

# A Study on the Impact on Mutual Fund Investment Pattern of Employees In Chennai City

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## **ABSTRACT**

*Today, every nation is looking for investors whether it is foreign or overseas. Recent trends show that India is the second favourite investment destination next to China. Among the developing economies the countries which are in the race for investment are China, Singapore, Malaysia, Russia and Brazil. Globalization and Foreign Direct Investment (FDI) are playing a vital role in the development of developed, developing as well as underdeveloped economies. The reasons are simple like introduction of new products, new skills, easily approachable markets and modern technology to the host countries. Every country around the world is playing an important role in the encouragement of foreign and overseas investors and their investments. India is being ranked as the second most favoured destination for foreign investments after China. For the economy to develop investment in funds such as mutual funds is sort to by various nations.*

**Keywords:** *Globalization, Mutual fund investment*

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## **INTRODUCTION:**

Generalized, investment means conversion of savings, parting with saving or liquidity and lastly taking a risk involving uncertainty about the actual return, time of waiting and cost of getting back funds, safety of funds, and risk of the variability of return. . It can mean giving an advance or loan or contributing to the equity (ownership capital) or debt capital of a corporate or non corporate business unit. Mutual fund investment is in the limelight now a

days giving the best investment option for employees to get additional earnings For making proper investment involving both risk and return, the investor has to make a study of the alternative opportunities of mutual fund investment- their risk and return characteristics and make proper projection or expectations of his mutual fund investment preferences.

#### **NEED FOR STUDY:**

The intention of the study is to know about the awareness level of employees, in the middle-income group mainly, towards mutual fund investment decision. This study measures the demographic factors and educational credentials of employees. This study also analyses the relationship between age of employees and investment in mutual fund. The degree of risk faced by employees in various mutual fund investment opportunities has been identified in this study.

#### **OBJECTIVES OF THE STUDY:**

The objectives of the study are as follows.

- ❖ To find out the mutual fund investment exercise of employees.
- ❖ To study the usual investment pattern, in mutual fund and its impact on savings and behaviour of employees with regard to mutual fund investment.
- ❖ To highlight the awareness level of employees, towards mutual fund investment decision.
- ❖ To analyze the factors influencing the mutual fund investment decisions of employees.
- ❖ To bring to light the problems of employees, in finding out suitable mutual fund investment avenues.
- ❖ To suggest suitable mutual fund investment pattern for various classes of employees.

## **RESEARCH DESIGN**

The research design is the conceptual structure to conduct research. **Descriptive research** is used for this study. The survey is conducted among employees in Chennai. Chennai being a metropolitan city and the host of a number of reputed organizations represents varied levels of employees.

## **SAMPLING**

The sample size was initially decided as 450 taking into consideration the practical difficulties of the study. Around 48 questionnaires were incomplete and the data was not usable and the final sample 402 employees in Chennai region using **Convenience sampling** method was taken for the study. Employees of various sectors, income groups and regions in the city were included in the study.

## **DATA COLLECTION**

The study is based on both primary and secondary data.

## **STATISTICAL TOOLS:**

The data collected are classified, analyzed and interpreted. The analysis of the data is done with the help of statistical tools. Percentage analysis, Chi – square test, ANOVA and Correlation are the tools that are used in this study.

## **ASSOCIATION BETWEEN SOURCE OF MUTUAL FUND INVESTMENT INFORMATION AND EDUCATIONAL QUALIFICATION OF EMPLOYEES**

Chi square test and cross tabulation analysis was used to analyse the association between source of mutual fund investment information and educational qualification of employees was analysed. The result obtained by the analysis is presented in the following table.

**TABLE 1**

**CROSS TABULATION ANALYSIS: IMPACT OF EDUCATIONAL  
QUALIFICATION OF EMPLOYEES AND SOURCE OF MUTUAL FUND  
INVESTMENT INFORMATION**

Source of Mutual Fund Investment Information	Educational qualification of employees					Total
	HSC	UG	PG	Professional	Others	
Friends	10	20	22	27	5	84
Relatives	10	23	10	12	7	62
Newspaper	7	15	25	28	1	76
Agencies	4	9	17	6	2	38
Others	7	7	3	3	6	26
Television	0	2	2	7	2	13
Advertisement	1	4	1	2	0	8
Internet	3	17	6	12	0	38
No response	1	11	23	21	1	57
<b>Total</b>	43	108	109	118	24	402

Source: Computed data

The impact of educational qualification of employees on source of mutual fund investment information is revealed in the above table 1. Influence of friends and relatives is found on respondents with higher secondary level qualification, respondents having undergraduate level qualification were influenced by relatives, newspapers followed by

friends influence respondents having post graduate and professional qualification. Relatives influence other educational level respondents for getting mutual fund investment information.

**TABLE 2**  
**CHI SQUARE TEST: IMPACT OF EDUCATIONAL QUALIFICATION OF EMPLOYEES ON SOURCE OF MUTUAL FUND INVESTMENT INFORMATION**

	<b>Value</b>	<b>df</b>	<b>Asymp. Sig. (2-sided)</b>
Pearson Chi-Square	81.449a	32	0.00
Likelihood Ratio	81.544	32	0.00
N of Valid Cases	402		

Source: Computed data

The above table 2 shows the impact educational qualification of employees on the source of mutual fund investment information. Since P value is 0.00, there is a significant association between educational qualification of employees and source from where mutual fund investment information was obtained.

**TABLE 3**  
**CORRELATION BETWEEN THE FACTORS AFFECTING EMPLOYEES MUTUAL FUND INVESTORS' PERCEPTION**

<b>Factors</b>	<b>Correlation</b>	<b>Perception towards savings and mutual fund investment</b>	<b>Type of mutual fund investment</b>	<b>Mutual fund Investment behaviour</b>	<b>Motives of savings in mutual fund</b>	<b>Factors determining savings in mutual fund</b>

<b>Perception towards savings and mutual fund investment</b>	Pearson Correlation	1	.592**	.319**	.100*	.309**
	Sig. (2-tailed)		.000	.000	.045	.000
	N	401	401	401	401	401
<b>Type of mutual fund investment</b>	Pearson Correlation	.592**	1	.312**	.025	.463**
	Sig. (2-tailed)	.000		.000	.613	.000
	N	401	402	402	402	402
<b>Mutual fund Investment behaviour</b>	Pearson Correlation	.319**	.312**	1	-.077	.199**
	Sig. (2-tailed)	.000	.000		.124	.000
	N	401	402	403	402	402
<b>Motives of savings in mutual fund</b>	Pearson Correlation	.100*	.025	-.077	1	.271**
	Sig. (2-tailed)	.045	.613	.124		.000
	N	401	402	402	402	402
<b>Factors determining savings in mutual</b>	Pearson Correlation	.309**	.463**	.199**	.271**	1
	Sig. (2-tailed)	.000	.000	.000	.000	

<b>fund</b>	N	401	402	402	402	402
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\*\* Correlation is significant at the 0.01 level (2-tailed)

\*Correlation is significant at the 0.05 level (2-tailed)

Source: Computed data

From the above table 3 it is identified that employee investor's perception towards savings and investment in mutual fund has significant correlation with type of mutual fund investment (0.592), mutual fund investment behaviour (0.319), factors determining savings in mutual fund (0.309) at 0.01 level of significance and motive of savings in mutual fund (0.100) at 0.05 level of significance. There is a positive correlation between perception of employees towards savings and investment in mutual fund and factors affecting investment in mutual fund is implied from the correlation analysis. Type of mutual fund investment has close relationship with other factors such as perception towards savings and investment in mutual fund (0.592), mutual fund investment behaviour (0.312) and factors determining savings in mutual fund (0.463) at 0.01 level of significance and there is no significant relationship between type of mutual fund investment and motives of savings in mutual fund (0.025). Regarding the analysis on mutual fund investment behaviour, it has a positive correlation with perception towards savings and investment in mutual fund (0.319), type of mutual fund investment (0.312), and factors determining savings in mutual fund (0.199) and there is no significant relationship between motives of savings in mutual fund (-0.077). So it is observed that the employees perceived mutual fund investment behaviour is based on their perception towards savings and investment in mutual fund, type of mutual fund investment and factors determining savings in mutual fund. In the same way, motives of savings in mutual fund has positive correlation between perception towards savings and investment in mutual fund (0.100) at 0.05 level significance and factors determining savings in mutual fund (0.271) at 0.01 level significance and motive of savings in mutual fund has no correlation

with type of mutual fund investment and mutual fund investment behaviour. The factors determining savings in mutual fund for employee investors established relationship between perception towards savings and investment in mutual fund (0.309), type of mutual fund investment (0.463), mutual fund investment behaviour (0.199) and motive of savings in mutual fund (0.271), which indicates that there is positive relationship among the perceptions of employee investor.

#### **INFLUENCE OF AGE OF EMPLOYEES ON THE VARIOUS FACTORS AFFECTING MUTUAL FUND INVESTMENT OF EMPLOYEES**

The respondent employees' age were classified into four classes, that is 20-30, 31-40, 41-50, and above 50. Only significant factors were taken into consideration insignificant factors were left out, i.e., factors such as perception towards savings and investment in mutual fund, type of mutual fund investment, mutual fund investment behaviour, factors determining savings in mutual fund, motives of savings in mutual fund were taken into consideration. The influence of this independent categorization were analysed against various factors affecting investor investment in mutual fund. The result obtained by ANOVA is presented in the table 4 below.

**TABLE 4**

#### **ANOVA: AGE OF EMPLOYEES AND ITS IMPACT ON THE FACTORS AFFECTING MUTUAL FUND INVESTMENT OF EMPLOYEES**

<b>Factors</b>	<b>Analysis on Age</b>	<b>Sum of Square</b>	<b>Df</b>	<b>Mean Square</b>	<b>F</b>	<b>Sig.</b>
Perception towards savings and investment in mutual fund	Between Groups	332.890	3	110.963	2.562	.055
	Within Groups	17195.000	397	43.312		
	Total	17527.890	400			



Type of mutual fund investment	Between Groups	123.090	3	41.030	.905	.439
	Within Groups	18048.702	398	45.348		
	Total	18171.791	401			
Mutual fund Investment behaviour	Between Groups	923.597	3	307.866	1.883	.132
	Within Groups	65073.639	398	163.502		
	Total	65997.236	401			
Factors determining savings in mutual fund	Between Groups	135.940	3	45.313	1.706	.165
	Within Groups	10568.558	398	26.554		
	Total	10704.498	401			
Motives of savings in mutual fund	Between Groups	177.673	3	59.224	2.471	.061
	Within Groups	9538.804	398	23.967		
	Total	9716.478	401			

Source: Computed data

The above table 4, unveils the impact of age of employees on various factors that influence employees, which gives the F value of the factors, perception towards savings and investment in mutual fund ( $F=2.562$ ,  $P=0.055$ ), type of mutual fund investment ( $F=0.905$ ,  $P=0.439$ ), mutual fund investment behaviour ( $F=1.883$ ,  $P=0.132$ ), factors determining savings in mutual fund ( $F=1.706$ ,  $P=0.165$ ), motives of savings in mutual fund ( $F=2.471$ ,  $P=0.061$ ) and they do not differ significantly with respect of age of employees at 5% level. Mean-wise comparison of independent variables and their categories is made by the researcher. It is indicative from the table that, there is no significant difference between the respondents perception towards savings and investment in mutual fund among different age groups of employees. With regard to the type of mutual fund investment it is not statistically significant among the different age groups of employees. With regard to mutual fund

investment behaviour there is no significant difference among the different age group of employees. Regarding the factors determining savings in mutual fund and motives of savings in mutual fund it is not statistically significant among different age groups of employees. It is thus found that all age group of employees feel similarly on various factors affecting mutual fund investment.

## **MAJOR FINDINGS**

1. It is found that most of the respondents had post graduate qualification (29%) and the remaining respondents had either under graduate degree, professional degree or school level education.
2. From the study it has found that most of the employees have awareness about mutual fund investment avenues and the pros and cons of these mutual fund investments
3. There is a significant association between age of employees and the source of mutual fund investment information.
4. The association between the source of mutual fund investment information and educational qualification of employees showed a significant association when analysed using chi square test.
5. Correlation among the factors of employee investors perception of mutual fund shows that there is a positive relationship between perception towards savings and investment in mutual fund and factors affecting employees mutual fund investment.
6. Motives of savings in mutual fund does not influence mutual fund investment behaviour, but motives of savings in mutual fund influence perception towards savings and investment in mutual fund at 0.05 level.
7. Influence of age on the employees perception of mutual fund reveals that there is no significant difference between the respondents perception towards savings and investment in mutual fund and the age of employees.

## **SUGGESTIONS**

The following suggestions are derived from the findings of this study. Mutual fund investment risk must be minimized which will in turn increase the mutual fund investment by aged employees.

- ❖ Education about the various opportunities of mutual fund investment must be given to the employee investors.
- ❖ Employees must be made aware of various mutual fund investment opportunities with their comparative merits and demerits.
- ❖ More training for the mutual fund investors is needed to make mutual fund investments. Consultation may be opted before investing in mutual funds.
- ❖ Mutual fund investor guidelines must be made aware to every individual mutual fund investors/employees through their organization.
- ❖ The procedural formalities regarding certain mutual fund investments must be made easier.
- ❖ Mutual fund investor knowledge regarding online mutual fund investments can be improved by providing employees subsequent SMS/mail updates.
- ❖ Tax concessions rate especially to the salaried class of employees must be increased by the Government for increasing the mutual fund investments.

## **CONCLUSION**

It can be concluded from the results of the study, that employees have shown that they are following good mutual fund investment policies and they are satisfied with their mutual fund investment practices. Existing employees are showing interest to increase their mutual fund investments and they recommend their friends to enhance their mutual fund investment attitude and behaviour.

Factors which influenced employees perceptions of mutual fund investment are based on the investor perceptions which help the employees to invest in mutual funds in future. Regarding investor perception towards savings and investment in mutual fund the Mutual Fund Investment Culture (MFIC) and Mutual Fund Investor Attitude (MFIA) are the important factors to achieve the mutual fund investment goals of employees.

The findings of the study point to that employees perception has led to the mutual fund investment appreciation revealed through various factors. Mutual fund investor group perception in a similar manner of will enhance mutual fund investment effectiveness.

Contribution of employees is not only to their respective organization by their labour contributions, but also to the national economic development by saving and investing in various mutual fund investment. This practice and approach could be developed by providing more knowledge and awareness on new and innovative mutual fund investment opportunities such as investment in commodity market, futures and options and other financial innovative products. This will promote the economy in general and give more revenue by way of yield to the mutual fund employee investors in specific.

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