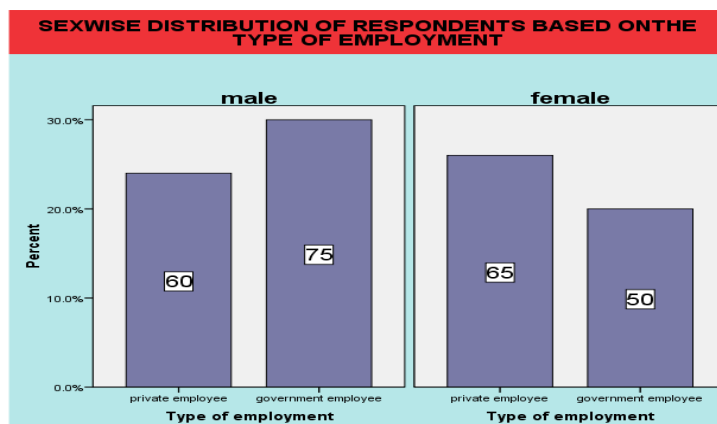


From the above table it can be observed that 54% of the respondents are males and the rest 46% are female.

3. Percentage of Respondents based on type of employment

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	private employee	125	50.0	50.0	50.0
	government employee	125	50.0	50.0	100.0
	Total	250	100.0	100.0	

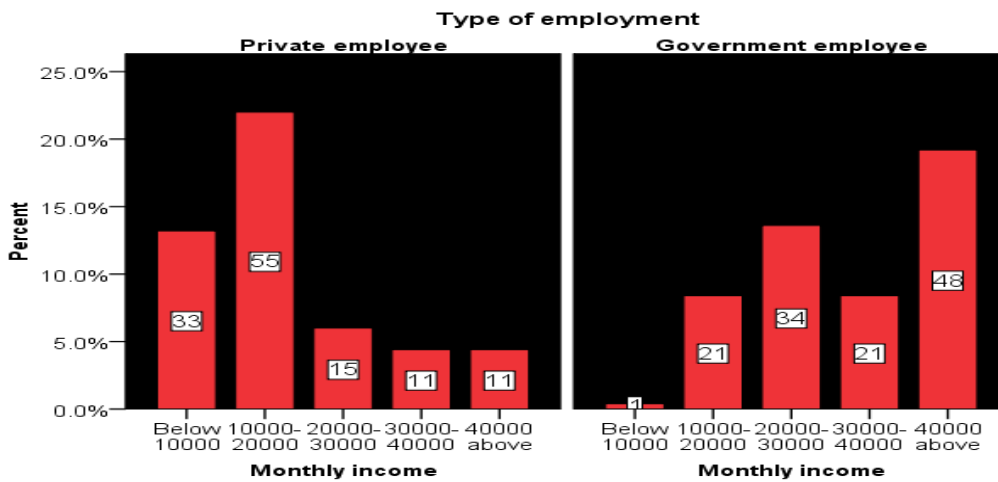
From the above table it can be observed that 50% of the respondents are government employees and 50% are private employees. In female 65 respondents are of private employee and 50 respondents are of government employee. In male 60 respondents are of private employee and 75 respondents are of government employee.



4. Percentage of Respondents based on monthly income

Monthly income

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	below 10000	34	13.6	13.6	13.6
	10000-20000	76	30.4	30.4	44.0
	20000-30000	49	19.6	19.6	63.6
	30000-40000	32	12.8	12.8	76.4
	40000 above	59	23.6	23.6	100.0
	Total	250	100.0	100.0	

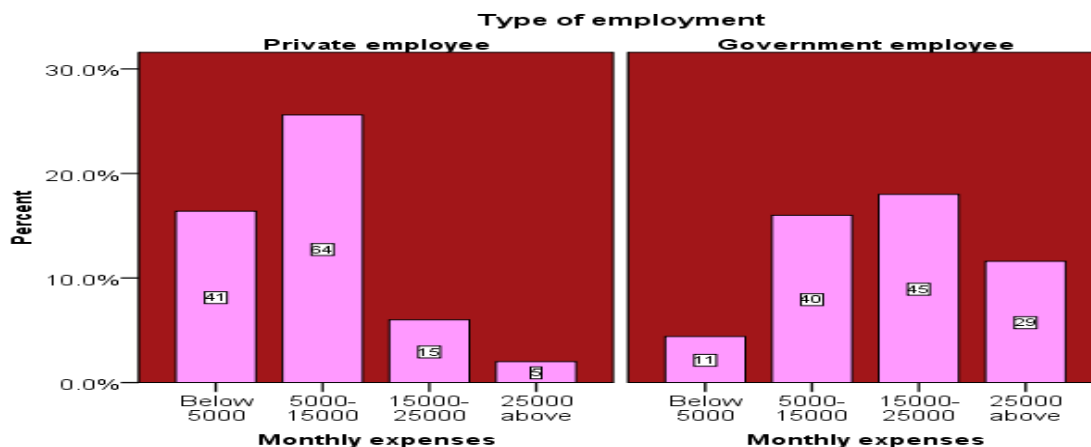
Distribution table showing monthly income

From the above table it is clear that 14% of the respondents' monthly income is below 10000, 30% of the respondents' monthly income is between 10000-20000, 20% of the respondent's monthly income is between 20000-30000, 13% of the respondents' monthly income is between 30000-40000 and rest 24% of the respondents' monthly income is above 40000.

5. Percentage of Respondents based on monthly expenses

Monthly expenses

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	below 5000	52	20.8	20.8	20.8
	5000-15000	104	41.6	41.6	62.4
	15000-25000	60	24.0	24.0	86.4
	25000 above	34	13.6	13.6	100.0
	Total	250	100.0	100.0	

Distribution showing monthly expenses

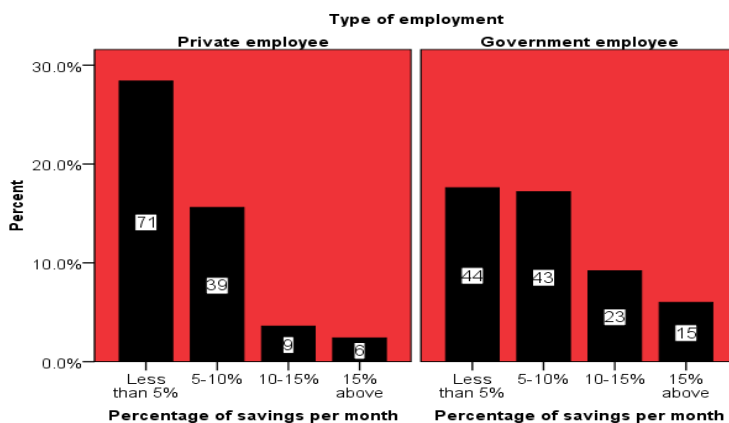
From the above table it is clear that 21% of the respondents' monthly expenses are below 5000, 42% of the respondents' monthly expenses are between 5000-15000, 24% of the respondent's monthly expenses are between 15000-25000, 14% of the respondents' monthly expenses are above 25000.

6. Percentage of Respondents based on savings per month

Percentage of savings per month

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	less than 5%	115	46.0	46.0	46.0
	5-10%	82	32.8	32.8	78.8
	10-15%	32	12.8	12.8	91.6
	15% above	21	8.4	8.4	100.0
	Total	250	100.0	100.0	

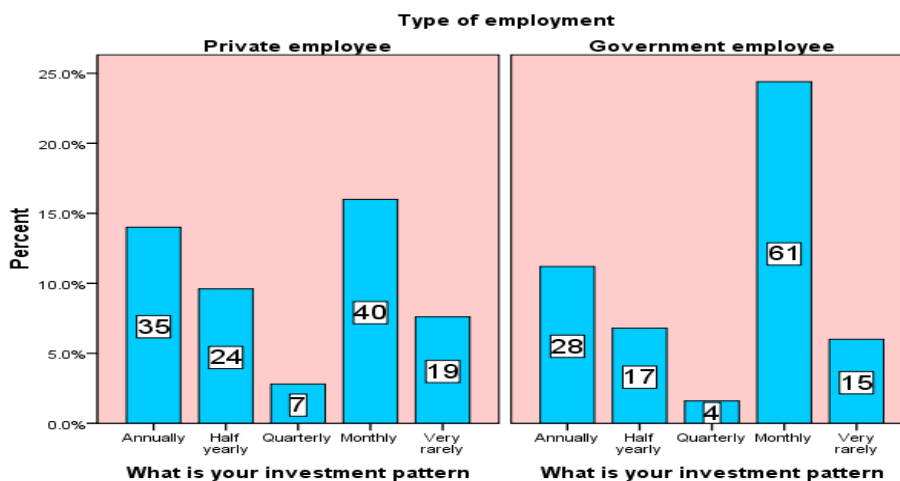
Distribution showing savings per month



From the above table it is clear that 46% of the respondents' save less than 5% per month, 33% of the respondents' save between 5-10%, 13% of the respondents save from 10-15% and rest 8% of the respondents save more than 15% monthly.

7.Percentage of Respondents based on investment pattern**What is your investment pattern**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Annually	63	25.2	25.2	25.2
	half yearly	41	16.4	16.4	41.6
	Quarterly	11	4.4	4.4	46.0
	Monthly	101	40.4	40.4	86.4
	very rarely	34	13.6	13.6	100.0
	Total	250	100.0	100.0	

Distribution showing investment pattern of the respondent

It can be observed that 63 respondents are investing annually in those 35 respondents are private employees and 28 respondents are government employees. 41 respondents are investing half yearly in that 24 are private employees and 17 are government employees. 11 respondents are investing quarterly in that 7 are private employees and 4 are government employees. 101 of the respondents are investing monthly in that 40 are private employees and 61 are government employees and 34 of the respondents are investing very rarely in that 19 are private employees and 15 are government employees.

8. Percentage of Respondents based on type of investment

Which type of investment do you prefer

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	higher return higher risk	13	5.2	5.2	5.2
	lower return lower risk	66	26.4	26.4	31.6
	medium return medium risk	171	68.4	68.4	100.0
	Total	250	100.0	100.0	

Distribution chart shows the investment pattern of the respondent

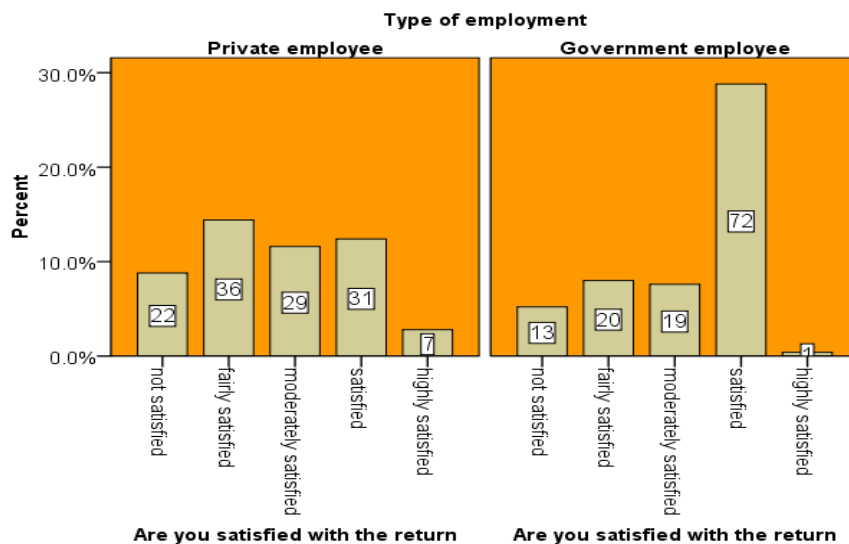


From the above table it can be observed that 5.2% of the respondents prefer to invest in higher risky investment, 68.40% of the respondents prefer to invest in medium risky investment and the rest 26.40% prefer lower risky investment.

9. Percentage of Respondents based on satisfaction level with return

Are you satisfied with the return

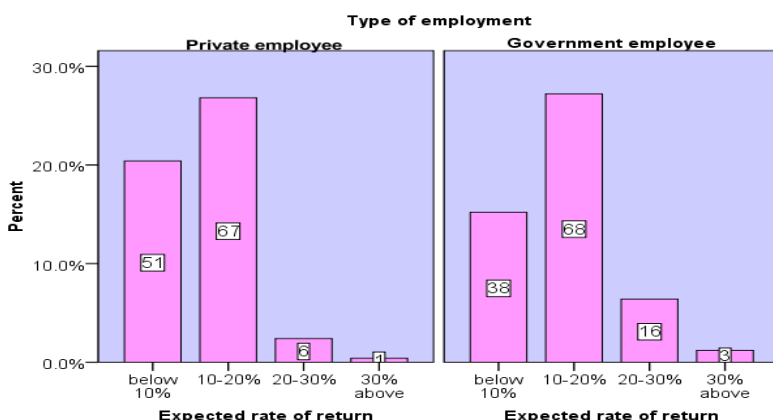
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	not satisfied	35	14.0	14.0	14.0
	fairly satisfied	56	22.4	22.4	36.4
	moderately satisfied	48	19.2	19.2	55.6
	satisfied	103	41.2	41.2	96.8
	highly satisfied	8	3.2	3.2	100.0
	Total	250	100.0	100.0	

Distribution showing satisfaction level of the respondent

From the above table it is clear that 14% of the respondents' monthly income is below 10000, 30% of the respondents' monthly income is between 10000-20000, 20% of the respondents monthly income is between 20000-30000, 13% of the respondents' monthly income is between 30000-40000 and rest 24% of the respondents' monthly income is above 40000.

10. Percentage of Respondents based on expected rate of return**Expected rate of return**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	below 10%	89	35.6	35.6	35.6
	10-20%	135	54.0	54.0	89.6
	20-30%	22	8.8	8.8	98.4
	30% above	4	1.6	1.6	100.0
	Total	250	100.0	100.0	

Distribution showing expected rate of return

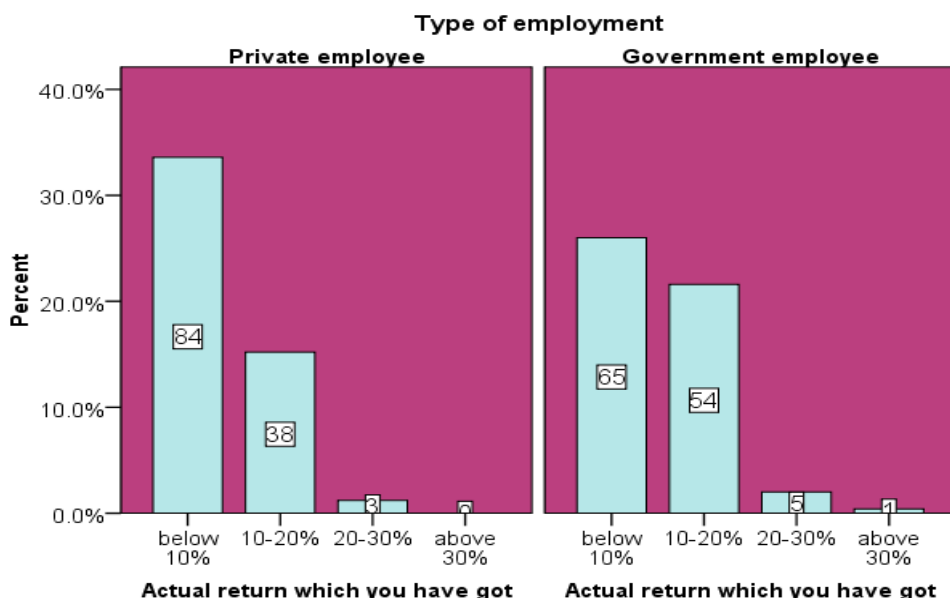
From the above table it's clear that the 36% of the respondents expect the rate of return below 10% in that 51 respondents are of private employees and 38 respondents are of government employees out of 250 respondents, 54% of the respondents expect the rate of return from 10-20% in that 67 are private employees and 66 are government employees, 9% of the respondents expect from 20-30% in that 6 private employees and 16 government employees and remaining 1% expect above 30% that is 1 from private employees and 3 from government employees.

11. Percentage of Respondents based on actual rate of return

Actual return which you have got

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	below 10%	149	59.6	59.6	59.6
	10-20%	92	36.8	36.8	96.4
	20-30%	8	3.2	3.2	99.6
	above 30%	1	.4	.4	100.0
	Total	250	100.0	100.0	

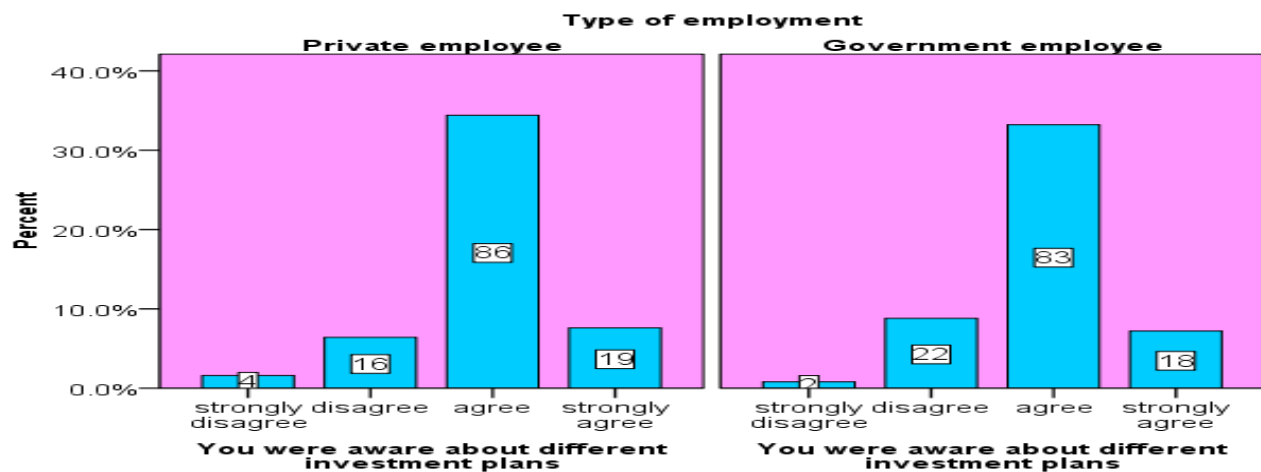
Distribution showing actual rate of return



From the above table it's clear that out of 250 respondents 59% of the respondents actual rate of return below 10% in that 84 respondents are of private employees and 65 respondents are of government employees, 37% of the respondents actual rate of return from 10-20% in that 38 are private employees and 54 are government employees, 3% of the respondents get from 20-30% in that 3 private employees and 5 government employees and remaining 1% get above 30% that is 0 from private employees and 1 from government employees.

12. Percentage of Respondents based on awareness about different investment plans**You were aware about different investment plans**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid strongly disagree	6	2.4	2.4	2.4
disagree	38	15.2	15.2	17.6
agree	169	67.6	67.6	85.2
strongly agree	37	14.8	14.8	100.0
Total	250	100.0	100.0	

Distribution showing awareness of different investment avenues

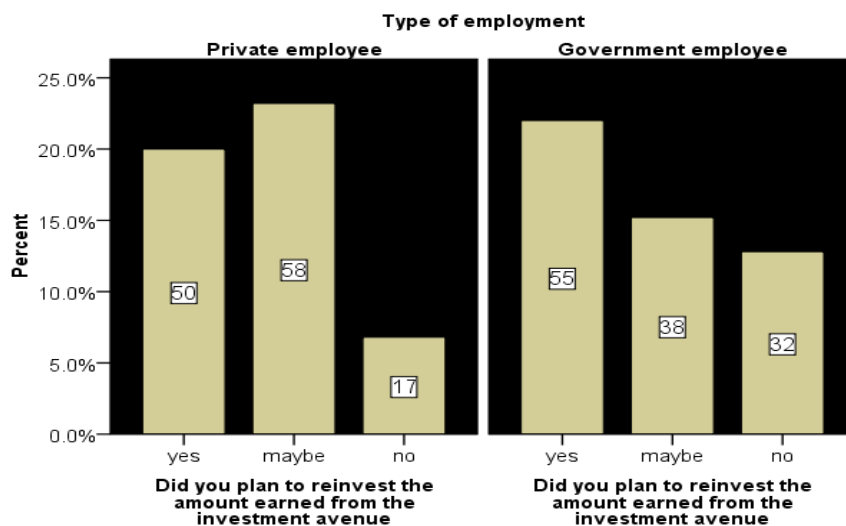
From the above table it's clear that the 2% of the respondents strongly disagree about the awareness regarding different investment avenues in that 4 were of private employees and 2 are government employees, 15% of the respondents disagree about the awareness regarding different investment avenues in that 16 were private employees and 22 were government employees, 68% of the respondents agree that they were aware about different investment avenue in that 86 were private employees and 83 were government employees and rest 15% of the respondents strongly agreed that they were aware about different investment avenues in that 19 were private employees and 18 were government employees.

13. Percentage of Respondents based on reinvestment made

Did you plan to reinvest the amount earned from the investment avenue

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	105	42.0	42.0	42.0
	Maybe	96	38.4	38.4	80.4
	No	49	19.6	19.6	100.0
	Total	250	100.0	100.0	

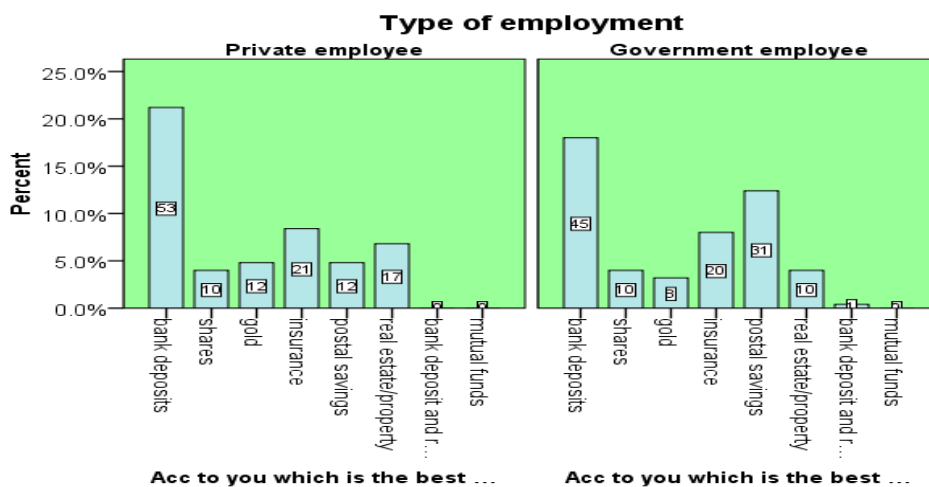
Distribution table showing reinvestment made



From the above chart and table its clear that 42% of the respondents had plan to reinvest their money in that 50 respondents were from private employees and 55 were from government employees, 38% of the respondents were not sure about reinvestments and 20% of the respondent had not planned regarding reinvesting the money earned.

14. Percentage of Respondents based on best investment avenue**Best investment plan**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	bank deposits	98	39.2	39.2	39.2
	Shares	20	8.0	8.0	47.2
	Gold	20	8.0	8.0	55.2
	Insurance	41	16.4	16.4	71.6
	postal savings	43	17.2	17.2	88.8
	real estate/property	27	10.8	10.8	99.6
	bank deposit and real estate	1	.4	.4	100.0
	Total	250	100.0	100.0	

Distribution showing which investment avenue is best one

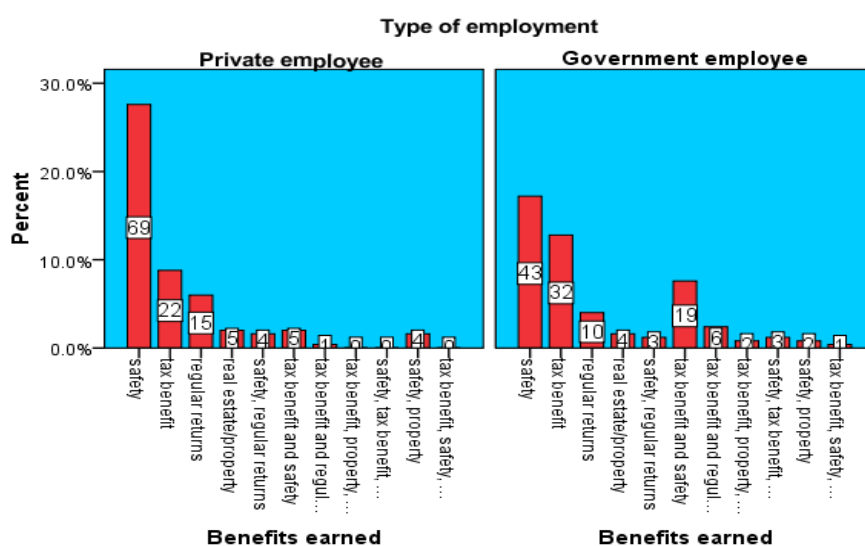
From the above table it is clear that 39% of the respondents say that bank deposits are the best investment plan, 8% of the respondent say that shares are the best investment avenue, 8% of the respondents say that gold is the best investment avenue, 17% of the respondent say that insurance is best investment avenue, 17% of the respondents say that postal savings is the best investment avenue and rest 11% of the respondent say that real estate is the best investment avenue.

15. Percentage of Respondents based on benefits earned

Benefits earned

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Safety	112	44.8	44.8	44.8
tax benefit	54	21.6	21.6	66.4
regular returns	25	10.0	10.0	76.4
real estate/property	9	3.6	3.6	80.0
safety, regular returns	7	2.8	2.8	82.8
tax benefit and safety	24	9.6	9.6	92.4
tax benefit and regular returns	7	2.8	2.8	95.2
tax benefit, property, regular returns	2	.8	.8	96.0
safety, tax benefit, regular returns	3	1.2	1.2	97.2
safety, property	6	2.4	2.4	99.6
tax benefit, safety, regular returns	1	.4	.4	100.0
Total	250	100.0	100.0	

Distribution showing benefits earned by the respondent



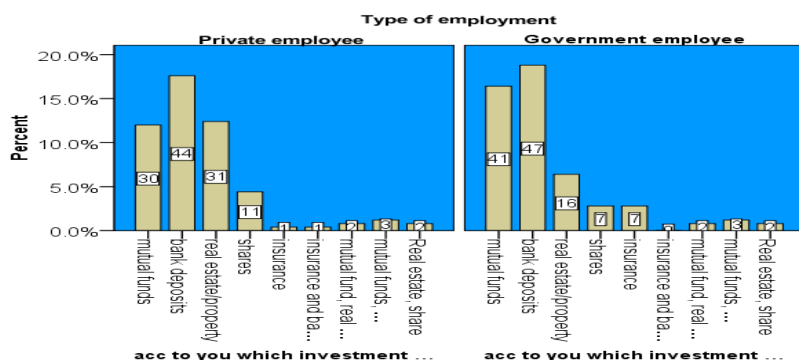
From the above table it is clear that 45% of the respondents have earned safety from their investment avenue 22% of the respondent have earned tax benefit, 10% of the respondents have earned regular returns, 4% of the respondents have earned real estate/property, 3% of respondents have earned both safety and regular returns, 10% of respondents have earned both tax benefit and safety, 3% of the respondents have earned both tax benefit and regular returns and rest 5% of the respondents have earned different benefits

16. Percentage of Respondents based on investment avenues which gives more return

Which investment avenue gives more return

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	mutual funds	71	28.4	28.4	28.4
	bank deposits	91	36.4	36.4	64.8
	real estate/property	47	18.8	18.8	83.6
	Shares	18	7.2	7.2	90.8
	Insurance	8	3.2	3.2	94.0
	insurance and bank deposit	1	.4	.4	94.4
	mutual fund, real estate	4	1.6	1.6	96.0
	mutual funds, shares	6	2.4	2.4	98.4
	Real estate, share	4	1.6	1.6	100.0
	Total	250	100.0	100.0	

Distribution table showing investment avenue which gives more return



From the above table it is clear that 36% of the respondents say that bank deposits gives more return, 7% of the respondent say that shares gives more return, 28% of the respondents say that mutual funds gives more return, 4% of the respondent say that insurance gives more return, 19% of the respondent say that real estate gives more return and rest 6% of the respondent say that many investment plans gives more return.

Findings, suggestions and conclusion

This study is conducted to compare the investment perspective of government and private employees. The major findings of this study are most of the employee prefer to invest in bank deposits. The other findings of the study are listed below:

- ❖ Around 40% of the respondents invest monthly and 25% of the respondents invest annually
- ❖ 68% of the respondents prefer for medium return with medium risk
- ❖ Bank deposits are the favorite investment avenue of both government and private employees. They prefer bank deposit mainly due to the safety purpose
- ❖ Benefits earned after investment is dependent on the type of employment
- ❖ Nearly 61% of the respondents feels that they have made wise decision in selecting the investment avenue
- ❖ 53% of the respondents choose to invest in one Investment Avenue and 47% of the respondents choose to invest in varied investment avenues.
- ❖ Around 29% of the respondents believe that mutual funds gives more return
- ❖ Nearly 46% of the respondents save less than 5% monthly from their income
- ❖ 29% of government employees are satisfied from their investment and 14% of the respondents are not satisfied
- ❖ Satisfaction level dependent on the type of employment
- ❖ Expected rate of return is more for government employees while compared to the private employees
- ❖ Various investment avenues are not dependent on type of employment
- ❖ Around 20% of the private employees and 22% of government employees plan to reinvest
- ❖ There is difference between expected rate of return and actual rate of return on investment.
- ❖ Actual rate of return is less than expected rate of return.
- ❖ 50% of the respondents have medium knowledge about their investment avenues but 30% of the have low knowledge and 20% have high knowledge.
- ❖ Level of knowledge is strongly dependent on the type of employment.

Suggestions

- ✓ Strategies must be employed to encourage employees. Awareness programmes has to conduct in all places.
- ✓ Investor's satisfaction is most important, so it should be done to provide safety, return, liquidity for their investment
- ✓ Level of knowledge is low regarding their investment so the information regarding the investment must be stated clearly and with the simple terms.
- ✓ The investor must think of reinvesting their money in different avenues.
- ✓ Investor must think of investing in various investment avenues because they can manage their returns if they invest in various investment avenues.
- ✓ Investment in shares should be for longer term to reduce risk

Conclusion:

From the above study it can be concluded that most of the respondents prefer bank deposit as their investment avenue because of high level of safety in the bank deposit. Respondents also feel that bank deposits are the best investment avenue. Most of the respondents are self-motivated. Level of knowledge of the respondents is medium. Respondents agree that they are aware about different investment avenue. Investing in shares is very less among private and government employees because it is risky avenue. So people should be educated to invest in shares. Thus, most of the employees prefer medium return with medium risk and satisfaction level of the employees are moderate.

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