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A Study on the Behavioural Insights into Investment Choice of Corporate Professionals in Market-Linked and Fixed Income Instruments

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Abstract
The current financial landscape, shaped by rapid digitalisation and the growing availability of numerous investment products, has significantly influenced how individuals approach investment decisions. Corporate professionals, despite having stable incomes and greater exposure to financial markets, often display differing preferences between market-linked and fixed-income investment options. While market-linked instruments such as equities and mutual funds attract investors with the promise of higher returns, fixed-income instruments continue to appeal due to their perceived safety and stability. With an emphasis on the psychological, demographic, and financial elements that influence corporate professionals' decision-making processes, this study aims to investigate the behavioural factors impacting investment decisions. It emphasizes how investment preferences are influenced by behavioural biases such risk perception, loss aversion, herd mentality, and financial literacy. The study intends to close the gap between financial literacy and real investment behaviour by examining how business professionals weigh risk and return while selecting between market-linked and fixed-income products. It is anticipated that the results will give financial advisors, legislators, and fintech platforms useful information for creating more successful investor education programs and tailored financial solutions that are in line with actual investor behaviour.

Keywords: Behavioural Insights, Corporate Professionals, Market Linked, Fixed Income Instruments.

Introduction

The funding panorama has modified substantially over time because of globalisation, speedy technological progress, and the provision of modern monetary products. While conventional finance theories expect that buyers make completely rational choices, real-existence funding behaviour frequently tells a exceptional story. Emotions and behavioural biases consisting of loss aversion, overconfidence, and herd behaviour play a giant function in shaping funding choices, as defined with the aid of using behavioural finance. Corporate specialists constitute an critical institution of today`s buyers, supported with the aid of using solid incomes, organised employment benefits, and clean get admission to to virtual funding platforms. Even with an affordable degree of monetary awareness, many specialists keep to favour more secure fixed-profits options, even though an growing variety are slowly shifting in the direction of market-connected units on the lookout for higher long-time period returns. In the Indian context, those choices are inspired now no longer best with the aid of using profits and schooling however additionally with the aid of using

mental factors, social impacts, existence-level needs, and get admission to to monetary information. This examine seeks to apprehend those behavioural impacts and the way they form real-international funding choices amongst company specialists.

Objectives of the study

1. To analyse the impact of demographic factors such as age, income, education, and work experience on investment preferences.
2. To examine the role of financial literacy in shaping investment decisions.

Scope of the study

The scope of the study is limited to corporate professionals in India who actively participate in investment decision-making. The research focuses on understanding their preferences between market-linked instruments (such as equities, mutual funds, ETFs, and ULIPs) and fixed-income instruments (such as fixed deposits, government bonds, and provident funds). The study considers behavioural, psychological, and demographic factors influencing investment choices. The research does not include institutional investors, self-employed individuals, or retired persons. The findings are intended to provide insights useful for wealth manager, policymakers, and financial institutions in developing targeted investment strategies and improving financial literacy initiatives among corporate professionals.

Hypothesis of the study

Hypothesis 1

H0: Demographic factors such as age, income, and education do not significantly influence investment choices.

H1: Demographic factors such as age, income, and education significantly influence investment choices.

Hypothesis 2

H0: Financial literacy does not significantly influence investment diversification.

H2: Higher financial literacy positively influences investment diversification.

Research Methodology

Source of data collection:

- Primary data: Collected through a structured questionnaire via Google Forms.
- Secondary data: Websites and journals.
- Sample unit: Corporate Professionals.
- Sample size: 55 Respondents.

Review of Literature

1. Barberis and Thaler (2003)

By challenging the conventional belief that investors always behave rationally, Barberis and Thaler offer a fundamental overview of behavioural finance. Their research clarifies how psychological elements like herd mentality, overconfidence, and loss aversion systematically affect financial choices. The authors emphasize that emotional reactions can affect even highly educated and experienced professionals, particularly in times of uncertainty and market volatility. The significance of applying behavioural insights to financial decision-making is emphasized by this study. However, while the paper is primarily

theoretical, it advocates for empirical research that focuses on certain groups, such as working professionals, in order to confirm these behavioural tendencies in actual situations.

2. Kumar (2012)

Kumar examines how personality traits shape investors' risk tolerance and asset preferences. The study categorizes investors based on behavioural tendencies such as conservative or aggressive orientations and links these traits to investment choices. It finds that working professionals with higher analytical skills or confidence often lean toward equity investments, while risk appetite evolves with age, income, and career stage. Despite financial knowledge, emotional biases continue to influence decisions. The chapter underlines the value of psychological profiling in investment advisory services. However, the absence of empirical data limits its ability to establish measurable relationships between personality traits and actual investment behaviour.

3. Mehta and Sharma (2016)

Mehta and Sharma conduct an empirical investigation into the investment behaviour of Indian working professionals, focusing on demographic influences. Using survey data from metropolitan cities, the study finds that income level, job security, and age significantly affect investment choices. Younger professionals tend to favour market-linked instruments for growth, while older professionals prefer fixed-income options for stability. The research also highlights the strong impact of peer influence and media exposure, often leading to herd behaviour.

Although the study's geographic focus restricts its wider relevance, the results provide insightful informa tion about urban professionals.

4. Lusardi and Mitchell (2007)

Lusardi and Mitchell stress how financial literacy influences long-term financial well-being and investment behaviour. According to their research, professionals with greater financial literacy are more inclined to invest in stocks and diversify their portfolios. On the other hand, a lack of knowledge of ideas like inflation and compounding frequently results in excessively cautious investing decisions. The authors propose that increasing financial literacy can improve investment outcomes, especially through workplace education. Future research is still needed to determine the research's applicability to working professionals in emerging countries, though, as it mostly focuses on Western economies and retirement planning.

5. Sharma et al. (2025)

The effect of financial literacy components—financial knowledge, financial attitude, and financial awareness—on the investment choices of salaried adults in Kathmandu was investigated by Sharma and Pokharel (2025). A structured questionnaire that was given to 200 working professionals was used in the study, and hierarchical multiple regression analysis was used for analysis. The results showed that investing decision-making is greatly and favorably influenced by financial attitude and financial awareness. However, when other characteristics were taken into account, financial knowledge by itself did not demonstrate a significant effect. Additionally, the study discovered that investment behaviour was not significantly impacted by demographic factors as gender, income, or employment sector. These findings demonstrate that behavioural and psychological aspects are more significant than just financial expertise. According to the report, financial education programs should emphasize raising awareness and fostering good attitudes rather than only imparting knowledge. Additionally, it suggests that enhancing risk perception can motivate salaried people to engage in more high-yield investments. Nevertheless, the study only looks at Kathmandu and has a tiny sample size. Additionally, it fails to provide a clear

distinction between fixed-income and market-linked investment options. It is advised that these elements be investigated in future studies using greater sample sizes and in various geographies.

Data Interpretation and Analysis.

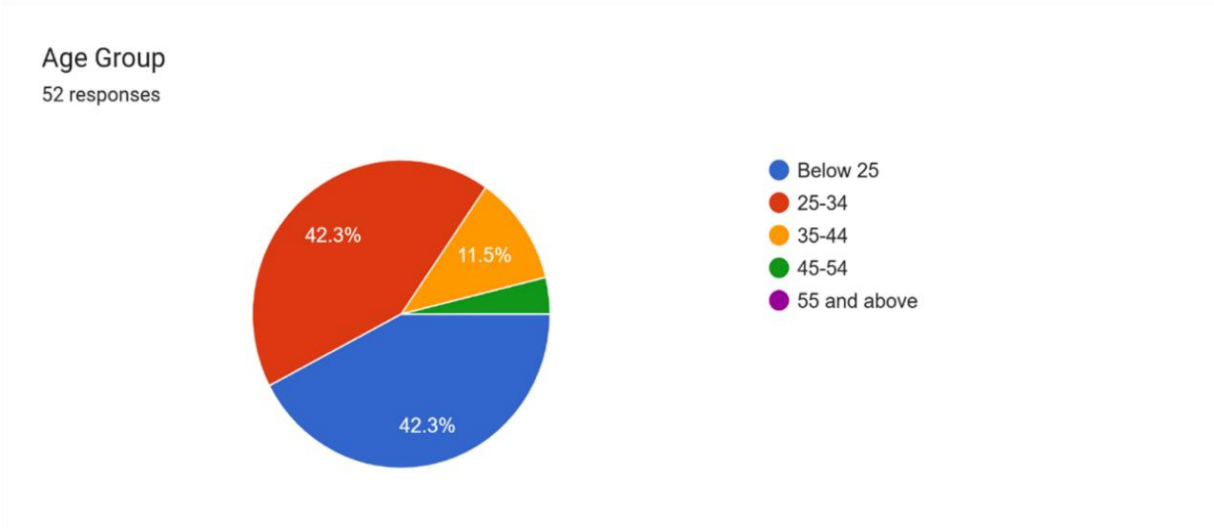

Fig 1.1

The sample consists of 52 working professionals, with a strong dominance of younger respondents. About 84.6% of participants are below 35 years, indicating higher representation from early-stage and young professionals. Very few respondents belong to older age groups, with none above 55 years.

This suggests the study mainly reflects the investment behaviour of younger investors Age is therefore expected to significantly influence risk tolerance, return expectations, and investment. Preferences

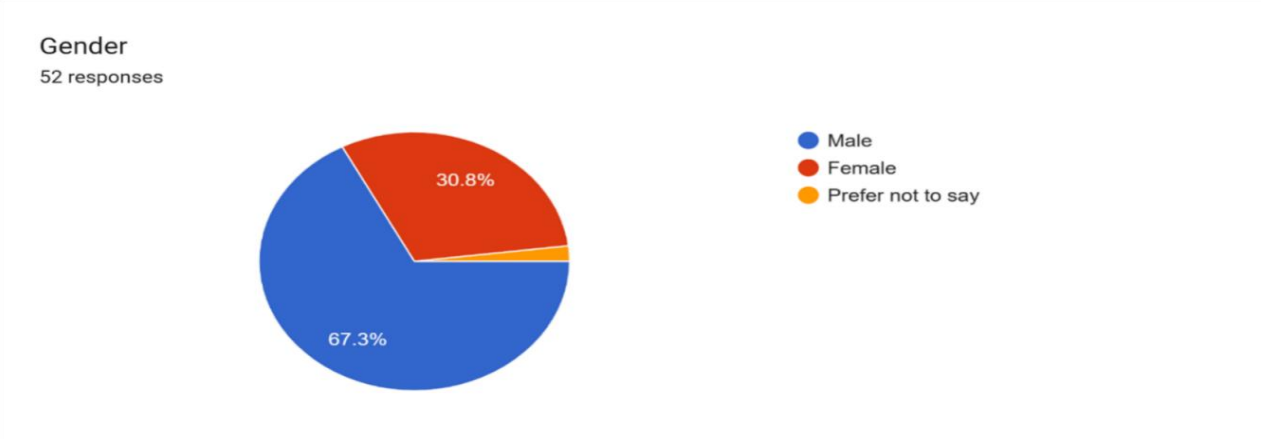

Fig 1.2

The respondent base is predominantly male (67.3%), followed by females (30.8%), with a very small proportion (1.9%) not disclosing their gender. Despite male dominance, female participation is adequate for meaningful gender-based analysis. This distribution supports the study of differences in investment behaviour, especially regarding risk tolerance, confidence, and preferences .

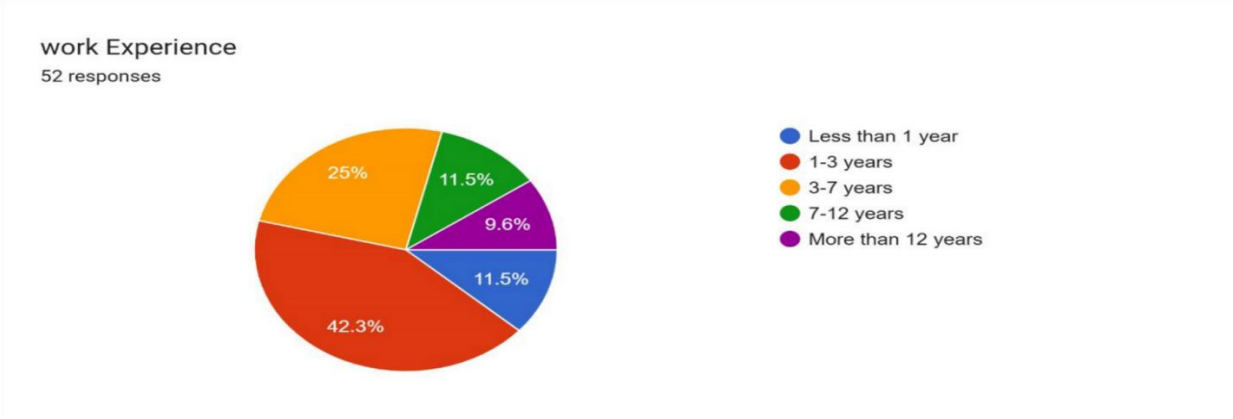

Fig 1.3

Most of the respondents have 1–7 years of work experience, particularly in the1–
3 year range, and are primarily professionals in their early to mid-career stages.
This implies that relatively recent workforce entrants have a high level of investment engagement.
Experienced workers with more than seven years of experience make up a smaller but noteworthy group
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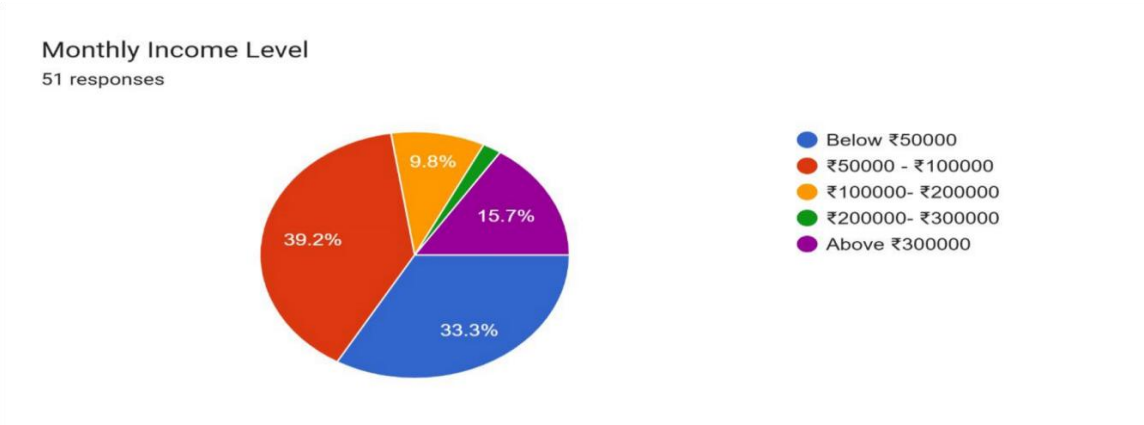

Fig 1.4

The income distribution shows that most respondents fall within the lower to middle-income brackets, indicating early- to mid-career professionals building financial stability. A smaller yet significant segment earns above ₹3,00,000 per month, representing high-income individuals with greater investment capacity. The higher-middle income group is comparatively underrepresented.

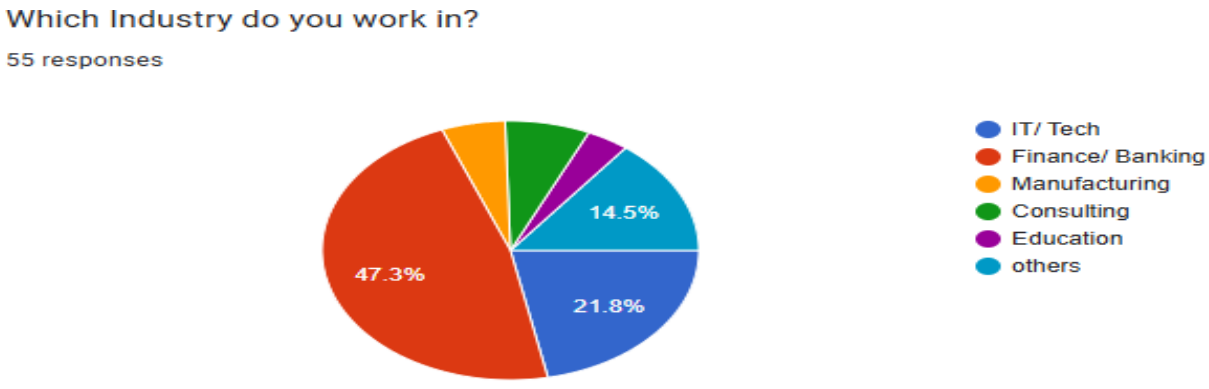

Fig 1.5

The industry distribution is dominated by professionals from finance and banking, followed by IT/technology, indicating high financial and analytical exposure among respondents. Other sectors such as consulting, manufacturing, and education add diversity to the sample. This prevents industry-specific bias in the analysis. Overall, the mix enhances the study's ability to reflect real-world investment behaviour among corporate professionals.

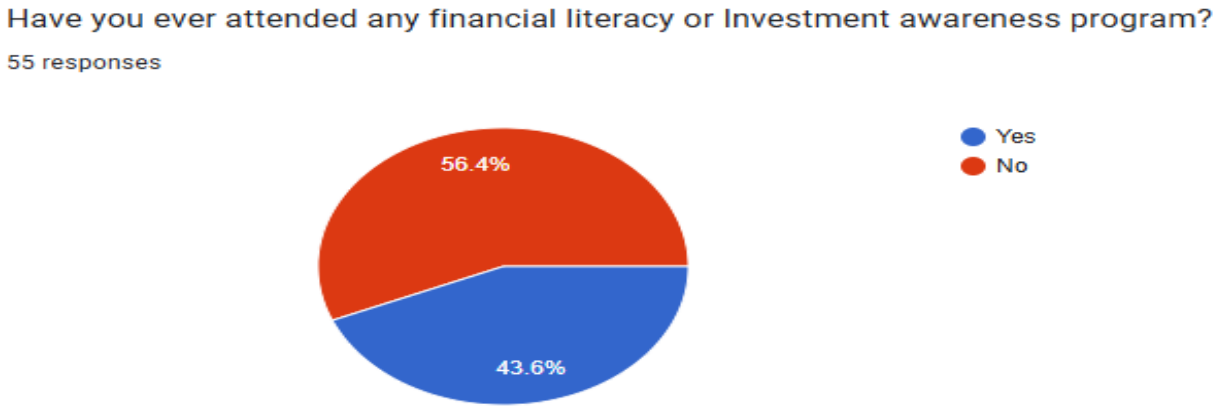

Fig 1.6

A majority of respondents (56.4%) have not attended any formal financial literacy or investment awareness programs, indicating reliance on self-learning or informal sources. Meanwhile, 43.6% have participated in such programs, reflecting rising interest in structured financial education. The lack of formal training among many may affect their confidence and quality of investment decisions.

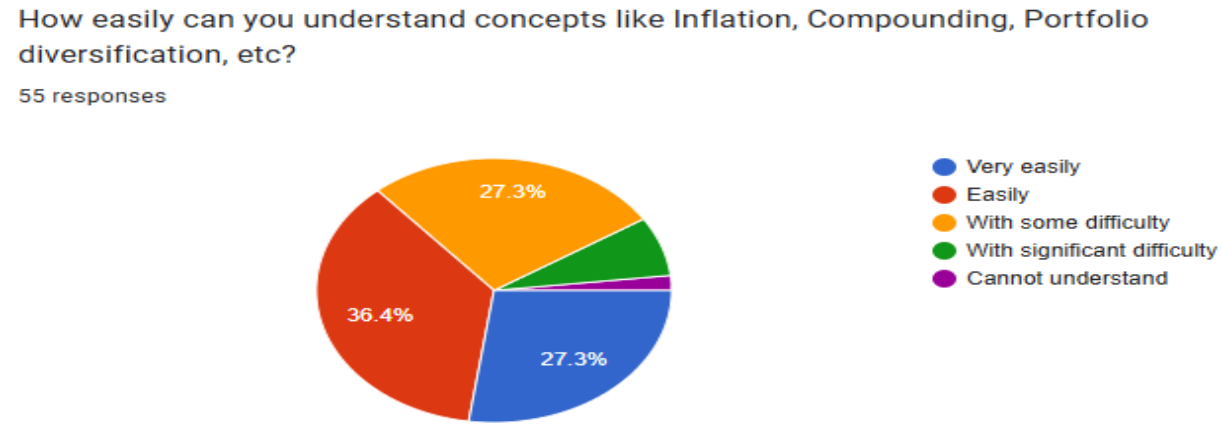

Fig 1.7

The responses indicate a moderate to good level of financial literacy among respondents. About 63.7% found key financial concepts easy or very easy to understand, reflecting reasonable awareness. However, over one-fourth experienced some difficulty, and a small segment struggled significantly. This suggests that gaps in conceptual understanding may affect optimal investment decision-making for some respondents

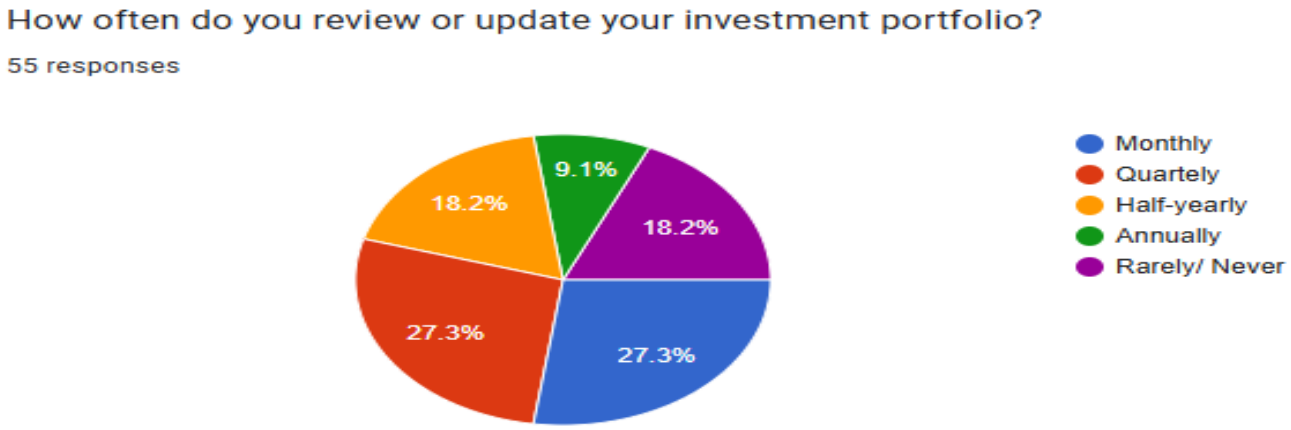

Fig 1.8

The portfolio review frequency shows mixed levels of investor engagement. Around 27.3% review their portfolios monthly and quarterly each, indicating active monitoring, while nearly one-fourth review half-yearly or annually. However, 18.2% rarely or never review their portfolios, reflecting lower involvement.

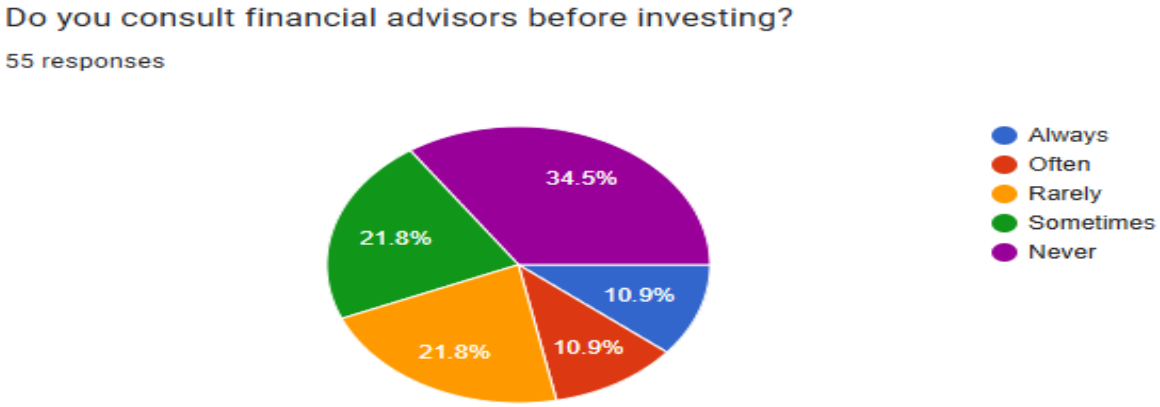

Fig 1.9

The findings show mixed behaviour toward consulting financial advisors. About 34.5% never seek professional advice, while 43.6% consult advisors rarely or sometimes. Only a small proportion regularly rely on advisors, indicating a general preference for self-driven investment decisions with occasional expert guidance.

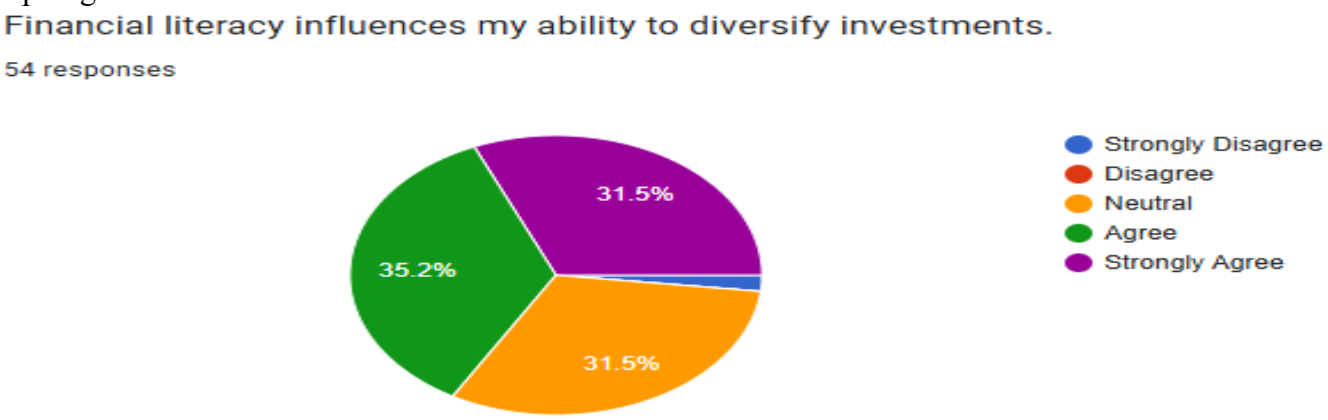

Fig 1.10

Statistical Tools and Techniques Used for Data Analysis

To examine the stated objectives and test the hypotheses of the study, appropriate statistical tools were employed. The selection of techniques was based on the nature of the data, measurement scales, and research questions.

1. **Chi-Square Test of Independence**

Purpose:

The Chi-square test was used to examine the association between demographic variables and investment choices of corporate professionals.

Variables Tested:

- Independent Variables:
  - Age
  - Monthly income
  - Educational qualification
  - Work experience
- Dependent Variable:
  - Investment choice (preference for market-linked vs. fixed-income instruments / diversification preference)

Rationale:

Given that both demographic factors and investment choices are categorical variables, the Chi-square test is suitable for assessing whether a statistically significant relationship exists between them.

Hypothesis Tested:

- H0: Demographic factors do not significantly influence investment choices.
- H1: Demographic factors significantly influence investment choices.

2. Correlation Analysis

Purpose:

A correlation analysis was performed to assess the strength and direction of the relationship between financial literacy and preferences for investment diversification.

Variables Tested:

- Financial literacy (measured using respondents' understanding of financial concepts and agreement with literacy-related statements)
- Preference for investment diversification

Rationale:

Given that the variables were assessed using Likert-scale responses, correlation analysis serves to determine whether increased levels of financial literacy are linked to a greater preference for diversification.

Hypothesis Tested:

- H0: Financial literacy does not significantly influence investment diversification.
- H2: Financial literacy positively influences investment diversification.

Testing of Hypothesis

Hypothesis 1: Demographic Factors and Investment Choice

The results of the Chi-square test indicate that demographic factors, including age, income, and education, have a significant impact on investment choices ($p < 0.05$). Respondents who are younger, have higher

incomes, and possess higher levels of education demonstrated a greater preference for diversified and market-linked investments. Consequently, the null hypothesis is rejected, and the alternative hypothesis is accepted, thereby affirming the influence of demographic characteristics on investment decisions.

Hypothesis 2: Financial Literacy and Investment Diversification

The findings reveal a significant positive correlation between financial literacy and investment diversification. A substantial portion of respondents (66.7%) either agreed or strongly agreed that financial literacy impacts their capability to diversify investments, while 72.7% expressed a preference for diversified portfolios as opposed to single investment instruments. Correlation analysis substantiated that this relationship is statistically significant at the 5% level ($p < 0.05$). Consequently, the null hypothesis is rejected, and the alternative hypothesis is accepted, suggesting that increased financial literacy contributes to enhanced diversification behavior.

Overall Conclusion

The study demonstrates that financial literacy and demographic factors are crucial determinants of investment behavior among corporate professionals. This finding supports behavioral finance theories and highlights the necessity for tailored financial education and investment strategies that cater to specific demographic groups.

Findings

The study reveals that corporate professionals largely demonstrate moderate financial literacy and a strong preference for diversified investment portfolios. A majority of respondents (66.7%) acknowledged that financial literacy influences their ability to diversify investments, while 72.7% preferred diversified portfolios over single instruments. Demographic factors such as age, income, education, and work experience were found to significantly influence investment choices, with younger, higher-income, and better-educated professionals showing greater inclination towards market-linked and diversified investments. Although many respondents actively review their portfolios, a notable proportion rely on self-directed decision-making rather than frequent consultation with financial advisors, reflecting growing confidence but uneven financial discipline.

Conclusion

The study concludes that financial literacy and demographic characteristics significantly influence the investment behavior of corporate professionals. Enhanced financial literacy positively impacts diversification and informed investment decision-making, whereas demographic factors shape risk tolerance and investment preferences. Despite greater access to financial information and digital platforms, gaps in formal financial education remain, underscoring the necessity for targeted financial literacy initiatives. Overall, these findings reinforce behavioral finance theories and offer valuable insights for financial advisors, policymakers, and financial institutions in crafting customized investment strategies and investor education programs.

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