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Study of Understanding Investment Preferences of Higher Education Faculty in Vidarbha: A Conjoint Analysis

Dr Baldeo B. Kakde

Department of Commerce Manoharbhai Patel Arts, Commerce and Science College, Sakoli Dist: Bhandara, 441802, Rashtrasant Tukdoji Maharaj Nagpur University, Nagpur, Maharashtra, India

Email: baldeoguru@gmail.com M.9881810806

Priyanka N. Khade

Research Scholar, Department of Commerce, Rashtrasant Tukadoji Maharaj Nagpur University,

Nagpur, Maharashtra, India, Email: pinkykakde1993@gmail.com,

ABSTRACT

The objective of this study is to understand the investment preferences of higher education faculty in Vidarbha towards the attributes of different financial and non-financial assets, and to examine the relative importance of the attributes of investment considered by Higher education faculty. This study has used five attributes of Investment, namely, Bank, Insurance, Post Office, Stock Market, and Non-Financial assets. The researchers have sought to determine which of these attributes are most and least preferred by potential participants. 391 higher education faculty were surveyed to collect the required primary data. The data was gathered by using availability and purposive sampling techniques. A well-structured questionnaire was designed, and 16 conjoint cards were created and distributed to the participants. Also evaluated the relative importance of each choice under various attributes. The results of the conjoint analysis indicate that the attributes of the investment differ significantly.

Keywords: Saving, Investors, Higher Education Faculty, Investment, conjoint analysis,

1. INTRODUCTION:

Investment and saving constitute the backbone of economic development in any nation. Income is generally divided into consumption and savings, where savings play a vital role in capital formation and economic growth (John Maynard Keynes, 1936). Individuals allocate their total income into two main components: consumption expenditure and savings. While consumption satisfies immediate needs and wants, it does not generate future returns. In contrast,

the portion of income that is saved and invested in various financial instruments contributes to wealth creation and generates returns over time (N. Gregory Mankiw, 2019). Savings mobilized through financial institutions are further transformed into investments, which enhance productive capacity and economic development (Reserve Bank of India, 2022). Therefore, increasing the proportion of income allocated to savings and investment is essential for improving financial stability and ensuring long-term economic security for individuals and society. It also helps in meeting future financial needs such as education, health, and retirement (World Bank, 2021). The COVID-19 pandemic highlighted the critical importance of savings in ensuring financial security during periods of economic uncertainty. During this period, when economic activities slowed down significantly and many individuals lost their jobs, households relied heavily on their accumulated savings to meet basic livelihood needs (World Bank, 2021). This situation underscores the necessity of maintaining an optimal level of savings to cope with unforeseen circumstances. Individuals have access to a wide range of saving and investment options, including formal financial instruments such as banks, insurance policies, post office savings schemes, and capital market instruments, as well as non-financial assets like land, agricultural property, and gold (Reserve Bank of India, 2022). Some of these saving options are highly liquid and can be easily converted into cash within a short period, typically within a year. However, other investment avenues, particularly real estate and long-term financial instruments, are relatively illiquid and require a longer time to be converted into cash. Therefore, investors should maintain a proper balance between liquid and illiquid assets while making investment decisions. At the same time, they should carefully evaluate the return on investment to ensure both liquidity and profitability, thereby enhancing financial resilience and long-term economic stability (N. Gregory Mankiw, 2019).

The objective of this paper is to find out most preferable investment plan for the saving; another objective of the study is to find out relative importance of the investment options. And also will find out the most and least cardinal utility from the saving option by using conjoint analysis techniques of research. For that conjoint layout of the investment options are prepared. We carried out this study because it is very essentials to see the most preferable and least preferable investment option for the investors in India. In this study firstly we make literature review and build conjoint layout of various investment options. And then by using SPSS software make a

questionnaire. This questionnaire was circulated through email, and a telephone interview of 30 respondents to collect primary data.

This paper consists of four sections. The first section presents the introduction and discusses the background. The second discusses the literature on the concerning area. The third section discusses the objectives, methodology, and the last concluding section summarises the main results.

2. LITERATURE REVIEW:

Under literatures review tries to present the view of some experts and authors who have done work in the concerned area through various articles. Some authors' views are presented below.

(Thulasipriya, 2015) Conducted the research to attempt the investment preference of salaried government employees, this study focuses on the investment made by salaried earners. This study find out t no matter what, regardless of the age, income, occupation and marital status of the salaried class, they all prefer to invest in the options which provide long-term benefits and which provide a high level of earnings.

(Geetha & Ramesh, 2011) This study provides various investment options available for investment, like Equity, FI Bonds, Corporate Debenture, Company Fixed, Bank Fixed, PPF, and Life Insurance Post Office -NSC, Gold/Silver, and Real Estate Mutual. Etc, conclude that all age groups of investors invest in Insurance, NSC, PPF and bank deposits. The middle and lower income group not that much aware about the stock market, bonds, equity and debentures; they invest in NSC, PPE, Insurance, and bank deposits.

(Chaurasia, 2017)This study explores the association of demographic characteristics with the investment preferences of individual investors. The study has been conducted within the geographical area of Indore district in Madhya Pradesh State of Central India. Various investment options are considered, like Saving Account, Fixed Deposit, Small Saving Scheme, Life Insurance, Mutual Fund, Shares, Capital Market, Debt, Real Estate, Gold/Silver, etc. The main findings of the research are that fixed deposits are most preferred and capital market debt

instruments are least preferred. Demographic variables have been found to have a significant association with investment preferences

(Prabhavathi & Kishore, 2013) This study focuses on understanding the attitude, awareness and preferences of mutual investors in India. Most of the respondents prefer systematic investment plans and got their source of information primarily from banks and financial advisors. Investors preferred mutual funds mainly for professional fund management and better returns, and assessed funds mainly through Net Asset Values and past performance.

(Lakhmani et al., 2020) This study primarily focuses on the need to understand that which are the deciding factors that play a major role while selecting from the basket of investment avenues. This study was conducted in Lucknow city, India. This study concludes that the most preferred investment avenue is the Equity Mutual Fund. Employees who have retired do not prefer equity at all; rather, they do prefer mutual funds and debt instruments.

Here, the different views of the author have been discussed about the investment preference of people. Some studies discuss about only mutual fund investment, whereas some studies consider all financial and non-financial assets of investment and try to find out the most preferable investment option. But in this study, we are going to find out the most preferable and least preferable investment options with relative importance by using the conjoint analysis technique.

Objectives:

1. To understand the most preferable and least preferable investment option.
2. To find out the relative importance of the investment options.

3. RESEARCH METHODOLOGY:

3.1 Method of Data Collection: Primary data is collected by filling out a questionnaire from respondents. I am using conjoint analysis techniques, so first I build a conjoint layout of investment.

Bank	Insurance	Post office	Stock Market	Non-financial Assets
F.D	Life	F.D	Equity	Plot

R.D	Health	R.D.	Mutual fund	Agri. land
Others	Others	Life Insurance	derivatives	Gold /Silver
		Others		

Table 1: conjoint layout

The SPSS 21 software is used to build a questionnaire, then this questionnaire is circulated to different professors, associate professors and assistant professors through Email and collect the responses telephonically.

The following steps are used in SPSS.

SPSS Command 1: Data→Orthogonal Design→Generate →Define Attributes as Factor → For each Factor define the Choices in the Attributes → Click Options and give minimum number of cases →Tick Random number seed to 10000→Click OK

SPSS Command 2: Data → Orthogonal Design → Display → Transfer Attributes into Factors → Tick of Profiles for Subjects → Click OK → Visit the output and copy the profiles in Word and design the Questionnaire.

3.2 Sample Selection and Size:

The convenient sampling method for data collection, as per the central limit theorem we sample size is 30 or above, then the data is considered to be normal. Therefore, for this study 391 sample size is selected, the sample unit is the professors of granted and private colleges.

3.3 ***Analysis Method: The*** Conjoint Analysis technique is used. For making the Analysis again, SPSS 21 software is used, and the following steps are used. SPSS Command 2: Analyse →Regression→Linear →Transfer Rating into Dependent Variable and other variables (keeping first choice as reference dummy) into independent Variables → Click OK. In the interpretation R square table, co-efficient table of SPSS result are provided in the analysis section. By using conjoint calculator, also calculate utility value, range value and relative importance is presented in the analysis and interpretation section.

3.4 Limitations of the study:

1. This study is limited to Nagpur University professors only.
2. All types of Investors are not considered in the study.

4. RESULTS AND DISCUSSION:

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.793	.629	-.390	.84423

Table 2: Model Summary

As per the conjoint model, when R-squared is greater than 70% then it is said that "respondents are very clear about attributes". But here, R-squared is 62.9% means we can say that respondents are not that clear about the attributes of investments.

ANOVA						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	4.839	11	.440	.617	.762b
	Residual	2.851	4	.713		
	Total	7.690	15			

Table 3: Conjoint Analysis

If the p-value is less than 0.05, then we can say that all the choices are significantly different from each other, but here the p-value is 0.762, which is more than 0.05, so the choices are not significantly different from each other.

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		β	Std. Error	Beta		
	(Constant)	7.361	.594		12.37	.000
	Bank_RD	-.560	.535	-.350	-1.046	.354
	Bank_Others	-.859	.517	-.536	-1.661	.172
	Insurance_Health	-.227	.535	-.141	-.423	.694
	Insurance_others	-.928	.517	-.579	-1.794	.147

	Post_RD	.013	.597	.008	.021	.984
	Post_Life.Insurance	.148	.613	.093	.242	.821
	POst_others	-.085	.597	-.053	-.142	.894
	Stock.Market_MF	-.022	.522	-.014	-.042	.969
	Stock.market_derivative	-.259	.522	-.162	-.497	.645
	NFA_Agri.land	-.117	.540	-.073	-.216	.840
	NFA_Gold	-.064	.558	-.043	-.114	.914
a. Dependent Variable: Rating						

Table 4: Coefficient Table

The coefficient table is useful to compare the utility of the choices of each attribute.

a. Bank: Bank FD Utility is more than bank RD and bank other policy, because Bank RD utility is less than bank FD utility by 0.560, and also Bank other policies utility is less than bank FD utility by 0.859.
b. Insurance: Life Insurance Utility is more than health insurance and other insurance policies, because Health insurance utility is less than life insurance utility by 0.227, and also other insurance policies utility is less than life insurance utility by 0.928.
c. Post Office: Utility of post RD is more than post FD by 0.013, also utility of post life insurance is more than post FD by 0.148. But whereas the utility of other policies are less than post FD by 0.085.
d. Stock Market: Utility of the mutual fund is less than equity by 0.022; also, the utility of derivatives is less than equity by 0.259.
e. Non –Financial Assets: Utility of Agricultural land is less than the plot by 0.117, and also the utility of gold is less than the plot by 0.064.

Attributes	Utility
Insurance others	-0.54
Bank Other	-0.39
Stock Market Derivatives	-0.17
Post Others	-0.1

Bank RD	-0.09
NFA Agri. Land	-0.06
Post FD	-.0.2
Post RD	-0.006
NFA Gold	-0.004
NFA Plot	0.06
Stock Market MF	0.07
Stock Market Equity	0.09
Post Life Insurance	0.13
Insurance Health	0.16
Insurance Life	0.38
Bank FD	0.47

Table 5: Lowest to Highest utility

This table and chart show the utility of each choice. In order to calculate the utility of all the choices, the conjoint calculator is used. In the above table, bank FD have maximum utility, which means most preferred choice by investors and other policies of insurance have minimum utility, so this is the least preferred choice by the investors. In the table from the bottom bank FD to NFA plot shows positive utility, whereas the rest shows negative utility.

Attribute	Choices	Utility	Range	Relative Importance
Bank	Bank FD	0.47	0.86	36%
	Bank RD	-0.09		
	Bank Others	-0.39		
Insurance	Insurance life	0.38	0.92	38%
	Insurance Health	0.16		
	Insurance others	-0.56		
Post Office	Post RD	-0.02	0.23	10%
	Post Life Insurance	-0.006		
	Post others	0.13		
Stock Market	Stock market equity	-0.1	0.26	11%

	Stock market MF	0.09		
	Stock market Derivatives	0.07		
NFA	NFA Plot	-0.17	0.12	5%
	NFA Agri. Land	0.06		
	NFA Gold	-0.06		

Table 6: Utility, Range and Relative importance:

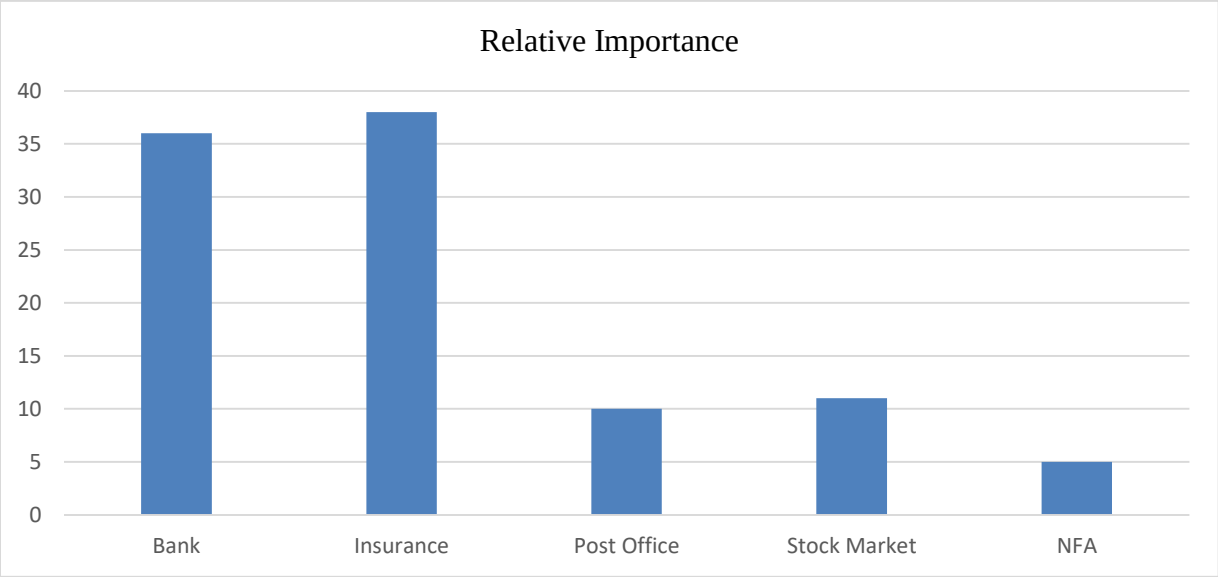

Figure 1: Relative Importance of Attributes

By using the conjoint calculator, we calculated the utility, range, and relative importance of each attribute of the investment. Range = Highest utility – Lowest utility (for each attribute), Relative Importance = Range/ Total of Range.

Likewise, we calculated range and relative importance for each attribute. If we observe above table and chart, we find that the relative importance of insurance is highest, i.e. 38% means most preferable investment attribute among investors is insurance; second most preferred is bank. Because its relative importance is 36%. The least preferable attribute of investment is non-financial assets.

Conclusion:

This research study has used five attributes of investment and saving viz., Bank, Insurance, Post office, Stock Market and Non-financial assets. The main focus of this study is to determine

which of these are the most and least preferred characteristics among the investment. Conjoint analysis was performed to analyse the data. The relative importance of each choice under various attributes was also determined. The results show that the attributes of investment are not significantly different from each other (p>.05, F=.617).

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