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EMPLOYEES' RISK PERCEPTION AND INVESTMENT CHOICES FOR EQUITIES, MUTUAL FUNDS, AND ULIPS

Dr. Habibur Rahman Laskar
Department of Business Administration, Assam University, Silchar, India

ABSTRACT

Individual investors' perceptions of risk greatly influence their choices when it comes to stocks, mutual funds, and Unit Linked Insurance Plans (ULIPs). It affects investors' propensity to invest by influencing how they assess the riskiness of various financial goods. Risk perception is affected by several things, such as behavioral biases, lack of financial knowledge, and the unpredictable nature of results. Investors can make better decisions and maybe get higher returns on their investments if they know about these things. Although risk perception has a substantial influence on investment decisions, it is not the only one. Risk tolerance, financial literacy, and behavioral biases are important. Understanding these dynamics can help investors and financial advisors lower perceived risk while increasing investment performance. To optimize investing strategies, risk perception might lead to conservative investment behavior, but risk tolerance and financial goals must be taken into account. There are many things that affect how salaried employees think about risk and the investments they make. These include their level of financial knowledge, behavioral biases, and how safe they think their investment choices are. All of these things affect how they feel about stocks, mutual funds, and Unit Linked Insurance Plans (ULIPs). A lack of knowledge about money and a desire for safety are two reasons why salaried workers tend to choose safer

investment options, according to the study. This trend is made worse by how they think about risk, which is a very important factor in how they choose investments. This study underscores notable differences in awareness, risk perception, and investing preferences between government and private sector employees concerning equities, mutual funds, and ULIPs. Employees in the private sector exhibit heightened understanding and diminished risk perception, however demonstrate a nuanced preference for direct equity as opposed to mutual funds and ULIPs.

Keywords: Risk perception, investment choices, Salaried employees', Equity & Stocks, mutual funds, ULIPS.

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1. Introduction:

Financial knowledge, investment experience, and socioeconomic situations affect salaried employees' risk assessment of equities, mutual funds, and ULIPs. Due to their financial inexperience and desire for security, many personnel prefer conservative investments. Equity, mutual funds, and ULIPs have a differing risk perception, which affects this tendency. Past returns, risk tolerance, gender, and financial literacy all influence paid employees' investment preferences. Psychological biases and demography influence these preferences, resulting in a variety of investment behaviors. Financial advisors and product developers must understand these preferences before designing products for salaried employees. The following sections discuss salaried employees' investment preferences. Financial knowledge, demographics, social influences, and investment possibilities influence salaried employees' investment preferences in the modern economy. These factors affect salaried workers' savings and investing decisions. Understanding these variables is essential for creating strategies that match salaried employees' financial goals and risk tolerances.

2. Review of Literature & Research Gap

The research (Lollivier & Verger, 1987) shows that paid employees' wealth increases with their level of qualifications and diplomas, implying that their educational background may impact their investing preferences. Cadres, who often have stronger employment profiles, are more inclined to plan their savings wisely and invest in real estate. However, the paper does not provide specific details on the investment preferences of salaried employees beyond their wealth accumulation patterns and the impact of qualifications on their financial behavior. It (Kathawala et al., 1990) focuses on their preferences for increasing remuneration and job stability, indicating that the majority of respondents preferred salary increases, especially those who were dissatisfied with their current compensation. While job stability was regarded as a source of satisfaction, it was not viewed as a motivation in comparison to compensation. The study highlights the importance of compensation in employee satisfaction and motivation rather than investment preferences.

The paper (Renn, 1990) discusses risk perception primarily in the context of adverse effects and public concerns rather than specific financial instruments like Equity, Mutual Funds, and ULIPs. It emphasizes that risk management should address public concerns and incorporate criteria such as voluntariness and personal control. Therefore, understanding risk perception in these financial contexts would require recognizing how individuals view the risks associated with market volatility, investment control, and familiarity with these financial products, which are not explicitly covered in the paper. Armstrong-Stassen et al. (1993) concentrate on the attitudes of employees toward profit sharing, emphasizing factors such as company commitment, comprehension of the profit-sharing plan, and performance expectations. Employees who preferred a cash bonus distribution scheme and believed in a connection between their performance and profit-sharing pay-outs had more favorable attitudes towards profit sharing. Thus, investment preferences are not covered in the context of this research.

The paper (Falkenstein, 1996) examines mutual fund preferences, indicating that mutual funds prefer stocks with high visibility, low transaction costs, and higher liquidity while avoiding companies with low idiosyncratic volatility. It emphasizes that growth and growth-income objectives are predominant in mutual fund holdings. In contrast, ULIPs (Unit Linked Insurance Plans) typically combine insurance with investment, allowing for a mix of equity and debt investments, but the paper does not specifically address ULIPs or their investment preferences.

According to a study by Yakoboski and VanDerhei (1996), there is a considerable difference in investment choices among salaried individuals from similar demographic categories. Younger participants frequently diversify extensively into equities, with a significant fraction holding no equities. This tendency shows that lower-income younger workers may fail to realize the benefits of stock diversity, resulting in insufficient retirement savings. In contrast, older workers tend to allocate more to non-equity assets, aligning their investment patterns with their time horizons, emphasizing the need of understanding allocation distribution for efficient plan creation.

The research (Lichtenstein et al., 1999) focuses on customer preferences for managed mutual funds and index funds, noting that many consumers prefer managed funds despite evidence of lower long-term returns. It implies that ego involvement, perceptions of investment brokers, and dependence on financial media influence these decisions. However, it does not specifically address investment preferences among equity, mutual funds, and ULIPs, focusing instead on the dynamics between managed and index funds. According to the research (Shoven et al., 2000), investors in taxable accounts encounter externalities that affect their after-tax returns as a result of mutual fund redemptions and new investments. These dynamics can alter investors' perceptions of risk since capital gains distributions and unrealized gains are influenced by the actions of other investors.

Thus, understanding these externalities is crucial for assessing the risk associated with equity mutual funds.

The paper (Pastor et al., 2001) focuses on optimal portfolios of equity mutual funds, emphasizing the distinction between pricing-model inaccuracy and managerial skill. It suggests that even investors skeptical of active management can find value in certain mutual funds. However, it does not address Unit Linked Insurance Plans (ULIPs) or specific investment preferences among equity, mutual funds, and ULIPs. Therefore, the paper's insights are primarily relevant to equity mutual funds rather than a broader comparison of these investment options. The paper (Choi et al., 2003) studies investment preferences of salaried employees participating in a company's 401(k) plan. It shows that high previous returns on company stock lead to increased allocation of contributions to that stock, demonstrating momentum investing behavior. In contrast, the high returns cause participants to shift their portfolio away from company stock and toward other equity kinds, exhibiting a contrarian investment strategy. This contradictory behavior highlights the complexities of employees' investment decisions in corporate equity versus broad market equities.

Salaried employees' investing preferences are influenced by demographic traits such as age, income, and job tenure, as well as social effects such as peer pressure and social conventions. Psychological biases, such as the familiarity bias, are also important. Employees frequently demand flexibility in retirement plans, such as mobility and borrowing possibilities. Also, the quality and variety of investment options that retirement plans give can have a big effect on how employees choose to allocate their assets and how they invest overall (Bailey et al., 2003).

The paper (Sturm, 2003) examines how investor confidence, as impacted by business characteristics such as earnings per share, book value per share, and debt-to-equity ratio, influences post-event returns following severe price shocks. This shows that risk perception may fluctuate depending on these fundamental traits, influencing investor behavior and trust in various investment vehicles such as shares and mutual funds. The paper (Siebenmorgen & Weber, 2004) studies risk perception across multiple investment horizons, with a particular emphasis on stocks, mutual funds, and ULIPs. It shows that participants underestimate long-term risks, resulting in a higher allocation of hazardous assets in long-term portfolios. The belief in mean reversion has a substantial impact on this behavior because investors may perceive lesser risks associated with equities and mutual funds over long periods of time, which influences their asset allocation decisions.

According to the paper (Indro, 2004), investor sentiment influences net aggregate equity fund flow, which is related to risk perception. The data indicate that when investors are more optimistic, they invest more in equities funds, reflecting a reduced perceived risk. This sentiment-driven behavior may reflect how investors assess risk in relation to equity investments, including mutual funds and ULIPs. The paper (Clark-Murphy & Soutar, 2005) emphasizes that risk-averse investors favor low-risk, income-producing equities with consistent growth, demonstrating a broad preference for stability over volatility. This shows that such investors may exhibit similar risk-averse behavior when it comes to mutual funds and ULIPs, preferring options that deliver consistent returns over those with larger potential hazards. More research would be required to investigate these specific investment vehicles in depth.

The paper (Misina, 2005) examines the impact of changes in risk perception on actions in hazardous situations, including investing in equities, mutual funds, and ULIPs, in financial markets. The concept of implied risk aversion is introduced, which is a reflection of the risk attitudes inferred from the actions of agents and has the potential to differ from conventional measures of risk aversion. This discrepancy can affect investment decisions and market

fluctuations, highlighting the importance of understanding individual risk perceptions in these financial contexts. The paper (Keller & Siegrist, 2006) emphasizes that risk-takers have a high tolerance for financial risk and are more likely to invest in securities that they perceive positively. Money Dummies and Open Books, on the other hand, demonstrate a low risk tolerance and curiosity in financial topics. This suggests that individuals' attitudes toward risk significantly influence their investment choices, including equities and mutual funds, though ULIPs are not mentioned.

The paper (Kempf & Ruenzi, 2006) examines risk perception in the context of mutual fund investors, which is characterized by a status quo bias (SQB) in which they favor previously selected funds, even if they are not optimal. It observes that investors are typically risk-averse and favor funds with lower return volatility. It is intriguing that the study identifies a marginally significant positive impact of previous year return risk on fund growth. This implies that higher-risk strategies may attract a greater volume of inflows as a result of the potential for extraordinary performance outcomes. Investors' preferences for a range of investment options, including equity, mutual funds, and ULIPs, are impacted by their prior and present experiences as well as demographic characteristics like age and education, according to the article (Davar & Gill, 2007). Personal beliefs and knowledge of various investing possibilities have a big impact on the decision-making process. It is suggested by the research that the actual performance of investments is a critical factor in influencing future investment decisions, underscoring the significance of making informed decisions during the investment process.

Risk perception for mutual funds is comparatively higher, with 58.8% of basic investors considering them the second riskiest investment after shares. In contrast, ULIPs (Unit Linked Insurance Plans) and equity investments are perceived as riskier, particularly by high taxpayers, with 71.4% acknowledging high risk in mutual funds. In contrast to other financial options, most individual investors do not consider mutual funds to be extremely dangerous, suggesting a sophisticated grasp of risk across these investment forms (Walia & Kiran, 2009). The research (Harnum et al. 2010) states that risk perception has a major impact on individual investors' investing decisions by shaping their risk inclination. Psychological biases, personality traits, and socioeconomic factors influence how investors perceive risk in stocks, mutual funds, and ULIPs. For instance, while loss aversion may lead to too cautious investing choices, overconfidence may result in underestimating dangers. Gaining an understanding of these psychological foundations is essential for improving trading abilities and choosing wisely among a range of financial goods.

The paper (Olsen, 2011) suggests that financial risk perception, including that toward equities, mutual funds, and ULIPs, is primarily a perception of potential loss shaped by an evolutionary dual decision-making process involving both affective and cognitive analysis. This means that investors' perceptions are influenced not only by numerical measurements, but also by emotional reactions and social circumstances, which can cause market anomalies in risk/return evaluations. Understanding these perspectives can assist to explain why people have diverse attitudes toward various investment vehicles. The paper (Shafi et al., 2011) suggests that the investment behavior of employees, who are also investors, is substantially influenced by their risk perception. Although it does not explicitly address the perceptions of salaried employees toward equity, mutual funds, and ULIPs, it implies that their relationship with the organization may influence their risk attitudes in comparison to other investors. This unique perspective can lead to different investment choices, potentially making employees more inclined to invest in company shares, thereby strengthening their bond with the organization.

This paper (Chen & Tsai, 2011) suggests that the decisions of individual investors are negatively correlated with their personal labor income level and positively correlated with their risk tolerance. This implies that salaried employees may demonstrate varying risk perceptions that are contingent upon their risk tolerance and income levels, which may affect their preferences for investment options such as ULIPs, mutual funds, and equity. According to the study (Kaushik et al., 2013), investors—including salaried staff—perceive mutual funds as riskier and less lucrative than risk-free investments, which causes them to be dissatisfied. Nonetheless, a lot of people are thinking about mutual funds as a measured risk to lessen market swings because of the erratic market. Perceptions of risk, satisfaction with returns, service quality, and transaction costs are important elements that impact their investment decisions. This means that asset management firms must address these perceptions in order to better meet the expectations of investors.

The study (Tripathi & Chattopadhyay, 2013) compares laypeople and financial specialists in the context of equities mutual funds with an emphasis on how individual investors perceive risk. Potential negative returns, control over outcomes, self-regulation, deliberate risk-taking, financial consciousness, and transparency are the six factors it identifies as determining risk perception. It does not, however, particularly examine how paid employees perceive risk in relation to ULIPs, mutual funds, and equities. The opinions of this specific group regarding various investing possibilities would require more investigation. According to the research (Lee, 2013), increased loss aversion, a major feature of risk perception, causes individual investors

to allocate a smaller portion of their portfolios to riskier assets such as stocks and mutual funds. This myopic loss aversion causes frequent reviews of investments, further reducing their willingness to invest in riskier possibilities. Consequently, individual investors often make conservative choices, influenced by their psychological biases and perceptions of risk, ultimately affecting their overall investment decisions.

According to the study (Rao & Gopi, 2013), clients have a variety of investment options, emphasizing the need of firms providing innovative services to attract them. The research focuses on customer impressions of UTI's ULIP, implying that understanding these attitudes might help improve investing options. More research is needed to provide a more complete understanding of risk perception. Salaried individuals have a low awareness of new age financial products such as stocks, mutual funds, and ULIPs. The study found that, while respondents are well-versed in traditional financial products, their knowledge of equity and mutual funds is limited, with only 52.9% investing in mutual funds. Additionally, the paper does not specifically mention ULIPs, but it can be inferred that awareness in this area is similarly low due to the overall trend of low financial literacy (Bhushan, 2014).

The research (Kumar & P., 2014) focuses on the impact of risk perception on individual investors' mutual fund investing decisions. It emphasizes unpredictability of returns, knowledge of financial assets, and portfolio diversity as important impacts. While it does not specifically address equities or ULIPs, it does show that risk perception influences decision-making behavior, causing investors to appraise risks differently depending on their attitudes, ultimately influencing their investment decisions in various financial products. Risk perception influences investment decisions by determining how clients perceive the riskiness of various investment products such as stocks, mutual funds, and ULIPs. The study found that financial risk tolerance has a direct impact on risk perception, which in turn influences asset allocation decisions. This means that an investor's understanding and perception of risk can lead to different choices in their investment portfolio, ultimately guiding their decision-making process in selecting specific financial products (Nguyen, 2015).

Risk perception significantly influences investment decisions as it shapes how individual investors evaluate probabilities and outcomes. Decision makers construct subjective beliefs based on their risk attitudes, which can differ even with the same information. This fluctuation influences decisions about stocks, mutual funds, and ULIPs since varying preferences are influenced by perceived risks related to possible gains or losses. These impressions are further altered by contextual elements and points of reference, which have an

effect on decision-making and general investment behavior (Cohen, 2015). The paper (Dahiya & Chaudhary, 2016) shows that risk perception has a considerable impact on salaried employees' investment behavior in stock, mutual funds, and ULIPs. Many investors favor classic and safer instruments due to their risk aversion. Their judgments are influenced by factors like as demographics, risk tolerance, and expected returns. The research revealed that, despite the fact that a select number of salaried employees are amenable to mutual funds and equities, there is a general preference for safer investment alternatives, which is indicative of a risk-averse financial planning approach.

The primary factors influencing the investment preferences of salaried employees in the modern economy include financing needs and capacities, governance capacities, and financial regulations set by the government. These meso-level institutional dynamics shape how business and labor actors define and change their objectives regarding pension fund investments, leading to shifts toward more varied and impatient investment practices. The degree to which employees prefer patient or impatient uses of pension capital depends on how these factors interact (McCarthy et al., 2016). According to the article (Hoffmann et al., 2017), individual investors' risk perception has a major influence on their investing decisions. Higher risk perceptions, in particular, result in a more cautious attitude, thereby limiting risk tolerance and influencing investment vehicle selection, such as equities, mutual funds, and ULIPs. Investors tend to prioritize return expectations over risk perceptions, meaning that, while they recognize danger, it does not have a significant impact on their investment decisions. This indicates a complex relationship in which perceived risk may not always coincide with actual risk knowledge.

Individual investors' emotional, affective, and cognitive reactions are influenced by their risk perception, which has a significant impact on their stock, mutual fund, and ULIP investment decisions. Retail investors, who are naturally cautious, base their decisions on their personal risk tolerance, which is influenced by demographic factors like as income, age, and gender. Their preference for diversified portfolios and improved market knowledge are the results of their increased risk awareness, which ultimately influences their investing decisions and tactics (Bairagi & Chakraborty, 2018). The risk perception of bank personnel toward mutual fund investments is specifically assessed in the paper (Deb & Singh, 2018), which reveals that their overall risk perception is moderate. The three primary factors that influence this perception are fear psychosis, a lack of knowledge, and a lack of confidence. While the study focuses on mutual funds, it does not directly address risk perception towards equity or

ULIPs among salaried employees. Therefore, insights on those specific areas are not covered in this research.

The research (Chachad & Singh, 2018) paper evaluates the awareness of 130 salaried individuals regarding retirement planning, including their investment approaches towards equity, mutual funds, and ULIPs. It highlights that while there is a general tendency to save and invest, there is a lack of emphasis on retirement-focused plans. The findings show that salaried employees need more retirement planning education since many may not completely comprehend or prioritize these financial options. According to the survey (P, 2018), paid employees have low awareness of marketable securities, including equity and mutual funds, with just 4% displaying competence in this field. Furthermore, the study found that the vast majority of respondents were unaware of non-marketable securities. In contrast, an impressive 96% of respondents are aware of physical assets. This implies that salaried employees in Mangalore City lack comprehension of investing options such as stocks, mutual funds, and ULIPs.

This comprehensive evaluation of research articles explores salaried employees' investment decisions, focusing on risk perception and financial instrument selection. Numerous studies show that age, income, and education strongly influence investment behavior. Lollivier & Verger (1987) suggest that higher qualifications correlate with wealth and may influence investment preferences, while Yakoboski and VanDerhei (1996) show that younger workers diversify into equities while older workers prefer non-equity assets. Compensation and job security are similarly important, albeit in the context of employee satisfaction rather than investment choices (Kathawala et al., 1990; Armstrong-Stassen, 1993). Psychological biases matter. Studies show that ego involvement, financial media dependency, momentum, and contrarian investing based on prior returns influence decisions (Lichtenstein et al., 1999; Choi et al., 2003). Loss aversion drives conservative choices (Lee, 2013), and status quo bias can cause investors to favour substandard funds (Kempf & Ruenzi, 2006). Investor sentiment also affects equity fund flow and risk perception (Indro, 2004). Research consistently shows that risk perception drives investment behavior. Siebenmorgen & Weber (2004) study risk perception in equities, mutual funds, and ULIPs and find that people underestimate long-term hazards. Renn (1990) analyzes risk perception in the context of public concerns. Several studies show that increased risk perceptions make investors more cautious, affecting their choice of stocks, mutual funds, and ULIPs. Investors may value return expectations over risk perceptions (Hoffmann et al., 2017). Most risk perception studies focus on equities and mutual funds,

whereas ULIPs are less well-covered. Falkenstein (1996) discusses mutual fund preferences but not ULIPs, and Pastor et al. (2001) analyze equity mutual funds without comparing. Walia & Kiran (2009) compares risk perception across mutual funds, ULIPs, and equities, showing differences. A complete grasp of salaried employees' perceptions across all three instruments needs further study. Multiple studies show that salaried people are unaware of new financial products. Bhushan (2014) and P (2018) note that conventional or physical assets are better understood than equities and mutual funds. Financial illiteracy sometimes leads investors to favor safer, traditional investments despite the possible benefits of riskier ones (Dahiya & Chaudhary, 2016). Since many paid workers don't understand or prioritize retirement planning, research suggests they require greater education (Chachad & Singh, 2018). The review shows that demographics, psychological biases, risk perceptions, and awareness levels influence salaried employees' investment behaviour.

Research Gap

Despite numerous studies on investment behavior and risk perception, there is a huge study gap regarding government and private sector employees' specific awareness levels, risk perceptions, and subsequent investment choices for equities, mutual funds, and ULIPs in South Assam. Existing literature frequently addresses these features in broad terms or in other geographical and professional contexts, without doing a comprehensive comparative examination within this specific demography and location. South Assam may have different socioeconomic factors and levels of financial knowledge, which could lead to different investing habits compared to places that are better off financially or have a wider range of investments. Understanding these factors is important because of these differences. As a result, a study focusing on this specific group and the proposed financial instruments would provide useful insights, adding to a more nuanced understanding of investment behavior among salaried individuals in this region.

3. Objectives, Hypotheses and Research Methodology

3.1 Objectives

1) To compare the awareness of government and private sector employees towards equity, mutual funds, and ULIPS separately.
2) To compare the risk perceptions of government and private sector employees towards equity, mutual funds, and ULIPS separately.

3) To compare the investment Choices of government and private sector employees with equity, mutual funds, and ULIPS separately.

3.2 Hypotheses

1) There is no significant difference in the awareness of government and private sector employees towards equity Investment

2) There is no significant difference in the awareness of government and private sector employees towards mutual funds

3) There is no significant difference in the awareness of government and private sector employees towards ULIPS

4) There is no significant difference in the risk perception of government and private sector employees towards equity investment

5) There is no significant difference in the risk perception of government and private sector employees towards mutual funds

6) There is no significant difference in the risk perception of government and private sector employees towards ULIPS

7) There is no significant difference in the investment choices of government and private sector employees with equity investment

8) There is no significant difference in the investment choices of government and private sector employees with mutual funds

9) There is no significant difference in the investment choices of government and private sector employees with ULIPS

3.3 Research Methodology

The research on "Employees' Risk Perception and Investment Choices for Equities, Mutual Funds, and ULIPs" employed a descriptive research design. The primary data were collected from salaried employees who originally hailed from the three districts of South Assam. A structured questionnaire, utilizing a Likert scale, was developed with the help of a thorough review of existing literature. Given the inherent challenge of an unknown population size, the sample size was determined using an online calculator for an infinite population at a 95% confidence level and ±5% margin of error, which yielded a target sample size of 385 respondents. To account for potential incomplete submissions or data anomalies, a slightly larger pool of questionnaires was distributed. In total, 403 responses were received, and following a rigorous screening process for completeness and consistency, 378 responses were

deemed suitable and included for the final analysis. Out of 378, 157 work in Government Sector and 221 from private sector. For data analysis, IBM SPSS software was used. The analytical procedures include Descriptive Statistics to summarize the core characteristics of the data and Independent Samples T-tests to compare means between two distinct groups were used. Furthermore, the questionnaire's reliability was tested through a pilot survey, and its strong internal consistency was confirmed, underscoring the robustness of the data collection instrument.

4. Analysis & Findings

4.1 Awareness of government and private sector employees towards equity, mutual funds, and ULIPS

Salaried employees' understanding of equities, mutual funds, and ULIPs (Unit Linked Insurance Plans) is a complex problem influenced by financial literacy, demography, and investing preferences. Previous research reveals that, while salaried employees are generally aware of ULIPs, their understanding and application of equity and mutual funds remain limited. This lack of knowledge affects how they handle their money, leading them to often choose safer, more traditional investment choices over stocks and mutual funds, which could give them higher returns.

Hypothesis #1: There is no significant difference in the awareness of government and private sector employees towards equity Investment

Table 1: Group Statistics

	Govt1 Priv 2	N	Mean	Std. Deviation	Std. Error Mean
AES	1	157	3.25	.759	.061
	2	221	3.67	.872	.059

Table 2: Independent Samples Test

Awareness about Equity Investments	Levene's Test for Equality of Variances		t-test for Equality of Means		
	F	Sig.	t	df	Sig. (2-tailed)
Equal variances assumed	4.631	.032	-4.755	376	.000
Equal variances not assumed			-4.868	360.804	.000

Interpretation:

An Independent Samples t-test is conducted to assess if there is a significant difference in the awareness of government and private sector employees towards equity investment. The p-value from the t-test for Equality of Means (0.000) is substantially less than the chosen significance level of 0.05. This necessitates the rejection of the null hypothesis. As a result, there is a statistically significant difference in the level of awareness of equity investing among employees in the private sector and the government. The data indicates that private sector personnel (mean = 3.67) have a significantly higher level of awareness of equity investments than government employees (mean = 3.25).

Hypothesis #2: There is no significant difference in the awareness of government and private sector employees towards mutual funds

Table 3: Group Statistics

	Govt1 Priv 2	N	Mean	Std. Deviation	Std. Error Mean
AMF	1	157	3.34	.722	.058
	2	221	3.76	.876	.059

Table 4: Independent Samples Test

Awareness about Mutual Funds	Levene's Test for Equality of Variances		t-test for Equality of Means		
	F	Sig.	t	df	Sig. (2-tailed)
Equal variances assumed	2.021	.156	-4.835	376	.000
Equal variances not assumed			-4.994	367.646	.000

Interpretation:

The p-value from the t-test for Equality of Means (0.000) is well below the chosen significance level of 0.05. Hence the null hypothesis is rejected. Therefore, there is a **statistically significant difference** in the awareness of government and private sector employees towards mutual funds. Specifically, the analysis reveals that **private sector employees (mean = 3.76) exhibit significantly higher awareness of mutual funds compared to government employees (mean = 3.34)**.

Hypothesis #3: There is no significant difference in the awareness of government and private sector employees towards ULIPS

Table 5: Group Statistics					
	Govt1 Priv 2	N	Mean	Std. Deviation	Std. Error Mean
AUL	1	157	3.44	.683	.054
	2	221	3.81	.838	.056

Table 6: Independent Samples Test					
Awareness about **ULIPS**	Levene's Test for Equality of Variances		t-test for Equality of Means		
	F	Sig.	t	df	Sig. (2-tailed)
Equal variances assumed	2.244	.135	-4.509	376	.000
Equal variances not assumed			-4.667	369.018	.000

Interpretation:

The p-value from the t-test for Equality of Means (0.000) is well below the chosen significance level of 0.05. Hence the null hypothesis is rejected. Therefore, there is a statistically significant difference in the awareness of government and private sector employees towards ULIPs. Specifically, the analysis reveals that private sector employees (mean = 3.81) exhibit significantly higher awareness of ULIPs compared to government employees (mean = 3.44).

4.3 Risk Perception of government and private sector employees towards equity, mutual funds, and ULIPS

Hypothesis #1: There is no significant difference in the risk perception of government and private sector employees towards equity investment

Table 7: Group Statistics					
	Gov1 Priv 2	N	Mean	Std. Deviation	Std. Error Mean
RPE	1	157	3.62	.746	.060
	2	221	3.24	.982	.066

Table 8: Independent Samples Test					
Risk perception about equity Investment	Levene's Test for Equality of Variances		t-test for Equality of Means		
	F	Sig.	t	df	Sig. (2-tailed)

Equal variances assumed	19.020	.000	-4.010	376	.000
Equal variances not assumed			-4.198	374.309	.000

Interpretation:

Based on the analysis, since the p-value from the t-test (0.000) is less than 0.05. Hence the null hypothesis is rejected. Therefore, there is a statistically significant difference in the risk perception of government and private sector employees towards equity investment. Specifically, private sector employees (Mean = 3.24) appear to have a lower risk perception compared to government employees (Mean = 3.62) regarding equity investment.

Hypothesis #2: There is no significant difference in the risk perception of government and private sector employees towards mutual funds

Table 9: Group Statistics

	Govt1 Priv 2	N	Mean	Std. Deviation	Std. Error Mean
RPMF	1	157	3.76	.667	.053
	2	221	3.39	.912	.061

Table 10: Independent Samples Test

Risk perception about mutual funds	Levene's Test for Equality of Variances		t-test for Equality of Means		
	F	Sig.	t	df	Sig. (2-tailed)
Equal variances assumed	9.787	.002	-4.295	376	.000
Equal variances not assumed			-4.523	375.674	.000

Interpretation:

The p-value from the independent samples t-test (0.000) is less than the conventional significance level of 0.05. Hence the null hypothesis is rejected. The study indicates that there is a **statistically significant difference** in the risk perception of government and private sector employees towards mutual funds. Specifically, private sector employees (mean RPMF = 3.39) exhibit a lower risk perception towards mutual funds compared to government employees (mean RPMF = 3.76).

Hypothesis #3: There is no significant difference in the risk perception of government and private sector employees towards ULIPS

Table 11: Group Statistics					
	Govt1 Priv 2	N	Mean	Std. Deviation	Std. Error Mean
RPUL	1	157	3.285	.8962	.0715
	2	221	2.611	1.1017	.0741

Table 12: Independent Samples Test					
Risk perception about ULIPS	Levene's Test for Equality of Variances		t-test for Equality of Means		
	F	Sig.	t	df	Sig. (2-tailed)
Equal variances assumed	12.656	.000	-6.318	376	.000
Equal variances not assumed			-6.540	369.101	.000

Interpretation:

The p-value from the independent samples t-test (0.000) is less than the conventional significance level of 0.05. Hence the null hypothesis is rejected. This indicates that there is a **statistically significant difference** in the risk perception of government and private sector employees towards ULIPs. Specifically, private sector employees (mean RPUL = 2.611) exhibit a lower risk perception towards ULIPs compared to government employees (mean RPUL = 3.285).

4.4 Investment Choices of Government and Private Employees for equity, mutual funds, and ULIPS

Mutual funds and fixed deposits are the preferred investment options for government personnel, who generally exhibit a preference for low-risk investments over equities and ULIPs. According to previous research, their inclination toward conservative investing is a result of their limited financial literacy and pursuance of financial security. Although some may see equities favorably, the prevailing trend favors safer assets owing to apprehensions regarding income stability and inflation. This prudent strategy demonstrates their risk assessments and the socioeconomic variables affecting their investing choices. Previous study clearly indicates that most employees favor safer investment options such as gold, real estate, and bank savings,

implying that although they recognize many possibilities, their investing preferences go towards lower-risk choices rather than equities or ULIPs.

Hypothesis #1: There is no significant difference in the investment choices of government and private sector employees with equity investment

Table 13: Group Statistics					
	Govt1 Priv 2	N	Mean	Std. Deviation	Std. Error Mean
IDE	1	157	3.08	.792	.063
	2	221	3.51	.927	.062

Table 14: Independent Samples Test					
Investment choices for equity investment	Levene's Test for Equality of Variances		t-test for Equality of Means		
	F	Sig.	t	df	Sig. (2-tailed)
Equal variances assumed	16.798	.000	-4.698	376	.000
Equal variances not assumed			-4.824	363.373	.000

Interpretation:

The p-value from the independent samples t-test (0.000) is below the standard significance threshold of 0.05. Therefore, the null hypothesis is dismissed. This signifies a statistically significant disparity in the investment preferences of government and private sector personnel regarding equity investing. Private sector personnel (mean IDE = 3.51) exhibit a greater inclination towards equity investing than government employees (mean IDE = 3.08).

Hypothesis #2: There is no significant difference in the investment choices of government and private sector employees with mutual funds

Table 15: Group Statistics					
	Govt1 Priv 2	N	Mean	Std. Deviation	Std. Error Mean
IDMF	1	157	3.47	.869	.069
	2	221	2.92	1.002	.067

Table 16: Independent Samples Test					
Investment choices for mutual funds	Levene's Test for Equality of Variances		t-test for Equality of Means		
	F	Sig.	t	df	Sig. (2-tailed)
Equal variances assumed	12.578	.000	-5.584	376	.000
Equal variances not assumed			-5.720	361.288	.000

Interpretation:

The p-value from the independent samples t-test (0.000) is less than the conventional significance level of 0.05. Therefore, the null hypothesis is dismissed. It means that there is a **statistically significant difference** in the investment choices of government and private sector employees towards mutual funds. Specifically, private sector employees (mean IDMF = 2.92) show a lower preference or tendency towards mutual funds compared to government employees (mean IDMF = 3.47).

Hypothesis #3: There is no significant difference in the investment choices of government and private sector employees with ULIPS

Table 17: Group Statistics					
	Govt1 Priv 2	N	Mean	Std. Deviation	Std. Error Mean
IDUL	1	157	3.29	.764	.061
	2	221	2.82	.998	.067

Table 18: Independent Samples Test					
Investment choices for ULIPS	Levene's Test for Equality of Variances		t-test for Equality of Means		
	F	Sig.	t	df	Sig. (2-tailed)
Equal variances assumed	22.021	.000	-4.889	376	.000
Equal variances not assumed			-5.111	373.881	.000

Interpretation:

The p-value from the independent samples t-test (0.000) is below the standard significance threshold of 0.05. Therefore, the null hypothesis is rejected. This indicates a

statistically significant disparity in the investing preferences of government and private sector employees regarding ULIPs. Private sector personnel (mean IDUL = 2.82) have a diminished preference for ULIPs in comparison to government employees (mean IDUL = 3.29).

5. Discussion, implication & scope for future research

5.1 Discussion

This study found that government and private sector employees have significantly different levels of awareness, risk perception, and investment preferences for equities, mutual funds, and ULIPs. These inequalities indicate that the employment sector influences financial literacy, risk assessment, and investment decisions.

(i) Comparative Awareness of Investment Products (Equity, Mutual Funds, and ULIPs)

Private sector employees consistently demonstrated significantly higher awareness of equities, mutual funds, and ULIPs compared to government employees (p-values < 0.05 for all). This suggests that the private sector environment may foster greater financial literacy, possibly due to dynamic market exposure and less guaranteed benefits, leading to a more proactive approach to financial knowledge acquisition. This knowledge gap in government employees can influence their risk perceptions and investment choices.

(ii) Divergent Risk Perceptions Across Investment Avenues

Private sector personnel had considerably lower risk perceptions for equities, mutual funds, and ULIPs compared to government employees (p-values < 0.05). This link between increased awareness and lower risk perception implies that comprehending an investment product can lead to a more realistic appraisal of its hazards. The perceived security of government employment may also encourage greater risk aversion, whereas the dynamic nature of private sector roles may tempt or drive individuals to be more risk tolerant.

(iii) Contrasting Investment Choices and Preferences

Private sector personnel were more likely to make direct equity investments (p-value < 0.05). Surprisingly, they showed a considerably lower preference for mutual funds and ULIPs than government employees (p-values < 0.05). This suggests that, while private sector employees understand these products and consider them less hazardous, they may prefer direct equity due to projected higher returns or greater control. Government personnel, who frequently

prefer low-risk investments such as fixed deposits, have a larger preference for mutual funds and ULIPs, possibly considering them as "safer" alternatives to direct equity.

(iv) Interplay of Awareness, Risk Perception, and Investment Behavior

From the findings of the study, it was discovered that although awareness and risk perception are significant, they are not the only elements that influence decisions regarding investments. The nuanced findings, in particular the private sector's decreased preference for mutual funds and ULIPs despite increased awareness, show that other factors such as specific financial goals, perceived efficiency, or behavioral biases are at work. This is particularly prevalent in the private sector. In order to achieve a thorough knowledge, it is necessary to investigate a wider variety of psychological, social, and economic aspects.

5.2 Implication of this research

The distinct findings have important implications for financial planning, education, and policymaking. Financial advisors must use specialized techniques. To alleviate government personnel' greater risk perception, emphasis on core financial knowledge and demystifying market-linked products. For private sector employees, understand their preference for direct equity and justify the value of diversified funds like mutual funds and ULIPs. Segmented marketing and product variations are crucial. Policymakers should develop segmented financial literacy initiatives. The training curriculum for employees working for the government should begin with fundamental principles, but the training curriculum for employees working for private sector companies can dig into more sophisticated features. It is the responsibility of regulatory organizations to ensure that product disclosures are easily available and pertinent to both sectors. This will encourage informed decision-making and help bridge the gaps surrounding financial inclusion.

5.3 Scope for future research

Subsequent research ought to expand upon these findings to offer a more thorough comprehension. Future research should examine underlying elements such as demography, psychographic characteristics (e.g., cognitive biases), and cultural effects. Qualitative methods, such as interviews and focus groups, may reveal underlying motivations for investing preferences. Longitudinal studies can monitor temporal changes and evaluate the efficacy of interventions. The study's generalizability requires evaluation by replication in several Indian locations, encompassing both urban and rural paid personnel. Extending to additional job categories (self-employed, informal sector) would yield a more comprehensive knowledge of the workforce's financial behavior.

6. Conclusion

This study underscores notable differences in awareness, risk perception, and investing preferences between government and private sector personnel concerning equities, mutual funds, and ULIPs. Employees in the private sector exhibit heightened understanding and diminished risk perception, however demonstrate a nuanced preference for direct equity as opposed to mutual funds and ULIPs. These findings highlight the intricate relationship among financial literacy, risk perception, and additional determinants in investment decisions. It is emphasized in the research that there is a need for individualized strategies from financial advisors, individualized financial wellness programs from employers, and targeted financial literacy measures from legislators in order to encourage educated financial decision-making and boost financial security among the paid population.

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