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Earnings, Awareness, and Action: The Investment Mind-Set of Today's Professionals

ORIGINAL ARTICLE



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Abstract

A person's disposable income is generally allocated to both spending and saving. Saving represents a deliberate choice to postpone current consumption in order to improve future living conditions and meet anticipated needs. From an economic standpoint, individuals balance their income between consumption and savings, with each income level leading to specific patterns in how much is consumed and how much is saved. A professional is someone who belongs to a recognized profession or professional organization, or who earns a livelihood through a specific professional activity. This status typically requires meeting certain educational and training criteria that equip individuals with the essential knowledge, skills, and competencies to carry out their specialized roles. The current study aims to explore the portion of earnings saved by

professionals and level of awareness of investment options among professionals. The study states that, the professionals typically save about 50 per cent of their earnings. Nonetheless, their understanding of different investment avenues remains limited to moderate, except for commonly known options like bank fixed deposits, chit funds, insurance plans, and mutual funds. The study concludes that, due to their high levels of education, qualifications, and income, professionals are well-positioned to make a positive impact on society through their financial decisions.

Key Words

Savings, Investment, Professionals, Awareness Level.

Introduction

An individual's personal disposable income is distributed into consumption and savings. Savings means sacrificing the current consumption to increase the standard of living and fulfil the requirements in future. From the perspective of economists, people allocate their disposable income between consumption and savings, and at various levels of income, there would be corresponding levels of consumption and savings. Every single investment is a trade-off between risk and return. Apart from risk and return, the other key pillars such as safety and liquidity, also influence an investor's investment decision. Other factors also influence investment decision, such as marketability, initial investment, tax benefits, loan facilities, institutions' experience, age, needs, and social conditions. A professional is a member of a profession of a professional body or anyone who makes a living from a certain professional activity. It necessitates educational and training standards that

provide individuals with the necessary knowledge, skills, and abilities to perform their unique job within the profession. The present study focuses on examining the portion of earnings saved by professionals and level of awareness of investment options among professionals in Kerala.

Statement of the Problem

Savings is a way of meeting future needs, because the future is uncertain and unpredictable. It helps to meet when any financial emergency occurs. When the savings are turned into a productive option, it becomes investment. Savings and investment strategies adopted by individuals determine economic growth and development.

A survey conducted by the SEBI and NCAER (Research & SEBI, 2011), a report based on a survey of Indian individual investors. The report assessed investment alternatives in order of risk perception. Higher proportions of Indian investors channelise their money into investments with reduced risk perception. The survey concludes that middle-income and higher-income investors favoured bank deposits, which appealed across all income classes and tax-saving plans. Another report submitted by the Household Finance Committee to the Reserve Bank of India in August 2017 (Committee, 2017) regarding the investment behavior of household investors in India. The report states that the investors became richer; their main investment option was in physical assets such as precious metals and real estate. They do not increase their wealth allocation to other marketable securities. The above two reports' results in two periods reveal that the preferences regarding risk-free or lower-risk investment options have not changed among the individual investors in India. Despite having the potential to save, the extent of savings is not always justified by the savings potential. Against this backdrop, the researcher attempts to analyse the savings and investment behavior of professionals in Kerala

Review of Literature

Recent studies have explored various dimensions of individual investor behavior, especially in the context of economic uncertainty and financial market dynamics. Gurbaxani and Gupte (2021) investigated the impact of the COVID-19 pandemic on investment behavior in a small town in Madhya Pradesh, revealing a significant shift in savings and investment patterns, with 43% of individuals discontinuing their SIP investments. Saleem et al. (2021) examined the behavior of mutual fund investors and found that while financial literacy had a significant positive influence, factors like risk perception, return perception, and awareness were negatively related and largely insignificant. Similarly, Swapnaja et al. (2021) emphasized that while investors face challenges due to lack of diversification, there is a growing preference for diversified portfolios, particularly investments in shares, bonds, and mutual funds. Kumar (2020) highlighted that safety and future financial security were the key motivators for investors in Bengaluru, influenced by factors such as attitude, awareness, and willingness. On a broader scale, Ortmann et al. (2020) analyzed investor behavior during the COVID-19 pandemic and noted an increase in new trading accounts, particularly among older and male investors, alongside a significant decrease in the use of leverage. Complementing this, Raut et al. (2020) provided evidence of psychological biases such as herding, anchoring, and overconfidence shaping investment decisions in India, underscoring both irrational investor behavior and inefficiencies in the financial market. Collectively, these studies shed light on the multifaceted and evolving nature of investor behavior, shaped by both external crises and internal cognitive factors.

Research Gap

Numerous research studies have been conducted on the investment behavior and perception of the individual, retail, or household investors in the stock market and mutual funds, investment in corporate securities, foreign direct investment in the stock market, investor grievance and protection; however, there is an absence of a systematic study regarding the portion of savings and the level of awareness among professionals in Kerala.

Significance of the Study

Investment is the commitment of funds that have been taken from consumption with the hope that some remuneration will be generated in the future. Savings and investments provide capital to industries to be properly utilised for the economic development of a country. If an economy needs to be financially stable, it should require an efficient savings and investment strategy. Professionals are experts in their respective fields and have a better status in society. Thus, their actions on savings and investment would positively influence society. The study focused on professionals in Kerala because they are highly qualified, educated, literate, and a higher income-earning group.

Scope of the Study

The primary data for the study were gathered from the professions, those who required mandatory registration for practice from their respective professional bodies, and those with the highest number of registered professional groups in Kerala as of December 31st, 2024. The study identifies Doctors, Lawyers, and Chartered Accountants. They were the top three professionals in Kerala based on the number of registrations till December 31st, 2024. The areas covered under the study are the following: the portion of savings and the level of awareness.

Objectives of the Study

The following are the objectives of the study:

1. To determine the portion of earnings saved by professionals.
2. To analyse the level of awareness of investment options among professionals.

Hypotheses

H₀₁: There is no significant association on the portion of savings from earnings among professionals.

H₀₃: There is no significant difference in the level of awareness of investment options among professionals.

H₀₃: There is no significant difference in the level of awareness of investment options with regard to the monthly income of professionals.

Methodology of the Study

The study is descriptive and analytical. Primary data was collected through an interview schedule from the professionals, those who required compulsory registration for practice from their respective professional bodies and those with the highest number of registered professional groups in Kerala till December 31st, 2024. The secondary data was collected from reports of regulatory authorities, official publications of professional bodies, journals, books and websites related to the study. The study population consists of professionals who require compulsory registration for practise from their respective professional bodies and having the highest number of registered professional groups in Kerala till December 31st 2024. Thus, the researcher selected three professional groups: Chartered Accountants, Doctors, and Lawyers. The study population consists of 132412 professionals in the top three professional groups in Kerala as of December 31st, 2024, based on the number of registrations.

Table 1: Total Number of top three Registered Professionals in Kerala as of December 31st 2024

Professionals	Number of Registered Professionals
Doctors	66828
Lawyers	54872
Chartered Accountants	10712
Total	132412

[Source: Data was compiled from professional bodies (Travancore-Cochin Medical Council-2024, Bar Council of Kerala-2024, and Institute of Chartered Accountants of India-2024)]

Stratified simple random sampling technique has been opted for the sample selection. The Cochran formula (Stephanie Glen, 2019) determined the sample size for the study as 384. In order to rectify the error, the sample size was rounded off to 400.

Table 2: Sample Distribution

Professionals	Population	Population Proportion	Sample Size
Doctors	66828	50.47	202
Lawyers	54872	41.44	166
Chartered Accountants	10712	8.09	032
Total	132412	100.00	400

(Source: Research Design)

Likert’s five-point scale was employed to quantify the qualitative data collected from the respondents. With the help of SPSS software version 25, the data collected through the interview schedule was analysed.

Analysis and Interpretation

Portion of Savings

Savings is an amount that is sacrificed from current consumption in order to meet future emergencies. A Chi-square test with cross-tabulation is used to determine whether there is a significant association between the portion of savings of Chartered Accountants, Doctors, and Lawyers. The following hypothesis has been established for this purpose:

Null Hypothesis

H_{01} : There is no significant association on the portion of savings from earnings among professionals.

Table 3: Chi-square test for association among Professionals on Portion of Savings from Earnings

Professionals	The Portion of Savings (in %)			Total	Chi-square Value	P-value
	= 25	25-50	>50			
Chartered Accountants	11 (34.4) [8.3]	14 (43.8) [8.8]	7 (21.8) [6.4]	32 (100.0) [8.0]	10.874	0.028*
Doctors	53 (26.2) [40.1]	82 (40.6) [51.9]	67 (33.2) [60.9]	202 (100.0) [50.5]		
Lawyers	68 (40.9) [51.6]	62 (37.4) [39.3]	36 (21.7) [32.7]	166 (100.0) [41.5]		
Total	132 (33.0) [100.0]	158 (39.5) [100.0]	110 (27.5) [100.0]	400 (100.0) [100.0]		

(Source: Output of Analysis of Primary Data using SPSS)

Note:

1. The value within () refers to Row Percentage.
2. The value within [] refers to Column Percentage.
3. * denotes significant at a 5 per cent level

Since the P-value is less than 0.05, the null hypothesis is rejected at a 5 per cent level of significance. Hence, it is concluded that there is an association between professionals and a portion of savings. Thus, it is revealed that professionals have saved half their earnings. More Chartered Accountants and Doctors have saved between 25 per cent and 50 per cent of their earnings. At the same time, a greater proportion of Lawyers have saved less than or equal to 25 per cent of their earnings.

The Chi-square test shows p-value is less than 0.05, at a 5 per cent level of significance. Hence the result rejects the null hypothesis and accepts the alternative hypothesis that there is a significant association on the portion of savings from earnings among Chartered Accountants, Doctors and Lawyers.

Awareness of Investment Options among Professionals

Null Hypothesis

H₀₂: There is no significant difference in the level of awareness of investment options among professionals.

Table depicts the mean rank of professionals regarding the level of awareness of various investment options. The Kruskal-Wallis test is used to determine whether there is a significant difference in professionals' level of awareness of investment options and to identify which professionals are more or less aware of various options.

Table 4: Kruskal-Wallis H test for a significant difference in Mean Rank of Professionals with respect to Level of Awareness on Investment Options

Investment Options	Mean Rank			Kruskal- Wallis (H) test	
	Chartered Accountants	Doctors	Lawyers	Chi-square	P-value
Bank Fixed Deposits	294.50	195.45	188.52	28.522	< 0.001 **
Bullions	232.05	179.95	219.43	14.057	0.001 **
Chits	270.80	195.79	192.68	14.885	0.001 **
Debentures	296.77	172.56	215.95	39.500	< 0.001 **
Derivatives	312.28	180.46	203.34	39.166	< 0.001 **
Government Securities	309.81	191.47	190.42	32.921	< 0.001 **
Insurance Policy	295.41	178.76	208.66	34.228	< 0.001 **
Mutual Funds	311.20	184.79	198.27	36.376	< 0.001 **
Post Office Savings	301.16	174.48	212.76	40.493	< 0.001 **
Public Provident Fund	312.73	194.67	185.96	35.741	< 0.001 **
Real Estates	268.41	188.15	202.43	14.359	0.001 **
Shares	324.13	181.52	199.76	45.542	< 0.001 **
Overall Awareness	326.97	178.45	202.95	45.817	< 0.001 **

(Source: Output of Analysis of Primary Data using SPSS)

Note:

1. ** denotes significant at a 1 per cent level

Since the p-value is less than 0.01, the null hypothesis is rejected at a 1 per cent level with regards to the level of awareness on bank fixed deposits, bullions, chits, debentures, derivatives, Government securities, insurance policy, mutual funds, post office savings, Public Provident Fund, real estates, shares and overall awareness level. Hence there is a significant difference between the professionals regarding awareness on bank fixed deposits, bullions, chits, debentures, derivatives, Government securities, insurance policy, mutual funds, post office savings, Public Provident Fund, real estates, shares and overall awareness level. Based on the mean rank, the level of awareness on all investment options was more for Chartered Accountants than the Lawyers and Doctors.

Chartered Accountants have a higher awareness of investment options than Lawyers and Doctors, mainly because their professional activities are more closely related to finance.

The Kruskal-Wallis H test shows p-value is less than 0.05, at a 5 per cent level of significance. Hence the result rejects the null hypothesis and accepts the alternative hypothesis that there is a significant difference in awareness of investment options among Chartered Accountants, Doctors and Lawyers.

Awareness of Investment Options with regard to the Monthly Income of Professionals

Table 1.5 depicts the mean rank of the monthly income of professionals and their level of awareness of various investment options. The Kruskal-Wallis test is used to determine whether there is a significant difference between professionals' level of awareness of investment options and their monthly income and identify which groups are more and less aware of various options.

Null Hypothesis

H_{03} : There is no significant difference in the level of awareness of investment options with regard to the monthly income of professionals.

Table 5: Kruskal-Wallis H test for the significant difference in Mean Rank of Monthly Income with respect to Level of Awareness of Investment Options

Investment Options	Mean Rank			Kruskal- Wallis H test	
	= 30000	30000-60000	>60000	Chi-square	P-value
Bank Fixed Deposits	187.55	203.49	210.70	03.037	0.219
Bullions	186.64	189.19	234.82	13.556	0.001**
Chits	189.02	207.57	202.42	02.166	0.339
Debentures	192.98	196.31	215.98	02.826	0.243
Derivatives	198.86	205.44	194.44	00.681	0.711
Government Securities	215.07	203.69	178.45	06.284	0.043*
Insurance Policy	178.26	213.18	205.86	07.924	0.019*
Mutual Funds	196.06	185.79	229.39	10.506	0.005**
Post Office Savings	171.63	201.21	232.84	17.789	< 0.001**
Public Provident Fund	163.04	204.34	237.77	25.885	< 0.001**
Real Estates	175.05	185.27	254.59	34.451	< 0.001**
Shares	181.40	196.61	228.93	10.789	0.005**
Overall Awareness	178.41	198.70	229.04	11.018	0.004**

(Source: Output of Analysis of Primary Data using SPSS)

Note:

1. ** denotes significant at 1 per cent level
2. * denotes significant at 5 per cent level

Since the p-value is less than 0.01, the null hypothesis is rejected at a 1 per cent level with regards to the level of awareness on bullions, mutual funds, post office savings, Public Provident Fund, real estates, shares and overall awareness level. Hence there is a significant difference in the monthly income of professionals with regards to awareness on bullions, mutual funds, post office savings, Public Provident Fund, real estates, shares and overall awareness level. Based on the mean rank, the level of awareness on investment options of professionals having greater than ¹ 60000 of monthly income was found to be more on bullions, mutual funds, post office savings, Public Provident Fund, real estates, shares and overall awareness level.

Since the p-value is less than 0.05, the null hypothesis is rejected at a 5 per cent level with regards to the awareness of Government securities and insurance policy. Hence there is a significant difference in monthly income with regard to the level of awareness of Government security and insurance policies. According to the mean rank, professionals earning less than or equal to ¹ 30,000 per month have a higher level of awareness about Government security. Whereas mean rank, the level of awareness on insurance policy was found more in case of professionals having ¹ 30000- ¹ 60000 of monthly income.

Since the p-value is greater than 0.05, the null hypothesis is accepted at a 5 per cent level with regards to awareness on bank fixed deposits, chits, debentures and derivatives. Hence there is no significant difference between the monthly income of professionals concerning their awareness of bank fixed deposits, chits, debentures, and derivatives. The awareness of bank fixed deposits, chits, debentures and derivatives has no significant difference regardless of the monthly income-wise classification.

The Kruskal-Wallis H test shows p-value is less than 0.05, at a 5 per cent level of significance. Hence the result rejects the null hypothesis and accepts the alternative hypothesis that there is a significant difference in the level of awareness of investment options with regard to the monthly income of professionals having monthly income of less than or equal to ¹ 30000, ¹ 30000- ¹ 60000 and greater than ¹ 60000.

Findings

- **Portion of Savings from Earnings among Professionals:** The study revealed that most professionals had saved 25–50 per cent of their earnings. Thus, professionals saved nearly half of their earnings.
- **Awareness of Investment Options among Professionals:** The awareness level of professionals regarding different investment options was studied with the parameter that the opinion of professionals is based on their knowledge or understanding of something with regard to the various investment products. Bank fixed deposits, bullions, chits, debentures, derivatives, Government securities, insurance policies, mutual funds, post office savings, public provident funds, real estate, and shares were among the investment options identified for the study. Bank fixed deposits were the very highly aware investment option among professionals. Professionals were well-versed in chits, insurance policies, and mutual funds as investment options. Professionals had a moderate understanding of bullions, debentures, Government securities, post office savings, public provident funds, real estate, and shares. Derivatives have the least awareness of investment options among professionals.

The Kruskal-Wallis H test results revealed a significant difference in the level of investment awareness among Chartered Accountants, Doctors, and Lawyers. Chartered Accountants have a higher awareness of investment options than Lawyers and Doctors, mainly because their professional activities are more closely related to finance.

The Kruskal-Wallis H test is used to determine whether there is a significant difference in professionals' levels of awareness of investment options based on their monthly income and identify which groups have more or less awareness of various investment options. The test results show that there is a significant difference in the level of awareness of investment options concerning the monthly income of professionals having monthly income of less than or equal to ¹ 30000, ¹ 30000- ¹ 60000 and greater than ¹ 60000.

Recommendations

- Despite having the financial capacity to invest, professionals often fall short in actual investment practices. To bridge this gap, it is recommended that professional associations collaborate with SEBI, stock exchanges, and depositories to conduct regular training programs focused on practical investment skills and market awareness.
- Establishing structured platforms such as investor clubs, investment cells, and interactive programs (e.g., expert talks, investor meets, and expos) within professional bodies can foster a more supportive investment environment. These initiatives can help professionals build confidence, stay informed, and reduce anxiety related to financial decision-making.
- The low awareness of derivative instruments among professionals indicates the need for targeted financial education. It is advised that professionals proactively engage with experts to enhance their understanding of such instruments. Furthermore, collaborative efforts by Government bodies, regulatory authorities, NGOs, and professional organizations should be initiated to promote investment literacy through focused campaigns and educational outreach.

Conclusion

Professionals tend to save around half of their income. However, their awareness of various investment options is generally low to moderate, with the exception of more familiar instruments such as bank fixed deposits, chit funds, insurance policies, and mutual funds. Among the professional groups, Chartered Accountants demonstrate a higher level of investment awareness compared to Lawyers and Doctors, largely due to their frequent engagement with financial matters in their line of work. The study concludes that professionals, being well-educated, highly qualified, and relatively high-income earners, have the capacity to influence society positively through their financial behavior. Nonetheless, their current investment practices do not align with their potential or expectations, indicating a gap between financial capability and actual investment activity.

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