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# A Comparative Study on Investment Behaviour between Government Employees & Business Person

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**ABSTRACT:** This study investigates the investment habits of government employees and business individuals, aiming to discern variations in investment approaches, risk tolerance levels, and decision-making methodologies within these distinct groups. By conducting empirical research and analysis, it endeavors to uncover how factors such as income stability, financial knowledge, and resource accessibility influence investment choices. Furthermore, the research examines the impact of psychological factors, societal norms, and economic conditions on investment behaviors within each demographic. The outcomes of this investigation contribute to a deeper comprehension of the complexities surrounding investment decision-making and offer valuable insights for policymakers, financial advisors, and individuals seeking to optimize their investment strategies.

**KEYWORDS:** Investment behavior ,Comparative study ,Government employees, Business persons ,Financial decisions, Risk tolerance, Investment ,preferences Savings, habits, Income sources ,Retirement planning

## I. INTRODUCTION

Investment behavior stands as a pivotal factor in financial decision-making, reflecting the choices individuals make regarding the distribution of their financial assets across various investments with the aim of future returns. Its importance in personal finance is paramount, as it molds saving habits, risk tolerance levels, and approaches to long-term financial planning. In the current financial milieu, the investment behavior exhibited by different demographic segments, such as government employees and business professionals, has garnered notable interest from researchers and policymakers. This attention arises from the significant impact investment behavior has on economic stability and the overall accumulation of wealth within communities.

### BACKGROUND OF THE STUDY:-

Understanding investment behavior is crucial in the realm of personal finance as it influences individuals' savings habits, risk tolerance, and long-term financial planning strategies. This study seeks to compare the investment behavior of government employees and business persons, examining the distinct patterns, preferences, and motivations driving their financial decisions. The rationale behind this comparative approach stems from the differing nature of these two groups in terms of income sources, job security, and exposure to financial risks. While government employees typically enjoy stable salaries and pension plans, business persons navigate the dynamic terrain of entrepreneurship with fluctuating incomes and higher exposure to market volatility.

### Problem Statement:

The research aims to address the lack of comprehensive studies analyzing the nuanced differences in investment behavior between these two demographic cohorts. Existing literature often provides broad generalizations or overlooks the unique socio-economic factors influencing government employees and business persons' investment choices. By tackling this gap, the study aims to offer empirical evidence and insights that can inform financial education initiatives, policy formulations, and personalized wealth management strategies tailored to each group's distinct needs and preferences.

### SIGNIFICANCE:-

This study's significance lies in its potential to deepen our understanding of the underlying drivers shaping investment behavior within diverse socio-economic contexts. By deciphering the factors influencing government employees and business persons' financial decisions, policymakers can design targeted interventions to promote financial literacy,



encourage prudent investment practices, and foster wealth creation across different segments of society. Furthermore, insights gleaned from this comparative analysis can empower individuals to make informed investment decisions aligned with their unique circumstances, thereby enhancing their financial well-being and resilience in an increasingly complex and uncertain financial landscape.

#### **OBJECTIVE OF THE STUDY:-**

- To know the preferred investment avenues of government employees and business persons.
- To compare the investment behaviour of government employees and business persons
- To identify the purpose and sources of investment.

## **II. LITERATURE REVIEW**

Mohit Gupta (2020) compared the investment behavior of government employees and business persons in India. The authors used a questionnaire to collect data from 200 respondents, including 100 government employees and 100 business persons. The study found that government employees tend to invest in safer options such as fixed deposits and provident funds, while business persons are more likely to invest in riskier options such as stocks and mutual funds. The study also found that business persons tend to have a higher risk appetite and are more willing to take risks in their investments.

Sanchita Roy Chowdhury (2018) compared the investment behavior of businessmen and salaried employees in India. The authors collected data from 300 respondents, including 150 businessmen and 150 salaried employees, using a questionnaire. The study found that businessmen tend to invest more in equity shares and real estate, while salaried employees tend to invest more in fixed deposits and savings accounts.

Nidhi Sharma (2016) compared the investment behavior of government employees and private sector employees in India. The authors collected data from 200 respondents, including 100 government employees and 100 private sector employees, using a questionnaire. The study found that government employees tend to invest more in fixed deposits and savings accounts, while private sector employees tend to invest more in mutual funds, stocks, and real estate.

Anubhuti Sharma (2018) compared the investment behavior of government employees and private sector employees in India. The authors collected data from 200 respondents, including 100 government employees and 100 private sector employees, using a questionnaire. The study found that government employees tend to invest more in fixed deposits and insurance policies, while private sector employees tend to invest more in mutual funds, stocks, and real estate.

P.R. Vinoth kumar (2019) compared the investment behavior of salaried employees and businessmen in India. The authors collected data from 300 respondents, including 150 salaried employees and 150 businessmen, using a structured questionnaire. The study found that businessmen tend to invest more in equity shares and real estate, while salaried employees tend to invest more in fixed deposits and insurance policies.

## **III. RESEARCH METHODOLOGY**

In investigating "A Comparative Study on Investment Behavior between Government Employees & Business Persons," the research methodology will be intricately designed to thoroughly explore the investment dynamics of these two distinct groups, with specific focus on their behaviors and decision-making processes.

#### **Data Collection:**

**Primary Data:** The primary data collection process will involve direct interaction with participants through the distribution of questionnaires. This method will ensure the acquisition of original and first hand insights into the investment attitudes and actions of government employees and business persons.

**Secondary Data:** Secondary data will be obtained from existing literature, including research papers, articles, and relevant publications, providing valuable insights and analyses previously conducted by other researchers. This will contribute to a comprehensive understanding of the investment behavior of government employees and business persons.



**Sample Size:** The study will include a sample size of 100 participants, evenly distributed between government employees and business persons. This sample size has been chosen to ensure a balanced representation and to gather sufficient data for robust analysis.

**Analysis Technique:**

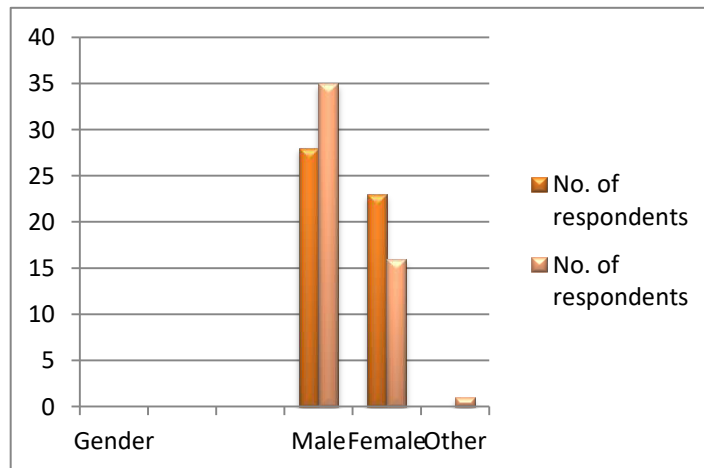
Random Sampling and Questionnaire Technique: Random sampling will be employed to select participants from the target populations of government employees and business persons, ensuring a diverse and representative sample. Questionnaires will serve as the primary tool for data collection, facilitating a structured and standardized approach to gathering information on investment preferences, risk tolerance, and decision-making criteria.

Through the integration of quantitative and qualitative methods, this research methodology aims to provide a comprehensive exploration of investment behavior between government employees and business persons, covering various aspects such as risk appetite, investment strategies, and long-term financial planning.

**IV. DATA ANALYSIS AND INTERPRETATION**

**Gender:**

Gender	No. of respondents		Percentage	
	GE	BP	GE	BP
Male	28	35	54.9%	68.62%
Female	23	16	45.09%	31.375
Other	-	1	-	1.96



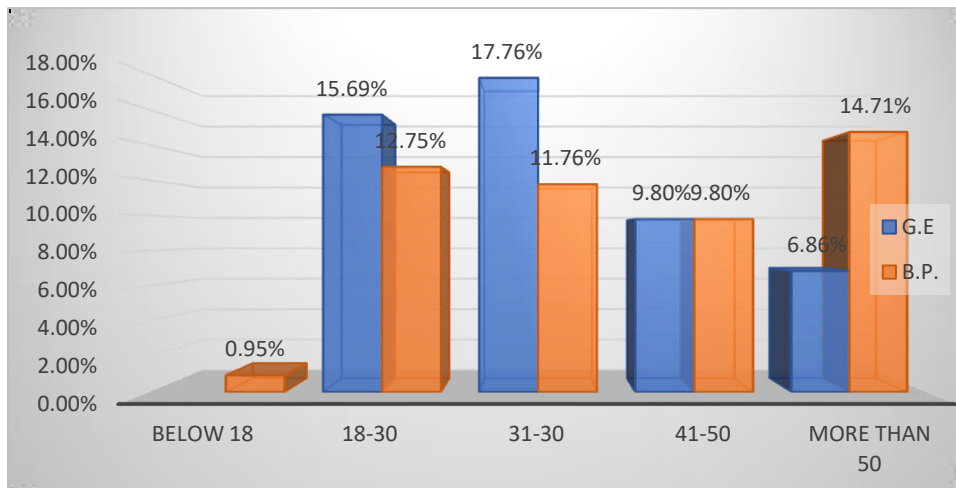
**Interpretation**

Above table shows that 61.61% respondents are male where 22.45% respondents are govt. employees and 34.31% respondents are businessmen, likewise 38.39% respondents are female where 22.55% respondents are govt. employees and 15.69% respondents are businesswomen and 0.96% respondents belong to other gender.



Age Group:

Age Group	No. of respondents		Percentage	
	GE	BP	GE	BP
Below 18	-	1	-	1.96%
18-30	16	13	31.37%	25.49%
31-40	18	12	35.29%	23.52%
41-50	10	10	19.6%	19.6%



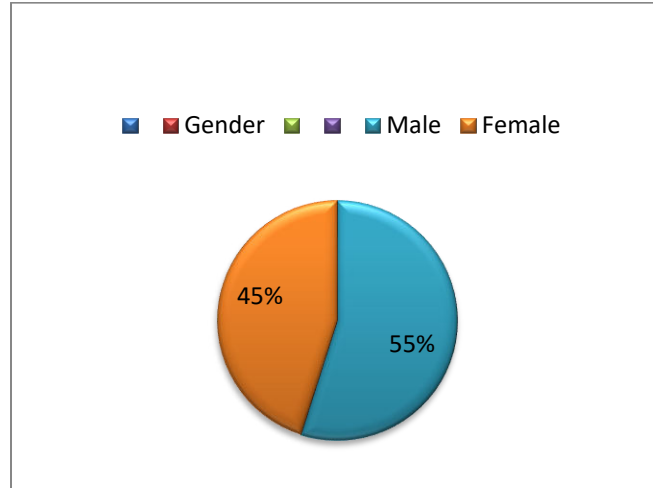
Occupation	No. of Respondents	Percentage
Business	51	50%
Govt. Employee	51	50%

Interpretation:

Above table 5.2 shows age of respondents. In case of govt. employee, 15.69% of respondents' age is between 18-30, 17.76% of respondents' age is between 31-40, 9.8% of respondents' age is between 41-50 & 6.86% respondents' age is more than 50. On the other hand, in case of business persons 0.95% respondents' age is below 18, 12.75% of respondents' age is between 18-30, 11.76% of respondents' age is between 31-40, 9.8% of respondents' age is between 41-50 & 14.71% respondents' age is more than 50.



**Occupation:**

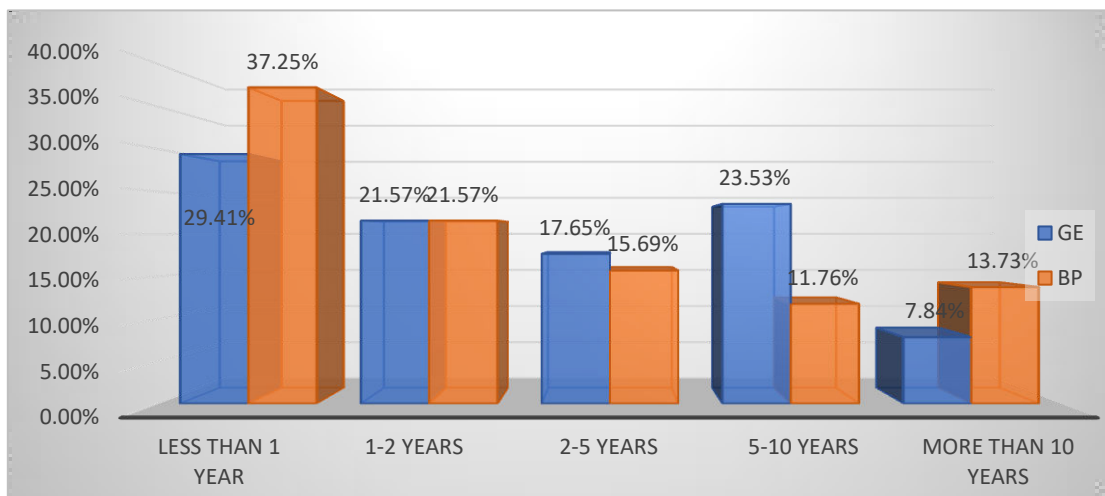


**Interpretation:**

Above table 5.4 shows 50% of total respondents are govt. employees and 50% of total respondents are business persons.

**Investment experience of respondents**

Frequency Scale	No. of Respondents		Percentage		Weighted Frequency Score		Weighted Mean		Average Mean	
	GE	BP	GE	BP	GE	BP	GE	BP	GE	BP
Less than 1 year	15	19	29.41%	37.25%	147.5	186.25	2.89	3.65	1.34	1.4
1-2 years	11	11	21.57%	21.57%	86.28	86.28	1.69	1.69		
2-5 years	9	8	17.65%	15.69%	52.95	47.07	1.03	0.92		
5-10 years	12	6	23.53%	11.76%	47.06	23.52	0.92	0.46		
More than 10 years	4	7	7.84%	13.73%	7.84	13.73	0.15	0.26		



**Interpretation:**

Above table 5.7 shows respondents' investment experience, where researcher has categorized the concerned variables in 5 like scale to analysis the same. From the above table researcher found that in case of GE, 29.41% respondents have



experience of less than 1 year, 21.57% respondents have 1-2years, 17.65% respondents have 2-5years experience, 23.53% respondents have 5-10years experience & 7.84% respondents have experience of more than 10 years, likewise 37.25%,21.57%,15.69%,11.76% & 13.73% respectively in case of BP. Above table shows that 1.34 is the average mean of GE and 1.4 of BP for the selected frequency score considering all the weighted mean value from the concern parameter.

## V. FINDINGS

Findings from a study reveal distinct investment preferences and behaviors between government employees and business persons. Government employees tend to favor safer options such as Fixed Deposits (FD) and gold, prioritizing tax benefits, liquidity, and fund safety. They exhibit medium knowledge about investments, are risk-averse, and typically allocate 10-30% of their income towards investment. In contrast, business persons show a preference for Shares & Bonds, Land & Property, and are more inclined towards high-return investments, new emerging technologies, and foreign companies. They are generally more knowledgeable about investments, willing to take risks, and invest for higher returns and regular income flow. Both groups prefer options with good track records, but government employees lean towards medium-term investments while business persons engage in both short and medium-term investments. Both segments are aware of SEBI guidelines, with government employees relying more on local brokers for advice, while business persons gather information primarily from the internet.

## VI. SUGGESTIONS

1. Before making any investment decisions, it's important to educate our self about the different types of investments, their risks, and potential rewards.
2. We should have a clear understanding of our investment goals, such as saving for retirement, buying a home, or starting a business. Our investment strategy should align with our goals.
3. Diversification helps spread our risk across different asset classes and investments. This can help reduce our overall risk exposure and potentially increase our returns.
4. We should regularly monitor our investments and adjust our portfolio as needed. This can help ensure that our investments continue to align with our goals and risk tolerance.
5. Investing is a long-term strategy, and it's important to have patience and discipline. Avoid making impulsive decisions based on short-term market, fluctuations.

## VII. CONCLUSION

Investment behavior of govt. employees and business persons differs in many fields. There is a lot of factors that should consider before making an investment decision and it vary between govt. employees and business persons. By analyzing the investment behavior between govt. employee and business persons we may conclude that govt. employees mostly prefer FD and Gold as investment option because these two investment options are most reliable investment option among other options where risk of loss is zero and provide a fixed return as interest in case of FD. Price of gold is always upward moving. On the other hand, business persons mostly prefer Shares & Bonds and Land & Property because in case of Shares & Bonds the return is high with high risk and price of Land is always upward moving so business person can earn profit by selling or giving land on lease. Businesspersons believe that without taking high risk no one can earn much profit.

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