A STUDY ON PRIVATE SECTOR EMPLOYEES PERCEPTION ON RETURN ON INVESTMENT – AN EMPHIRICAL STUDY

Dr.B.Thulasipriya

Assistant Professor, Department of B.Com (e-Commerce), PSGR Krishnammal College for Women, Coimbatore.

ABSTRACT

An efficient financial sector mobilizes savings and allocates it to those investments which yield the highest rate of return. Savings are the difference between income and consumption. An increase in the volume of real domestic savings means that resources that would have been used for consumption are released for investment. India has high level of saving rate because of high level of saving motives. Everyone seems to understand the basic principle of investment. Investment means the purchase by an individual of a financial or real asset that produces a return proportion to the risk assumed over some future investment period, for achieving this investor has to decide on how and where to deploy his/her saving. Saving motive is a desire to reserve certain potion of income for future. The main objective of investor is to invest in different investment avenues that deliver expected returns and help to meet the risk in future. There should be some motives for making investments. Employees give more importance to create more reserve to meet the risk in future. Understanding the different investment avenues, can be helpful to increase in total investment.

Thus, it is a reward for waiting for money. The study on people's choice in Investment Choices has been undertaken with the objective, to analyze the return on investment choice of people in Coimbatore District. Analysis of the study was undertaken with the help of survey conducted. After analysis and interpretation of data it is concluded that in Coimbatore District respondents are medium aware about various investment choices but they do not know aware about stock market, equity, bound and debentures. Due to this, the return on investment is based on the physical asset investments.

Key Words: Investment, Private Sector Employees, Perception on Return on Investment.

INTRODUCTION

The process of investment is very complex to describe as employees perceptive, because it always deals with individual investment behavior. The process of investment is always identified with the employees' expectations and selection of financial instruments where they want to invest their financial resources. Generally preferable investment avenues are equity shares, debentures, fixed deposits, insurance policies, mutual funds, real assets and liquid financial instruments. By investing their funds in financial instruments, it's quite often their expectation is very high in terms of future return as compare to present expectations. Perception of employees about saving schemes will have a significant impact on the saving behavior of people. Investor's investment in any particular investment avenues depend upon anticipated return that will accrue from that particular investment. Many investment avenues offer innovative promising solutions for varied financial requirements of employees. Presently, organizations are also considered mature enough to understand and translate return requirement of individual investor's depending upon their demographic requirements. If actual delivered return exceeds the expected return it may provide positive reflections to investor's mind.

1. REVIEW OF LITERATURE

Repetto and Shah, (1975) studied the demographic and other influences on long term saving behavior in India. The data for the study was collected from surveys conducted in the Kaira district of Maharashtra in 1930 and 1965. They analysed that large family size had a depressing effect on long term investor saving rate and that sons in rural India served as substitute assets in employees and fulfill some of the demand for wealth and that the long term saving rate responds positively to a higher rate of return on saving and positively to higher-level of permanent income.

Rastogi and Meenakshi Chaturvedi (2012) in their article "Impact of risk on the saving pattern in present scenario: ways and means to diversify it" examined that Risk and its consequences cause a terrible threat to saving pattern in present scenario. The saving rate will probably continue to rise but if we notice that the saving rate shows fluctuation and went negative during the depression as investor used savings to supplement income. The Study also shows that risk causes an inverse impact on the saving of the investor because every investor wants to make a balance between their risk and return.

Nanavati Nihar (2012) in the article titled "Investment Preferences of Salaried People: A Survey" in Journal of Advances in Developmental Research, june 2012 reviewed that The investment ideology

depends upon the individuality and many other factors. It was concluded that Inclination towards safe, secure and tax beneficial investment is more than that of risky or high return investment.

Suyam Praba (2013) titled "Employees' Decision Making Process and Pattern of Investments- A Study of Individual Employees in Coimbatore" in this project is to study how the Investor's Behavior is changing and they are now leaving behind the sacred investment options. Research shows that most of the working people do not plan their savings and believe that their current savings will be enough to take care of their post retirement needs. Research implies that there is significant relationship between gender and MF investment and also annual income of the employees does have an impact of MF investment.

2. PROBLEM IDENTIFICATION

In the pre-liberalization era, salaries were capped but the executives were compensated by various other perks. With the advent of the MNC's, maintaining such diverse benefits packages became complex and expensive; most of these reimbursements became taxable. Compensation was homogenized in accordance with international norms. Salary became performance linked. The new salary revision method has favored middle and junior level executives much more than the senior executives to give importance for savings and investment.

An economy can have different forms of savings of which investor financial savings constitute the largest share in aggregate domestic savings. Other forms of savings comprise physical savings by employees, savings by the private corporate sector and savings by the public sector as measured by the magnitude of the current account balance. The aim of savings and investment by any investor or corporate is to maximize the return out of the savings and invest it with minimum risk. They trade off between the risk and return prior to investment. Moreover the economy's development depends on investor's mode of savings. Keeping pace with the changing times and under the liberalized financial sector regime, the financial institutions are also decorated with innovative instruments to meet the growing demand of modern employees. But this innovative and diversified financial system does not decrease the demand of traditional means of investment.

3. OBJECTIVES OF THE STUDY

- To study the scope of investment pattern opted by Private Sector employees.

- To examine the Level of investment of Private Sector Employees.
- To evaluate the perception of return on investment of Private Sector Employees.
- To analyze the overall satisfaction on investment of Private Sector Employees.

4. RESEARCH DESIGN AND METHODOLOGY

Methodology is a way to systematically solve the research problems. This study is based on both primary and secondary data. The study was conducted by selecting 500 salaried Private Sector employees in the Coimbatore district using Convenient Sampling Technique. Secondary data were collected from various journals, articles magazines, RBI annual report, etc. Tools like Chi- Square Analysis and Freidman's Ranking Analysis are used in the analysis.

5. PERCEPTION ON RETURN ON INVESTMENT - FRIEDMAN RANK ANALYSIS

Friedman Rank Analysis has been employed to assess the perception on return on investment among the Private Sector employees. Table 1 below shows the information about the perception on return on investment along with the mean ranking.

Table 1: Perception on Return on Investment

Investment Schemes	Private Sector Employees	
	Mean Score	Rank
Bank Deposit	13.49	3
Private Chit	10.87	8
Provident Fund	11.36	7
Private Financial Deposit	9.38	13
Post Office Savings	10.47	10
Money Market Instruments	8.38	19
Tax Saving Schemes	9.43	11
ULIP	8.21	20
Forex Trading	8.66	16
Equity Shares	9.27	14
Mutual Funds	9.41	12
Growth Stock	8.83	15
Government Bond	8.59	17
Debenture	8.54	18
Gold	14.04	2
Silver	11.41	6
Diamond	10.53	9
Land	14.95	1
Building	12.75	4
Scheme of LIC	11.44	5

	Private
N	500
Chi-Square	1562.597
df	19
Asymp. Sig.	.000

From the Table 6.1, it is found that Private sector employees perception on return on investment is prioritized as Land (14.95) followed by Gold (14.04), Bank Deposit (13.49), Building (12.75) etc. for the level of returns. From the Chi-square test it is ascertained that opinion on perception on return on investment for their investment are same. The value obtained for Private sector employees is 1562.597. The investments which are considered for return on investment are significantly associated to the level of investment.

6.3. PERCEPTION ON RETURN ON INVESTMENT PRIVATE SECTOR EMPLOYEES

Table 2: Age and Level of Perception on Return on Investment

Age	Private Sector Employees			
	Perception on Return on Investment			Total
	Low	Moderate	High	
Up to 30	65 (22.00%)	167 (56.60%)	63 (21.40%)	295 (100.00%)
31 to 50	38 (21.00%)	104 (57.50%)	39 (21.50%)	181 (100.00%)
Above 50	6 (25.00%)	17 (70.80%)	1 (4.20%)	24 (100.00%)
Total	109	288	103	500
	Df: 4	Calculated χ^2 Value:4.261 Table value: 5% level: 9.488 1% level: 13.277		

The Table 2 observes that, the Private sector employees the high level of perception on return on investment is found high (21.50%) between 31 to 50 years of age and the low level is analysed as high (25.00%) at above 50 years of age. The Chi-square test infers that age is not significantly associated with Perception on Return among Private sector employees.

Table 3: Gender and Perception on Return on Investment

Gender	Private Sector Employees			
	Perception on Return on Investment			Total
	Low	Moderate	High	
Male	75 (21.60%)	207 (59.70%)	65 (18.70%)	347 (100.00%)
Female	34 (22.20%)	81 (52.90%)	38 (24.80%)	153 (100.00%)
Total	109	288	103	500
	Df: 2		Calculated χ^2 Value:2.770 Table value: 5% level: 5.991 1% level: 9.210	

From the Table 3, the Private sector employees high and low level of perception on return on investment reveals to be high (24.80%) in both the male and female employees. The Chi-square test infers that gender is not associated with perception on return on investment.

Table 4: Marital Status and Perception on Return on Investment

Marital Status	Private Sector Employees			
	Perception on Return on Investment			Total
	Low	Moderate	High	
Married	52 (20.20%)	153 (59.30%)	53 (20.50%)	258 (100.00%)
Single	57 (23.60%)	135 (55.80%)	50 (20.70%)	242 (100.00%)
Total	109	288	103	500
	d.f: 2		Calculated χ^2 Value:0.931 Table value: 5% level: 5.991 1% level: 9.210	

From Table 4, In case of Private sector employees, the high and low level of perception on return on investment is found to be high (20.70%) among single employees. The Chi-square test infers that marital status is not associated with perception on return on investment.

Table 5: Number of Family members and Perception on Return on Investment

No. of Family members	Private Sector Employees			
	Perception on Return on Investment			Total
	Low	Moderate	High	
Up to 2	33 (24.10%)	82 (59.90%)	22 (16.10%)	137 (100.00%)
3 to 4	55 (19.60%)	164 (58.60%)	61 (21.80%)	280 (100.00%)
Above 4	21 (25.30%)	42 (50.60%)	20 (24.10%)	83 (100.00%)
Total	109	288	103	500
	Df: 4		Calculated χ^2 Value:4.321 Table value: 5% level: 9.488 1% level: 13.277	

From Table 5, in case of Private sector employees, the high and low level of Perception on Return on Investment is high (25.30%) with above 4 as number of family members. From the Chi-square test, it is inferred that the number of family members is not associated with perception on return on investment.

Table 6: Nature of Family and Perception on Return on Investment

Nature of Family	Private Sector Employees			
	Perception on Return on Investment			Total
	Low	Moderate	High	
Joint	31 (18.70%)	105 (63.30%)	30 (18.10%)	166 (100.00%)
Nuclear	78 (23.40%)	183 (54.80%)	73 (21.90%)	334 (100.00%)
Total	109	288	103	500
	d.f: 2		Calculated χ^2 Value:3.263 Table value: 5% level: 5.991 1% level: 9.210	

Table 6 shows that, the Private sector employees high and low level of perception on return on investment is analyzed as high (23.40%) in nuclear nature of family. From the Chi-square test, it is inferred that nature of family is not associated with perception on return on investment.

Table 7: Educational Qualification and Perception on Return on Investment

Educational Qualification	Private Sector Employees			
	Perception on Return on Investment			Total
	Low	Moderate	High	
SSLC	4 (44.40%)	5 (55.60%)	0 (0.00%)	9 (100.00%)
Diploma	15 (25.90%)	35 (60.30%)	8 (13.80%)	58 (100.00%)
H.Sc.,	0 (0.00%)	6 (50.00%)	6 (50.00%)	12 (100.00%)
Under Graduate	25 (18.00%)	86 (61.90%)	28 (20.10%)	139 (100.00%)
Post Graduate	33 (26.20%)	64 (50.80%)	29 (23.00%)	126 (100.00%)
Professional	32 (20.50%)	92 (59.00%)	32 (20.50%)	156 (100.00%)
Total	109	288	103	500
	d.f: 10	Calculated χ^2 Value:17.605 Table value: 5% level: 18.307 1% level: 23.209		

It is evident from Table 7 that the Private sector employees, level of perception on return on investment is high (50.00%) at Higher secondary level educated employees and the low level of perception on return on investment is high (44.40%) at school level educated employees. From the Chi-square test, it is inferred that educational qualification is not associated with perception on return on investment.

Table 8: Employment Sector and Perception on Return on Investment

Sector	Perception on Return on Investment			Total
	Low	Moderate	High	
Communication	0	1	3	4
	(0.00%)	(25.00%)	(75.00%)	(100.00%)
Bank	1	5	1	7
	(14.30%)	(71.40%)	(14.30%)	(100.00%)
IT Sector	32	102	34	168
	(19.00%)	(60.70%)	(20.20%)	(100.00%)
Textile Industry	1	9	5	15
	(6.70%)	(60.00%)	(33.30%)	(100.00%)
Insurance Companies	2	6	8	16
	(12.50%)	(37.50%)	(50.00%)	(100.00%)

Chit Fund Agencies	0	3	1	4
	(0.00%)	(75.00%)	(25.00%)	(100.00%)
Engineering Industry	36	102	29	167
	(21.60%)	(61.10%)	(17.40%)	(100.00%)
Educational Institutions	14	20	13	47
	(29.80%)	(42.60%)	(27.70%)	(100.00%)
Pvt Hospitals	23	40	9	72
	(31.90%)	(55.60%)	(12.50%)	(100.00%)
Total	109	288	103	500
	d.f: 16		Calculated χ^2 Value:32.452 Table value: 5% level: 26.296 1% level: 32.000	

Table 8 shows that, the level of perception on return on investment of Private sector employees are concerned, the level of Perception on Return on Investment is high (75.00%) in employees employed at Communication Companies and low level of perception on return on investment is high (31.90%) in employees employed at Private hospitals. From the Chi-square test, it is inferred that employment sector is significantly associated with perception on return on investment among Private sector employees.

Table 9: Monthly Income and Perception on Return on Investment

Monthly Income	Private Sector Employees			
	Perception on Return on Investment			Total
	Low	Moderate	High	
Up to Rs.25000	78 (27.70%)	143 (50.70%)	61 (21.60%)	282 (100.00%)
Rs.25000 to Rs.50000	20 (12.90%)	100 (64.50%)	35 (22.60%)	155 (100.00%)
Above Rs.50000	11 (17.50%)	45 (71.40%)	7 (11.10%)	63 (100.00%)
Total	109	288	103	500
	d.f: 4		Calculated χ^2 Value:19.511 Table value: 5% level: 9.488 1% level: 13.277	

From Table 9, the Private sector employees level of perception on return on investment is high (22.60%) in between Rs.25000 to Rs.50000 of monthly income and with low level of perception on return on investment is found high (27.70%) up to Rs.25000 of monthly income. From the Chi-square

test, it is inferred that monthly income is associated with perception on return on investment among Private sector employees.

Table 10: Monthly Expenditure and Perception on Return on Investment

Monthly Expenditure	Private Sector Employees			
	Perception on Return on Investment			Total
	Low	Moderate	High	
Up to Rs.15000	70 (27.00%)	138 (53.30%)	51 (19.70%)	259 (100.00%)
Rs.15001 to Rs.30000	32 (17.60%)	108 (59.30%)	42 (23.10%)	182 (100.00%)
Above Rs.30000	7 (11.90%)	42 (71.20%)	10 (16.90%)	59 (100.00%)
Total	109	288	103	500
	d.f: 4		Calculated χ^2 Value:11.255 Table value: 5% level: 9.488 1% level: 13.277	

It is evident from Table 10 that, the level of perception on return on investment of Private sector employees is high (23.10%) in between Rs.15001 to Rs.30000 of monthly expenditure and with low level of Perception on Return on Investment is high (27.00%) up to Rs.15000 of monthly expenditure. From the Chi-square test, it is inferred that monthly expenditure is associated with perception on return on investment among Private sector employees.

Table 11: Monthly Savings and Perception on Return on Investment

Monthly Savings	Private Sector Employees			
	Perception on Return on Investment			Total
	Low	Moderate	High	
Up to Rs. 7500	59 (22.90%)	137 (53.10%)	62 (24.00%)	258 (100.00%)
Rs 7501 to Rs 15000	32 (21.80%)	90 (61.20%)	25 (17.00%)	147 (100.00%)
Above Rs 15001	18 (18.90%)	61 (64.20%)	16 (16.80%)	95 (100.00%)
Total	109	288	103	500
	d.f: 4		Calculated χ^2 Value:5.499 Table value: 5% level: 9.488 1% level: 13.277	

The Table 11 portrays that, the Private sector employees with high and low level of perception on return on investment reveals high (24.00%) up to Rs.7500 as monthly savings. From the Chi-square test, it is inferred that monthly savings is not associated with perception on return on investment among private sector employees.

Findings:

Friedman Rank Analysis: Private sector employees perception on return on investment is prioritized as Land (14.95) followed by Gold (14.04), Bank Deposit (13.49), Building (12.75) etc. for the level of returns.

Chi-Square: To analyze the significant relationship between perception on return on investment and demographic and socioeconomic factors chi-square is applied. The following factors are significantly related with the perception on return on investment:

- Age is not significantly associated among private sector employees and high level of perception on return on investment is found high (21.50%) between 31 to 50 years of age.
- Gender is not associated with perception on return on investment. The high and low level of perception on return on investment reveals to be high (24.80%) in both the male and female employees.
- Marital status is not associated with perception on return on investment. The high and low level of perception on return on investment is found to be high (20.70%) among single employees.
- Number of family members is not associated with perception on return on investment. The high and low level of perception on return on investment is analyzed as high (23.40%) in nuclear nature of family.
- The high and low level of Perception on Return on Investment is high (25.30%) with above 4 as number of family members.
- Nature of family is not associated with perception on return on investment.
- Educational qualification is not associated with perception on return on investment.The level of perception on return on investment is high (50.00%) at Higher secondary level educated employees.
- Employment sector is significantly associated with perception on return on investment among Private sector employees who are employed at Communication Companies.
- Private sector employees earning a monthly income of Rs.25, 000/- to Rs.50,000/- reveal high level of perception on return on investment.

- In private sector employees, the monthly expenditure of above Rs.30, 000/- reveal high perception on return on investment.
- High level of perception on return on investment is revealed in private sector employees with monthly savings of up to Rs.7,500/-.

CONCLUSION

The study reveals that in most cases employees across all categories found them to be safer with taking up the investments in physical assets like Real Estate, Gold and insurance policies. A significant portion of employees also shows keen preference towards short term gains different insurance schemes like ULIP. It is also observed that most of the employees show their keen interest towards the insurance products so as to get tax benefits, life protection and average profitable investment avenues. It is essential to understand the positives and negatives of the different types of investment avenues to maximize the return. With the help of these kinds of studies different sections of society understand the merits and demerits of the investment. This is perhaps the most striking features of general employees and the most important factor that influences the investment decisions. Further, it is observed that the level of return also influences the investment decisions. The investment alternatives which shows high returns is relatively preferred high like investment in physical assets, conversely lower and average income group shows keen preference towards insurance and banks as the most preferred investment avenues.

The investor can make the trading in securities as a beneficial area of investment for higher returns. This is purely based upon the investor's awareness towards investment alternatives. When the investor gets more accurate information on the right time, then the taste of returns from investment in securities can be reaped successfully.

Suggestions:

1. It is suggested that to improve the awareness among employees and to attract more investment in securities market with the help of regulatory bodies, like SEBI and RBI.

2. 3. Place of residence influences the investment objectives of employees. Therefore, it is suggested that based on the preferences of employees, broking companies must change their focus which is relevant to that particular area.

4. It is suggested that the awareness creation to the employees is not only about liquidity but also on other objectives of investment like dividends, capital appreciation, etc., irrespective of age of employees.

5. The marital status of the investor may change the investment objective; hence it must give preference to that factor also.

6. It is better to conduct investment awareness programs from school level to college and university level of the students, since education of the investor shows significant difference among the employees.

7. Occupation may not change the investment objective of the investor, but may change their size of amount to invest and the risk to be taken as important.

8. The monthly income is one of the important factors to be considered, while giving suggestions to the investor about investment.