NAVIGATING UNCERTAINTY: A STUDY OF BUSINESS PERSON'S INVESTMENT STRATEGIES PRE AND POST COVID-19

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Abstract

Business people's investment habits changed dramatically both before and after the COVID-19 outbreak. Prior to the global financial crisis, strategies were characterized by an emphasis on diversifying portfolios which included stocks, real estate, and business endeavour's - in order to achieve growth. Following COVID-19, a new paradigm that placed more emphasis on resilience and adaptability arose. Businesspeople adopted digital transformations, adjusted their risk management plans, and deliberately placed themselves in industries that could withstand shocks. The findings illuminate the dynamic evolution of investment strategies, revealing a strategic pivot towards digital transformations, refined risk management plans, and a deliberate alignment with industries capable of withstanding economic shocks. The dynamic evolution of investment strategies is captured in this abstract, which reflects the dexterity needed to negotiate the shifting economic conditions both before and after the pandemic.

Keywords: *Investments, Portfolio, strategies, Digital transformations, pandemic.*

INTRODUCTION

In the financial term the word investment can be explained as the purchase of any financial asset or some other kind of asset with some financial value with an anticipation of favourable forthcoming returns on it in future course of time. Investment can also be understood as an asset, or an item acquired by an individual, group or institution with an aim of generating income or appreciation of the existing wealth.

Prior to the COVID-19 epidemic, businesspeople generally focused on development, diversification, and long-term wealth generation when navigating the financial landscape. They employed a variety of conventional techniques, including investments in equities, real estate, and start-up businesses. But the pandemic's effects on the world economy led to a dramatic change in investment behaviour. Following the COVID-19 pandemic, entrepreneurs modified their strategies and showed resiliency by adopting digital transformations, prioritizing risk management, and carefully placing themselves in industries that shown resilience in the face of uncertainty. With a focus on adaptation and grabbing new chances, its evolution is a dynamic response to the shifting economic landscape.

The study shows the connection between an investor's preference for various investment modalities and their financial situation. People may learn more about investors' investment habits from this study based on returns that are consistent.

STATEMENT OF PROBLEM

A dynamic and unpredictable investment environment confronted businesspeople as the COVID-19 epidemic upended long-standing economic assumptions. How much has the way businesspeople see financial risks changed, and what new tactics have they included to reduce these risks in their investment portfolios. In light of the risks posed by the COVID-19 pandemic, how have businesspeople reevaluated and modified their investment priorities? By presenting insightful information about the adaptive tactics employed to navigate uncertainties prompted by the COVID-19 pandemic, this study seeks to provide a comprehensive view of the shifts in business people's investment strategies.

SCOPE OF STUDY

The study considered investors who bought in a range of portfolios and concentrated on the impact of the COVID 19 Pandemic scenario on investor investment habits. Contrasting the ways that entrepreneurs invest across various regions in order to spot local differences and worldwide trends. Based on the consistency of returns experienced by investors prior to and following the pandemic, this study may raise public awareness of such behaviours.

OBJECTIVES OF STUDY

1. To determine whether COVID-19 will lead to the changes in the existing preferences of the business people surveyed.
2. To identify the factors which affect investor's investment decision due to pandemic situation.
3. To study efficient investment strategies to optimise return.

TOOLS USED FOR ANALYSIS

- Percentage Analysis
- Ranking Method
- Chi – Square test

Percentage Analysis - By describing the relationships or relative proportions of various parts of a whole as percentages, percentage analysis looks at them. Since the percentage is used to analyse large amounts of data, it displays a precise value.

Weighted Score Ranking Method - The weighted score ranking method involves assigning weights to different criteria or factors based on their importance and then calculating a weighted score for each option by multiplying the scores by their respective weights. The option with the highest weighted score is ranked the highest. This method allows for a systematic and quantitative approach to decision-making, considering both the importance and performance of criteria. It's commonly used in decision-making processes where certain factors carry more significance than others.

Chi – Square test - The Chi-square test comes in different forms, including the Chi-square test for independence, which assesses whether two categorical variables are independent, and the Chi-square goodness-of-fit test, which evaluates how well an observed distribution fits an expected distribution. It's important to note that the test assumes certain conditions, such as random sampling and an adequate sample size, for accurate results. Additionally, the degrees of freedom in the Chi-square distribution depend on the number of categories or groups involved. Overall, the Chi-square test is a versatile tool for exploring associations and patterns in categorical data within the framework of statistical significance.

LIMITATIONS OF STUDY

- The primary data collection is limited to 125.
- The method used to collect the data has a significant impact on the study's accuracy and dependability.

REVIEW OF LITERATURE

Bashir Babatunde Alao, Oladejo Lukman G (2020): The research paper focuses on frameworks to enhance business agility during and post crises like the COVID-19 pandemic. It emphasizes the complexity of preparedness across companies, potential disruptions, and the value of readiness for future crises. The authors stress the need for businesses to adapt and improve resilience, particularly by developing strong service businesses. The paper underscores the importance of timely and transparent financial reporting for building trust with stakeholders. It suggests that business agility, involving continuous evaluation of information and forecasting, is crucial for effective crisis response. The recommendations highlight managing liquidity, prioritizing economic resilience, and prioritizing employee well-being. Overall, the paper provides valuable insights for businesses navigating uncertain times.

Malin Andersson, Claudia Di Stefano, Yiqiao Sun and Francesca Vinci (2022): The Euro area experienced a significant drop in business investment during the pandemic, followed by a varied rebound across countries and sectors. The adoption of digital technologies and green private investment has accelerated, driven by remote work and climate considerations. Despite extraordinary policy support, investment faces challenges, particularly related to the war in Ukraine, leading to supply constraints, production costs, and uncertainty. Corporate savings surpassing investment indicate caution among firms, raising uncertainty about when these savings will be directed towards actual investments. The economic landscape remains complex, with a mix of positive rebounds and ongoing risks, emphasizing the need for adaptive strategies in the business environment.

ANALYSIS AND INTERPRETATION

TABLE 1: INVESTMENTS AMONG DIVERSE AGE GROUPS

S.NO.	AGE GROUPS	NO. OF RESPONDENTS	PERCENTAGE %
1	**Age between 20-30**	45	36%
2	**Age between 30-40**	27	21.6%
3	**Age between 40-50**	36	28.8%
4	**Age between 50-60**	15	12%
5	**60 and above**	2	1.6%
	TOTAL	**125**	**100%**

INTERPRETATION

The table infers about the investments among diverse age groups from the 125 respondents. Individuals aged 20-30 (36%) and 40-50 (28.8%) show significant engagement in investments. Those aged 50-60 (12%), 30-40 (21.6%) and 60 and above (1.6%) are less actively involved.

TABLE 2: IMPACT ON INVESTMENT PORTFOLIO

S.No.	Types of Investments	No. of Respondents	Percentage %
1	**Significantly increased**	7	9.3%
2	**Increased**	20	26.7%
3	**NO significant change**	24	32%
4	**Decreased**	19	25.3%
5	**Significantly decreased**	5	6.7%
	Total	**75**	**100%**

INTERPRETATION

Among the respondents, the most common response pertains to investments showing no significant change, with 32% of respondents indicating stability in their investment portfolios, while 6.7% of respondents says their investment has significantly decreased, suggesting potential challenges or adverse market conditions affecting this subset of respondents.

TABLE 3: FREQUENTLY ADOPTED INVESTMENTS PRIOR COVID

S.NO.	NO. OF RESPONDENTS						SCORE	RANK
		HS	S	N	DS	HDS		
1	**Real Estate**	52	19	20	14	20	444	**III**
2	**Mutual funds**	25	31	28	11	30	385	**IV**
3	**Debentures/Bond**	17	29	24	23	32	351	**V**
4	**Venture capital**	56	22	16	21	10	468	**II**
5	**Stock**	48	40	12	19	6	480	**I**

INTERPRETATION

The investing plans that businessmen most commonly adopt are shown in the above table. The top choices with significant interest are stocks and venture capital. Although a little lower, real estate is stable. Comparing the preferences, mutual funds and debentures/bonds have lower rankings. According to the findings, people favour equities over all other investing options.

TABLE 4: FREQUENTLY ADOPTED INVESTMENTS POST COVID

S.NO.	NO. OF RESPONDENTS						SCORE	RANK
		HS	S	N	DS	HDS		
1	**Debentures/Bond**	48	20	17	15	25	426	**III**
2	**Real Estate**	26	31	27	12	29	388	**IV**
3	**Mutual funds**	18	28	23	19	37	346	**V**
4	**Stock**	53	24	16	21	11	462	**I**
5	**Venture capital**	50	36	12	20	7	431	**II**

INTERPRETATION

The investing plans that businessmen most commonly adopt are shown in the above table. The top choices with significant interest are stocks and venture capital. Although a little lower, debentures/bonds is stable. Comparing the preferences, real estate and mutual funds have lower rankings. According to the findings, people favour equities over all other investing options.

TABLE 5.1: MONTHLY INCOME AND REVIEW AND
ADJUSTMENT OF FINANCIAL GOALS
TWO WAY TABLE

Monthly Income	Regularly	Occasionally	Rarely	Never	Grand Total
Less than Rs.15,000	5	9	6	2	**22**
Rs.15,000 – Rs.25,000	3	4	2	1	**10**
Rs.25,000 – Rs.50,000	4	5	6	2	**17**

Above Rs.50,000	6	13	6	1	**26**
Grand Total	**18**	**31**	**20**	**6**	**75**

INTERPRETATION

From the above analysis it shows the financial adjustment position for the different income levels. Out of the people who have monthly income below Rs.15,000, 9 have occasionally review their financial status while no one find it as never option. In the case of the people who make income between Rs15,000 and Rs.25,000, 4 of them have occasionally review their financial status while only 1 person find it as never option. Among the people who make income between Rs.250,000 and Rs.50,000, 5 have occasionally review their financial status while no one find it as never option. Out of the people who make savings above Rs. 50,000, 13 of them have occasionally review their financial status while only 1 person find it as never option Across all categories, a total of 18 respondents are regular, 31 are occasional, 24 are rare and 9 are never chose with their monthly income.

Monthly Income and Review and Adjustment of Financial Goals

In order to find out the relationship between the monthly income and review and adjustment of financial goals of the respondents, Chi square test is used and the result of the test is given below. The monthly income and review and adjustment of financial goals of the respondents were tested with the help of following hypothesis.

H_0 – The monthly income and review and adjustment of financial goals of the respondents are independent.

H_1 – The monthly income and review and adjustment of financial goals of the respondents are dependent.

TABLE 5.2: MONTHLY INCOME AND REVIEW AND ADJUSTMENT OF FINANCIAL GOALS

CHI – SQUARE TEST

FACTORS	CALCULATED VALUE	TABLE VALUE	DEGREE OF FREEDOM	SIGNIFICANT VALUE
MONTHLY INCOME	2.938	16.919	9	5%

Since the calculated value is less than the table value, the result is Significant at 5% level. Hence the H1, hypothesis in accepted and it is concluded that the monthly income and review and adjustment of financial goals of the respondents are dependent.

FINDINGS OF THE STUDY

- The persistence of the inclination towards stocks and venture capital suggests a persistent interest in stocks.
- The interest rates on real estate and debentures/bonds stayed consistent, despite minor shifts in the rankings. The most active investors are younger people (20–30) and middle-aged people (40–50), with the level of involvement declining with age.
- The research indicates that, both before and after COVID, there was a persistent inclination toward stocks and venture capital. Debentures and bonds, as well as real estate, have not changed, but an age-group study shows that different groups are engaged to differing degrees.

SUGGESTIONS

Based on the study's findings, businesses should strategically focus on equities, especially stocks and venture capital, in their marketing efforts to attract and retain business investors. While real estate and debentures/bonds exhibit stability, customizing offerings within these categories is essential to aligning with business investors' preferences and risk profiles. Providing comprehensive information on investment options, particularly the benefits of stocks and venture capital, is crucial. Diversifying products within these preferred categories can offer a broader range of options to suit varying risk appetites. Educational initiatives on risk management, customized services for different age groups, and continuous market monitoring are recommended. Strengthening customer support and collaborating with financial advisors can enhance investor satisfaction and guidance. Encouraging long-term investment strategies aligns with the nature of preferred options, emphasizing sustained benefits. Implementing these recommendations will better align businesses with the investment preferences of business people, fostering informed decision-making and long-term relationships.

CONCLUSION

In conclusion, the study on the investment preferences of business people reveals a consistent and persistent inclination towards equities, particularly stocks and venture capital. Despite minor fluctuations, real estate and debentures/bonds exhibit stability, emphasizing the need for tailored offerings within these categories. The findings suggest that businesses should strategically focus on marketing efforts that highlight the benefits of stocks and venture capital to attract and retain business investors. Additionally, there is an opportunity to enhance educational initiatives on risk management, provide diversified products, and customize services based on age groups. Continuous market monitoring strengthened customer support, and collaboration with financial advisors are crucial for adapting to evolving preferences. Encouraging long-term investment strategies aligns well with the nature of preferred options. Overall, by aligning their strategies with these insights, businesses can effectively meet the diverse investment needs of business people and build lasting relationships with their investor clientele.

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