

# PERCEPTION TOWARDS RISK AND RETURN ON INVESTMENT

## Abstract

Investment is a vital element of everyone's life and also has a tremendous impact on a country's economy. The researcher selects the eight types of investment avenues. These are bonds, Share Market, Mutual Fund, Precious Metal, Life Insurance, Post Office Investment and Bank Deposits. The primary data were gathered from ninety professors from Madurai Kamaraj University in Madurai and the remaining hundred and ten professors from Manonmaniam Sundaranar University in Tirunelveli. The Weighted Average Method proved that the Share Market, Mutual Funds and Bonds are highly risky investment by the University Professors. The study revealed that the high level return indulged with Real Estate, Mutual Funds and Life insurance.

**Keywords:** Investment Avenue, University Professors.

## Authors

**Dr. (Mrs.) R. Malini**  
Associate Professor  
PG Department of Commerce  
and Research Centre  
Sri Parasakthi College for Women  
Affiliated to Manonmaniam Sundaranar  
University  
Tirunelveli Tamil Nadu, India.  
maliniramu@yahoo.co.in &  
maliniramalingam1974@gmail.com

**Mrs. M. Parvathi Devi**  
Assistant Professor  
Department of Commerce  
Vyasa Arts and Science Womens' College  
Affiliated to Manonmaniam Sundaranar  
University  
Tirunelveli Tamil Nadu, India.  
devikani59@gmail.com.

## I. INTRODUCTION

Investment is a vital element of everyone's life and also has a tremendous impact on a country's economy. Every person in the world wishes to put a portion of their income in some type of investment tool in order to maximize their returns, for future aspirations and unforeseeable issues. The main goal of this paper is to understand the investment perception of southern university professors towards Mutual funds, the stock market, and other investment options or whether they are following the same traditional pattern of investment such as gold, real estate, and post office deposits, bonds, and life insurance. The current study seeks to ascertain university teachers' attitudes regarding investing opportunities.

## II. SCOPE OF THE STUDY

The current study focuses on university professors' perception of risk and return on investment. The geographical range is limited to southern Tamil Nadu. The perception of university professors towards investing avenues is treated as a topical scope. Time Scope denotes the study period, which runs from January 2023 to June 2023. The Weighted Average Method is used to demonstrate the validity and dependability of the analytical scope. The functional scope is centered on making appropriate recommendations to the government and university professors.

## III. REVIEW OF LITERATURE

The complete examination and evaluation of literature relevant to the current topic is critical in offering insight into the investigation. As a result, the research work conducted from 2015 to 2016 in relation to this topic was reviewed and is shown below.

**Mohanraj (2016)** studied "Impact of Demographic Variables and Risk Tolerance on Investment Decisions: An Empirical Analysis" the investigation is concerned on factors influencing the individuals investment patterns. The investigation includes 101 investors based on convenience sampling technique. The data are analysed using rank correlation as well as chi-square test. It is found that there was significant relationship between demographic variables and risk tolerance on investment. Most of the investors invested in gold and silver. The investigation concluded that safety factors are influencing the investment decisions.

**Priti Mane (2016)**, studied the customer perception towards mutual funds. The researcher select the various types of mutual fund schemes. These are postal saving schemes, recurring deposits, bonds, and shares. The researcher collect the data from textile investors in Tamilnadu. It is determined that mutual funds are tied to the stock market, and investors are not seeking guidance from authoritative advisors to guide them in their mutual fund investments, making it harder for them to choose the mutual fund plan that is best for them.

**Shukla (2016)** attempted this research paper on investors' preferences for investment channels, with the study focusing solely on salaried individuals. According to the author, the majority of respondents invested their money depending on their educational background, and they invested in purchasing a short and long-term investments. The researcher found that the respondents' invest for their safety and low risk.

**Amudhan et al. (2016)** investigated the performance of investment behaviour in modest amounts of securities, deposits, mutual funds, insurance, and Chit Funds. The researchers confirmed that there appears to be a positive degree of association between the parameters outlined by behavioural finance theory and prior empirical evidence by the average investor. The mentioned investment provides a person's money with the opportunity to earn future income in the form of interest, dividends, rent, premium, pension profit, or approval of the value of their standard capital.

**Ramakrishna Mishra (2015)** claimed that the purpose of this study was to investigate investor perception of mutual funds with travel the essential features of mutual funds affecting investor perception and it evaluated the difference in perspective of large and small investors based on explored factors. Data for the study were obtained from 136 sample respondents in Bhubaneswar, Odisha, using a structured questionnaire and analysed using exploratory factor analysis and the t-test. As a result of component analysis, three variables were investigated: investment, return, and future, and it was demonstrated using a t-test that there is a difference in perception between small and large investors regarding the 'return' and 'future' elements of mutual funds. Small investors were concerned with tax returns and savings, However, large investors anticipate future returns. As a result, mutual fund firms must place a premium on these metrics in order to thrive and expand in the Indian market.

The evaluated research work found that the geographical and topical emphasis differed from the current study. These differences aid academics in identifying study gaps. Furthermore, the previous research's targeted demographic and objectives open up new doors for researchers to find University Professors' perceptions of investment avenues.

#### **IV. OBJECTIVES OF THE STUDY**

The present research has the following objectives

1. To study the perception towards risk associated with various investment avenues.
2. To identify the perception towards return associated with various investment avenues.

#### **V. RESEARCH METHODOLOGY**

The path through the research conducted the assurance of validity and reliability of the study described by the researchers as follows.

1. **Source:** The research used both primary and secondary data. To collect primary data, a systematic questionnaire was used. Secondary sources included books, journals, and websites.
2. **Study Area:** Professors at Southern State University are drawn from Madurai Kamaraj University in Madurai and Tirunelveli Manonmaniam Sundaranar University..
3. **Study Period:** The research was carried out between January 2023 and June 2023.

#### 4. Sampling Technique:

- **Sampling Method:** The Convenient Sampling Method was used to choose 200 University Professors.
- **Sample Size:** Ninety Professors were chosen from Madurai Kamaraj University in Madurai, with the remaining 10 Professors chosen Tirunelveli Manonmaniam Sundaranar University.

**5. Statistical Tool :** The researchers have applied the following statistical tools to identify the risk and return associated with various sorts of investment avenues.

- Weighted Average Method

### VI. ANALYSES AND INTERPRETATION OF DATA

**Risk Indulged with Investment Avenues:** The University Professors perception towards Risk indulged with investment are collected in Likert five point scale. The risk is measured by Very High Risk, High Risk, No Opinion, Low Risk and Very Low Risk are converted into scores by giving 5 points for very high risk, 4 for high risk, 3 for no opinion, 2 for low risk and 1 for very low risk. Eight investment avenues related to risk are given to investors to obtain their opinion on risk. The statements and the number of respondents who have given their opinion on very high risk, high risk, no opinion, low risk and very low risk the investment avenues are given in Table No 1. The analytical scope has been attained by adopting Weighted Average Ranking Method. The result is tabulated in Table 1 and Table 2.

**Table 1: Risk Indulged With Investment Avenues**

Investment Pattern	VHR	HR	NO	LR	VLR	Weighted Score	Rank
Share Market	405 (81*5)	396 (99*4)	210 (70*3)	0 (0*2)	0 (0*1)	1,011	I
Bonds	105 (21*5)	156 (39*4)	225 (75*3)	138 (69*2)	0 (0*1)	624	III
Mutual Funds	0 (0*5)	236 (59*4)	312 (104*3)	126 (63*2)	0 (0*1)	674	II
Life Insurance	35 (7*5)	12 (3*4)	153 (51*3)	16 (8*2)	75 (75*1)	291	VIII
Post Offices	0 (0*5)	0 (0*4)	222 (74*3)	102 (51*2)	84 (84*1)	408	VI
Real Estate	225 (45*5)	40 (10*4)	162 (54*3)	182 (91*2)	0 (0*1)	609	IV
Precious Metal	0 (0*5)	48 (12*4)	183 (61*3)	122 (61*2)	66 (66*1)	419	V
Bank Deposits	105 (21*5)	32 (8*4)	0 (0*3)	136 (68*2)	95 (95*1)	368	VII

Resource: Primary Data

The Table 1 exhibit that the scores for the risk indulged with Investment Avenue by the University Professors. The Weighted Average Score proved that the Share Market have

high risk because of fluctuating rate of return. The second high risk associated with Mutual Fund. The neutral risk of four and five associated with Bonds and Real Estate. Post Office ranked as sixth rank. Bank deposits ranked as seventh rank. The last and very low risk associated with Life Insurance.

## VII. RETURN INDULGED WITH INVESTMENT AVENUES

The University Professors perception towards Return indulged with investment are collected in Likert five point scale. The risk is measured by Highly Satisfied, Satisfied, No Opinion, Dissatisfied and Highly Dissatisfied are converted into scores by giving 5 points for very high risk, 4 for high risk, 3 for no opinion, 2 for low risk and 1 for very low risk. Eight investment avenues related to return are given to investors to obtain their opinion on return on investment. The statements and the number of respondents who have given their opinion on Highly Satisfied, Satisfied, No Opinion, Dissatisfied, Highly Dissatisfied the investment avenues are given in Table No 2.

**Table 2: Return Indulged With Investment Avenue**

<b>Investment Pattern</b>	<b>HS</b>	<b>S</b>	<b>NO</b>	<b>DS</b>	<b>HDS</b>	<b>Weighted Score</b>	<b>Rank</b>
Equity Shares	190 (92*5)	328 (82*4)	45 (15*3)	22 (11*2)	0 (0*1)	585	VIII
Bonds	50 (10*5)	200 (50*4)	420 (140*3)	0 (0*2)	0 (0*1)	670	VII
Mutual Funds	525 (105*5)	164 (42*4)	90 (30*3)	0 (0*2)	11 (11*1)	790	II
Life Insurance	295 (59*5)	196 (49*4)	255 (85*3)	0 (0*2)	7 (7*1)	753	III
Post Offices	125 (25*5)	260 (65*4)	330 (110*3)	0 (0*2)	0 (0*1)	715	VI
Real Estate	720 (144*5)	224 (56*4)	0 (0*3)	0 (0*2)	0 (0*1)	944	I
Precious Metal	280 (56*5)	248 (62*4)	171 (57*3)	50 (25*2)	0 (0*1)	749	IV
Bank Deposits	125 (25*5)	340 (85*4)	270 (90*3)	0 (0*2)	0 (0*1)	735	V

Source: Primary Data

The Table 2 exhibit that the scores for the return indulged with Investment Avenue by the University Professors. The Weighted Average Score proved that the Real Estate yield high return. The Mutual Fund gives the second highest return. The Life Insurance gives third highest return of University Professors. The neutral rank of fourth and fifth rank assigned to Precious Metal and Bank Deposits. The sixth rank assigned to Post Office investment. Seventh rank declared to Bonds. And the last rank of eight positions is assigned to Share Market investment due to high fluctuation.

## VIII. FINDINGS

### 1. Risk Indulged With Investment Avenue

- The Weighted Average Method proved that the Share Market, Mutual Funds and Bonds are highly risky investment by the University Professors.
- The traditional investment of Real estate and Precious Metal are moderate level risky investment.
- Post Office, Bank Deposits and Life Insurance are having the very low level risky investment.

### 2. Return Indulged With Investment Avenue

- The study revealed that the high level return indulged with Real Estate, Mutual Funds and Life insurance.
- Precious Metal and Bank Deposits are having low level and consistent level of return on investment.
- Post Office, Bonds and Equity Shares are the very low level return on investment.

- 3. Suggestion:** The University Professors should assess the risk tolerance level before making investment decisions.

## IX. CONCLUSION

The study revealed that all investments carry some level of risk, and returns are not guaranteed. An individual's risk tolerance, financial goals, and investing time horizon should all be considered before selecting an investment option. Diversification across multiple investment types can help manage risk and enhance the potential for consistent returns. Before making any investment decisions, it's advisable to conduct thorough research or seek advice from a financial advisor.

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