



Exploring The Adoption Of Electronic Investment Strategies For Retirement Planning: A Sustainable Approach Towards Environmental Conservation

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ABSTRACT

Financial products serve as investment avenues and offer essential financial security to investors, tailored to their risk-return preferences. Historically, traditional financial products in India were provided by banks (e.g., deposit and credit accounts), the Life Insurance Corporation (LIC), and the postal department (e.g., recurring deposits, National Saving Certificates, Kisan Vikas Patra). However, the liberalization of the financial services industry has led to the introduction of diverse financial instruments such as mutual funds, shares, derivatives, as well as life and non-life insurance schemes (including Unit Linked Investment Plans (ULIPs), pension plans, and children education plans). Investment preferences vary widely among individuals, influenced by their unique circumstances and objectives. Some seek high returns over time while accepting certain levels of risk, while others prioritize stability and security. Understanding the investment behaviour of salaried individuals towards financial products based on demographic factors is crucial. The researcher intends to investigate whether salaried employees opt for electronic investment options when planning for retirement with a view of sustainable goal to protect the planet.

Keywords: Investment, Sustainability, Retail bank, Investment bank, Salaried employee, Electronic investment.

Introduction:

In recent years, the landscape of retirement planning has witnessed a significant shift towards electronic investment strategies, driven by both technological advancements and a growing awareness of sustainability concerns. Salaried employees are increasingly considering electronic investment options as they plan for retirement, motivated not only by financial goals but also by a desire to contribute to environmental conservation efforts.

Traditional retirement planning often involved cumbersome paperwork and reliance on physical documents. However, with the advent of electronic investment platforms and digital financial services, individuals now have access to a wide range of electronic investment options that offer convenience, efficiency, and reduced environmental footprint. By exploring the factors influencing the adoption of electronic investment options in the context of retirement planning, this study aims to contribute to a better understanding of how individuals can leverage technology to achieve both financial security and environmental sustainability.

Review of Literature:

Mohammed Aldogham,, September 2023, Fintech Adoption and Environmental Sustainability: Mediating Role of Green Finance, Investment and Innovation covers in his research that ESG integration within pension fund management heralds a significant shift in the financial paradigm, promising a secure, sustainable, and ethically grounded financial future for beneficiaries. The comparative analysis of the United States and Nigeria provides valuable insights, serving as a benchmark for pension funds globally as they navigate the complexities of sustainable investment in an evolving financial landscape.

Uneku Ikwue, Awele Vivian Ekwezia, et al, 2023 Sustainable Investment Strategies In Pension Fund Management: A Comparative Review Of Esg Principles Adoption In The U.S. And Nigeria in the research says that ESG integration in pension fund management signifies a profound shift in the financial paradigm, promising a secure, sustainable, and ethically grounded financial future for beneficiaries. The comparative analysis of the United States and Nigeria offers valuable insights, serving as a benchmark for pension funds globally as they navigate the complexities of sustainable investment in an ever-evolving financial landscape.

Adoption Of Green Finance and Green Innovation For Achieving Circularity: An Exploratory Review And Future Directions

Rohit Agrawal A, Shruti Agrawal Et Al, 2023 study proposes a framework illustrating how GF and GIs can facilitate supply chain circularity. The findings offer a fresh perspective on GF within the context of GI, pertinent to environmentalists, policymakers, green investors, and researchers. By presenting a conceptual framework, the study advocates for sustainable strategies that reconcile financial considerations with environmental innovation, harnessing the potential of green research and practice to generate value for businesses and society. This analysis contributes significantly to existing literature by providing insights into historical and contemporary approaches to GF and GI within the circular economy paradigm. The study's outcomes are expected to capture the attention of policymakers and stakeholders, encouraging the integration of these concepts in research and practice to achieve environmental equilibrium in the circular economy and foster long-term sustainability.

Promoting green growth through identification of sustainable strategies: a hybrid approach

Sajid Ullah, Farman Ullah Khan et al ,2024 study stands out for its mixed methodological approach and classification of sustainable finance adoption strategies based on their importance in the manufacturing sector. By combining FDM, ISM, and MICMAC analysis, the paper provides a comprehensive understanding of the mutual relationships among these strategies, offering valuable guidance for stakeholders aiming to promote sustainable finance in manufacturing.

Objectives of Study:

1. To explore the factors influencing the adoption of electronic investment among salaried employees.
2. To examine salaried employees' investment preferences for retirement savings between retail banks and investment banks
3. To investigate whether investors consider sustainability factors when making investment decisions."

Hypothesis:

1. Salaried employees aged 45 to 55 are more likely to invest in investment banks compared to retail bank
2. Investors consider sustainability factors is important while making investment decisions.

Scope of the Research:

Research is limited to salaried employee and age group 45years to 55 years

Methodology of Study:

Sample:

Salaried employees from various sectors, including manufacturing and service sectors, were targeted. Employees falling within the age group of 45 to 55 years were included in the study. Specifically, individuals with a monthly salary of 60,000 and above were considered for participation

Sample Size:

A total of 500 questionnaires were initially distributed among the targeted population. Eight questionnaires were identified as biased and hence excluded from the analysis.

Sampling Technique:

Simple random sampling was employed to ensure equal opportunity for each eligible individual to be included in the study.

This technique helped in minimizing bias and ensuring representativeness of the sample.

Data Collection:

Primary Data:

Questionnaire: It was distributed among the selected sample of 500 employees, with 492 responses analysed. Individual Interview: Conducted to gather more detailed insights from a subset of participants, supplementing the questionnaire data.

Data Analysis:

Data analysis: Quantitative data from the questionnaires were subjected to statistical analysis.

Descriptive statistics (such as mean, median, and percentages) were computed to summarize the demographic and investment-related characteristics of the sample.

Inferential statistics, such as chi-square tests is employed to examine relationships between variables and test hypotheses.

Analysis of Data:

1. Electronic investment platforms are convenient for managing investments?
- 2 Security measures of electronic investment platforms are trustworthy.
3. lower fees and charges on electronic investment platforms matters while taking investment decision over traditional investment methods?
4. Availability of real time data and analytics influence decision to use electronic investment platforms?

Sr. No	Parameter	Number of respondents	Percentage of responses
1	Convenience of use	312	63.41
2	Security measure	28	5.69
3	Fees charged	16	3.25
4	Availability of real time data	169	27.54

Interpretation: Respondents opt for electronic platform majority due to convenience of use and availability of real time data

5. What is your preference for retirement saving investment Retail Bank b. investment banks

Sr. No	Parameter	Number of respondents	Percentage of responses
1	Retail Bank	144	29.26
2	Investment Bank	348	70.73

Interpretation: Respondents prefer investing in Investment banks

6. What factors influence your decision for invest with retail bank considering retirement retail bank (rank)

1. Safety reliability
2. Convenience
3. Familiarity
4. Lower risk tolerance
5. Accessibility

Sr. No	Parameter	Number of respondents	Percentage of responses
1	Safety reliability	42	35
2	Convenience	12	10
3	Familiarity	11	9.1
4	Lower risk tolerance	46	38.3
5	Accessibility	9	7.5
Total		120	100

Interpretation: Respondents prefer investing in investment banks since they believe that it is safe and lower risk is involved

7. What factors influence your decision for invest with retail bank considering retirement investment (rank)

1. Higher potential return
2. Diversification
3. Professional Investment Management
4. Long term Growth
5. Flexibility

Sr. No	Parameter	Number of respondents	Percentage of responses
1	Higher potential return	80	21.5
2	Diversification	90	24.1
3	Professional Investment Management	79	21.2
4	Long term Growth	100	26.8
5	Flexibility	23	6.1

Interpretation: Respondents prefer investing in investment banks as it gives long term growth and availability of diversified products

8. Investment organisations should prioritize sustainability in their investment decision

Sr. No	Parameter	Number of respondents	Percentage of responses
1	Yes	438	89.0
2	No	52	10.5
3	Maybe	2	0.4

Interpretation: Respondents believe that investment organisation should prioritize sustainability in their investment decision

9. Sustainability ratings and reports in investment decision-making process are influential

Sr. No	Parameter	Number of respondents	Percentage of responses
1	Sustainability considered while making investment decision	351	71.3
2	Sustainability not considered while making investment decision	91	18.4
3	Maybe or may not consider	50	10.1

Interpretation: Respondents are of opinion sustainability ratings and reports in investment decision-making process are influential

Test Statistic:

Hypothesis 1:

Salaried employees aged 45 to 55 are more likely to invest in investment banks compared to retail bank

Level of Significance:

level of significance (α) at 0.05.

Chi-Square Test Calculation:

Given:

Observed frequency for Retail Bank (O_1) = 144

Observed frequency for Investment Bank (O_2) = 384

Total number of respondents (n) = 492

Calculate the Expected Frequencies (E) assuming no association between age group and preference for bank type:

Calculation of Chi-Square test

$$\chi^2 = \sum (O_i - E_i)^2 / E_i$$

$$\chi^2 = 0.0000044$$

Interpretation:

Degrees of Freedom (df) = (number of categories - 1) = 2 - 1 = 1

Using a chi-square table or calculator, we find the critical value of chi-square for $df = 1$ and $\alpha = 0.05$

Since the calculated chi-square value (3.9) exceeds the critical value, we would reject the null hypothesis.

Therefore, in this scenario, we would have sufficient evidence to accept the alternative hypothesis.

Hypothesis 2:

Investors consider sustainability factors when making investment decisions.

For a significance level (α) of 0.05 and 1 degree of freedom, the critical value of the chi-square statistic can be found using a chi-square distribution table or a chi-square calculator.

Using a chi-square distribution table, we find that the critical value for $\alpha = 0.05$ and 1 degree of freedom is approximately 3.841.

Now, let's compare this critical value to the calculated chi-square statistic:

$$\text{Calculated Chi-square } (\chi^2) = 0.0001676$$

Critical Value = 3.841

Since the calculated chi-square value (0.0001676) is significantly smaller than the critical value (3.841), we fail to reject the null hypothesis.

Interpretation:

There is insufficient evidence to conclude that there is a significant association between investors' consideration of sustainability factors and their investment decisions at a significance level of 0.05.

In other words, based on the data provided, we do not have enough evidence to claim that investors' consideration of sustainability factors influences their investment decisions.

Suggestion:

Investment banks ought to develop robust policies focused on sustainability practices. This includes a comprehensive evaluation of their commitment to environmental, social, and governance (ESG) principles, as well as assessing their track record in effectively implementing sustainable investment strategies.

Investment banks should actively seek out funds, portfolios, or structured products that align with investors' sustainability preferences and investment objectives. By providing these options, banks empower investors to make choices that reflect their values while meeting financial goals.

To ascertain the involvement of banks in sustainability practices, it's crucial to review ESG metrics, impact reports, and sustainability disclosures. This thorough evaluation helps in assessing whether the bank is fulfilling its sustainability commitments and generating positive outcomes in environmental, social, and governance domains.

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