

INVESTMENT BEHAVIOUR AND AWARENESS AMONG TEACHERS OF PRIVATE COLLEGES

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ABSTRACT

In India, unlike certain western countries, social security is a big concern. Investors are invariably faced with a dilemma as to where to put their money to get maximum yield. There has been a considerable surge in the investment options that are available to the investors. The investors need to decide their portfolio from the available pool of investment opportunities. But, the investors realize that the decision making process is not an easy task. Teaching community is busy with their own assignments of teaching, examinations, evaluations, coping with new syllabus, new subjects, etc. As such, they do not have enough time and scope for study into investment analysis and avenues. Now that, a majority of teaching community is in private sector, they have very less appetite for investments. This makes the situation worse and academicians are desperately in need of good investments to plan their retirement life. A proper understanding of money, and its worth, the open avenues for investment, various financial institutions, the rate etc., are essential to successfully manage one's finance for achieving life's goal. The study discusses about the marital status and other factors influencing the investment behaviour of college teachers towards different investment avenues with special reference to Bhopal. In this regard, this study will help us to know the investment pattern among the academicians in Bhopal, the investment behaviour and the extent of investment awareness amongst them. The study also aims to explore the risk return dynamics on the investment made by them. The data was collected by distributing a structured questionnaire to 100 teachers in different private UG and PG colleges. The major impact on nature and extent of savings depends on the level of income of teachers. The research shows that majority of the respondents are saving money, resorting to the traditional investment avenues, believing the same to be safer, considering unpredictable contingencies in the future. These main avenues of investment are bank deposits followed by gold, and the main purpose of investment is for education of children, and security after retirement.

Keywords: Investment, Income, Savings, Investment, and Private Teachers.

INTRODUCTION

Individuals engage in all such activities to earn money, for spending money to meet their respective daily needs like buying groceries, clothes, school fees, and paying medical bills etc. Generally, people keep a small portion of earned money to meet the future needs because the future is uncertain in nature. The future needs are marriage of their wards, higher education, and security after retirement, medical, / hospital expenses, and buying a house, etc., thus, some people have the habit of saving a part of their earnings, to deposit in banks or in buying shares, property, or gold. By involving themselves in such savings, they are able to generate some extra earnings for themselves. Savings refers to the sum of money, which is kept aside from the income for future use. This is done, when a person tries to cut the unwanted expenditure, and saves more and more money; he / she later invest the same so as to meet future expenses, unexpected contingencies or emergencies, to raise standard of living, and to generate future income. All this helps the nation to improve the economic development etc. investment is the expenditure of today for tomorrow's safety. Various avenues of investments are government deposits, bank's fixed deposits, bonds, real estates, post office savings certificates, life insurance policies, and mutual funds, etc., the logic behind this is to generate additional return through investments, but it should be kept in mind that not every investment assures safe returns. There are many investments, which are risky, i.e. shares, mutual funds, etc. Some of the factors are to be taken care of when investing, i.e. ability to save, easy liquidity, tax relief, reasonable rate of return, risk coverage and tenure, etc.

Savings means the act of refraining from spending one's income on consumption. The part of the income, which is unspent, is called savings. From the economist's perspective people allocate disposable income between consumption and savings and at various levels of income, there will be corresponding level of consumption and savings. According to classical definition, saving is income minus consumption and is residual in character. Saving means going against this preference and hence involves sacrifices of the preference (Mehta, JK, 1961). Thus, it can be said that saving is an

Activity that involves pain to forego pleasure at a particular moment for preparing beforehand for anticipated future.

Mathivannan and Selvakumar (2011) studied the "saving and investment pattern of schoolteachers in Sivakasi of Tamil Nadu". The study concludes that the teaching community has realized the importance of money and money's worth. The teachers prepare a budget for the proposed expenses and compare it with the actual expenses met by them, so that they are not influenced by other tempting and fashionable expenses. Bhardwaj Rajesh, RahejaRekh and Priyanka (2011), examined income and savings pattern of government and private senior secondary school teachers. The study concludes that the source of income of government teachers is salary, which is given by the government while tuition fee that comes from students is given partially to private teachers, by private organizations that run the schools. Bank deposits and life insurance are more popular for safe investment among both government & private teachers. Government school teachers receive more perks in comparison to private school teachers. Government teachers save money for future emergency and security while private teachers save money for their children's education and purchase of consumer durable.

Richard A. Duschl, Emmett Wright (1989) investigated the manner and the degree to which science teachers considered the nature of the subject matter in their decision making addressing the planning and the delivery of instructional tasks. The goal of the study was the development of grounded hypotheses about science teacher's pedagogical decision making. Dr. Dhiraj Jain and Parul Jain (2012) examined the savings and investment pattern of school teachers in a study conducted in Udaipur of Rajasthan. The study concluded that in today money play vital role in one's life and that the importance of money has been started being recognized by the school teacher's community. It is apparent from the study that most of the school teachers save their money for their children's education, marriage and as security after retirement. Dr. Ananthapadmanabha Achar (2012) studied the saving and

investment behavior of teachers, it was analyzed that individual's savings and investment behavior depends upon their age, gender, and marital status, etc. In similar manner, their family characteristics such as family income, status, and upbringing also determine their behavior.

The developing countries like India need funds for economic development and growth. For this proper cash, management is required. While planning the management of cash, the twin objectives of financial management-liquidity and profit ability is to be kept in mind. The cash balances must be adequate to meet obligations in right time otherwise; a large cash reserve may be wasteful which could be better employed elsewhere. The three variables that gauge the development of an economy are Income, Savings and Investment. While investment is the single most factors for the development of an economy, it is savings, which provides the basis for investment. Savings appears to be crucial variable indicating the capacity or willingness of an economic unit to forego current consumption by channeling a part of the resources to capital formation. Investment in its broadest sense, means the sacrifice of certain present value for (possible uncertain) future value.

A difference is often made between investment and savings. Savings is defined as foregone consumption; investment increases national output in the future. Thus, the three main elements of the investments are environment-securities (also known as financial investments), security markets (also known as financial institutions) and financial intermediaries (also known as financial institutions). Money saved is of no use if it is not invested in various productive assets or capital goods. When the savings are properly invested in some productive areas, it automatically enhances the national product or per capita income of a country. This helps in improving the standard of living. For proper investment, a person has to study the alternative avenues of investment, their risk, return characteristics. He / she have to check the risk involved and the safety of investments conditions. After doing this, it helps oneself to forecast and make proper projections. The saving in financial form include savings in currency, bank and non- bank deposits, LIC finds, provident funds, pensions fund, share and debentures, etc.

The investment pattern and saving behavior of employee's sector is determined by their expectations from the various preferred avenues. Preference may vary due to various considerations i.e. safety, liquidity and marketability, returns, tax benefits, risk involved etc. Investment also depends upon the awareness about investment opportunities, level of knowledge and how these investment opportunities are evaluated and selected. The appropriate investment decisions requires a complete understanding of a range of subjects like finance, tax, economics, accountancy, business laws etc. However, employees owing to the lack of education are not able to comprehend such subjects. The socio-economic profile of the employees constitutes a significant component in understanding the social structure of the university and by large of the society. The variables that relate to structural position of the university are age, education, occupation, income, expenditure, savings and investments. The age analysis helps in classifying the employees to indicate existing population structure of the university. It is assumed that aged employees give a mature insight into various changing dimensions of the society. Education affects employment chances and values of the employees towards society. Occupation reflects the change from primary to new and traditional ones. The ever-changing scenario with regard to income, expenditure, saving reflects changes in standard of living of the employees and quality of life. The socio economic profile of the employees reveals that the majority of employees are male, as they constitute 55% the total respondents among various colleges of Bhopal.

Education profile of employees is postgraduates followed by postgraduates with PhD and then postgraduates with NET, etc. Most of the employees are from 31 – 40 year categories (41%). Majority of respondents are married (57%). Income wise distribution reveals that a greater number of the employees (46%) have income in the range between Rs 15001 to Rs 30000 per month. Further the cross tabulation of education and income reveals that there is high positive correlation between the two. As the employees who are

highly qualified are earning far more than those who are less qualified. In this paper, the expenditure wise distribution of the employees reveals that people are meticulously spending; they know they are private employees serving in private colleges. Saving analysis reveals, that majority of respondents still save in bank FDs and post offices, rather than shares, mutual funds, etc.

Savings and investment behaviour is influenced by several factors: sociological, psychological, demographical, and economic. An attempt is made in this section to analyze the various determinants of savings and investment behaviour of the teachers. It is widely accepted in literature that various economic factors (size of income, disposable and discretionary income) individual differences (personal likes and dislikes), and family circumstances (family lifestyle and consumption patterns) strongly influence the saving and investment behaviour. The teaching community covered in this study cannot be an exception to this phenomenon. To find out association between individual characteristics such as age, gender, marital status; social features such as education, life cycle stages, type of family, family location (rural/urban); family characteristics such as income, family earning status, occupational status and saving and investment behaviour of the respondents, chi-square test is applied. The researcher proceeded on the 'null hypothesis', so that there is no association between the independent and dependent attributes. If the calculated value of chi-square, at certain level of significance, is less than the table value, the research hypothesis is accepted, otherwise, the hypothesis is rejected drawing the inference that there is no association between the attributes.

Objectives of the Study

The research study is an attempt to analyze the relationship between savings and investment pattern of the college teachers. Following are the objectives of the study-

- To study the awareness of investment among the teachers.
- To analyze the savings and investment pattern of school teachers.
- To find the preferable investment avenue of the school teachers.

Hypothesis

Researcher will formulate following null hypothesis for study-
 H₀₁ There is no significant relationship between age and annual savings.

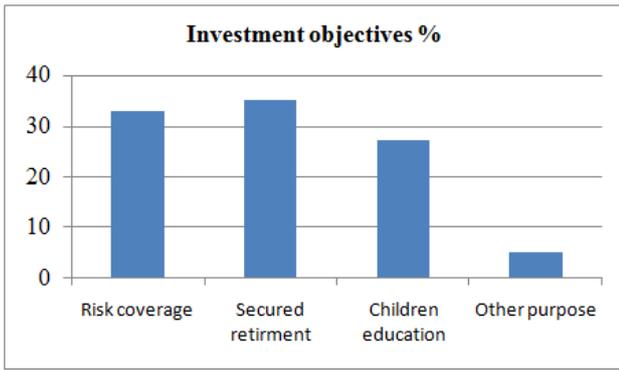
H₀₂ There is no significant relationship between annual income and preferred investment.

Table 1: Table of Parameters

Profile	Parameters	No. of respondents / %
Gender	Male	55
	Female	45
Age	25 – 30	39
	31 – 40	41
	41 – 50	13
	50 – Above	7
Qualification	Post Graduate	53
	P.G., PhD	36
	P.G, NET, etc.	11
Marital status	Married	57
	Unmarried	43
Monthly income	10000 – 15000	27
	15001 – 30000	46
	30001 – 40000	14
	40001 – Above	13
Monthly savings	0 – 2000	39
	2001 – 5000	29
	5001 – Above	32

What is/are your investment objectives?

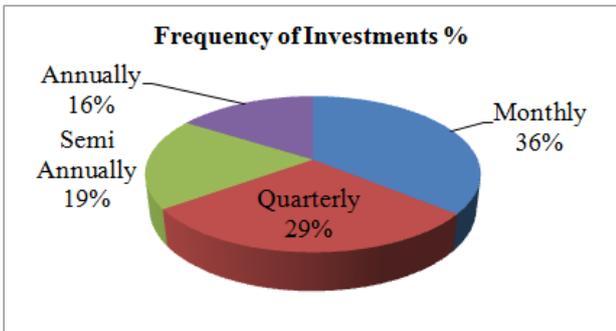
- Risk coverage
- Secured retirement
- Children education
- Other purpose



The above graph shows that nearly (33%) and (37%) respondents said that the risk coverage and children education are the main objectives of their investment. (25%) have secured retirement as the investment objective. The respondents being the college teachers only (5%) respondents have other objectives.

How often do you invest?

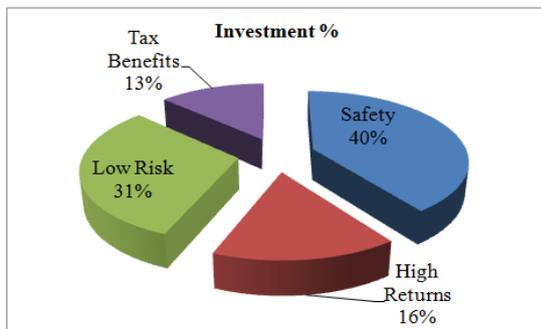
- Monthly
- Quarterly
- Semi-annually
- Annually



From the above graph it can be inferred that majority of the teachers (36%) invest on a monthly basis followed by quarterly (29%), semi-annually (19%) and annually (16%). It shows that majority of the teachers invest monthly in avenues like recurring deposit, etc.

Why do you invest in a particular investment?

- Safety
- High returns
- Low risk
- Tax benefits
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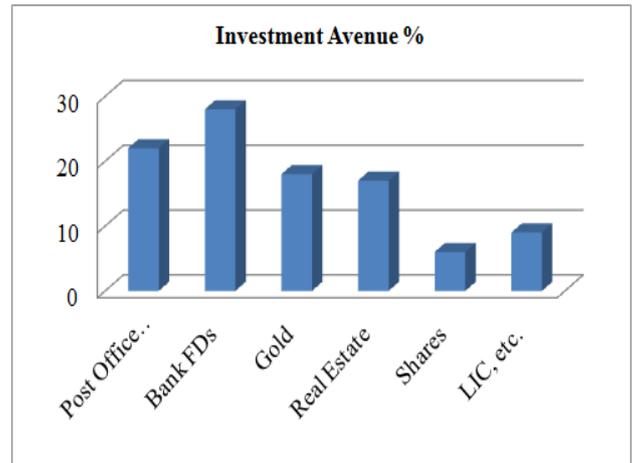


The above graph shows that majority of the respondents look for safety in their investment (40%) over low risk (31%), high returns

(16%) and tax benefits (13%). It shows that safety and low risk are the main elements of investments for teachers.

Which of the following investment avenue do you prefer?

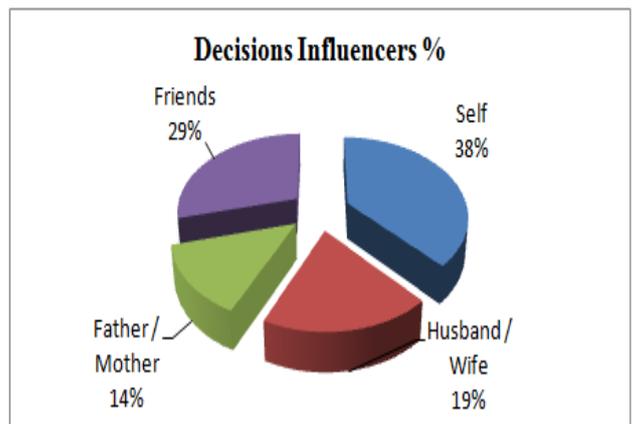
- Post office saving
- Bank deposit
- Gold
- Real Estate
- Shares
- LIC, etc.



From the above graph, it can be inferred that (28%) respondents prefer bank FD over other investment avenues. The second most preferred avenue is post office savings (22%), followed by gold (18%), real estate (17%) shares and LIC (6%) and (9%) respectively. It shows that even after, the respondents are from Bhopal, they are educated and professionals, there is a lack of awareness for shares, bonds, mutual funds, etc. They still prefer traditional methods of savings, i.e. bank FDs and post office savings, etc.

Who influences the investment decision?

- Self
- Husband/wife
- Father/mother
- Friends



The above graph shows that the majority of the respondents (38%) invest on their without consulting others, and (29%) prefer friends advice before investing, followed by husband/wife (19%) and father/mother (14%).

Table 2: Relationship between Age and Monthly Savings

Sl. No.	Age	Monthly Savings			Total
		0 – 2000	2001 – 5000	5001 – Above	
1	25 – 30	13	5	0	18
2	31 – 40	14	7	0	21
3	41 – 50	7	6	3	16
4	50 – Above	5	11	29	45
Total		39	29	32	100

From the above cross, tabulation between age and monthly savings it can be inferred that out of 100 sample of college teachers, 39% respondents save less than Rs. 2000 and 29% respondents save

between Rs. 2000 - 5000 per month and rest of the 32% respondents save more than Rs. 5000 per month.

Table 3: Relationship between Monthly Income and Preferred Investments

Sl. No.	Monthly Income	Preferred Investments						Total
		Post Office	Bank FDs	Gold	Real Estate	Shares	LIC, etc.	
1	10000 – 15000	7	9	2	1	0	2	21
2	15001 – 30000	8	4	3	3	1	0	19
3	30001 – 40000	5	5	1	2	1	3	17
4	40001 – Above	2	10	12	17	4	4	43
Total		22	28	18	17	6	9	100

From the above cross, tabulation between preferred investments and monthly income it can be inferred that out of 100 samples of college teachers, 28% respondents prefer bank FDs, 22% prefer post office schemes, 18% respondents invest in gold / Jewellery. 17% respondents have invested or are likely to invest in real estate, 9% college teachers invest in LIC, etc. and merely 6% prefer to invest in shares.

Chi-square Test

It is intensively used in the statistics to test the goodness of fit. It is used to verify the observed data with the expected data. It measures the independency of two variables in the contingency table.

Null Hypothesis: There is no significant relationship between age and annual savings.

Chi-square test result

Degree of freedom 6

Table value at 5% significance 12.59

Calculated value 47.3093

The above table shows that the calculated value, i.e., 47.3093 is more than the table value (12.59) at 5% significance level null hypothesis is rejected. Therefore, it says that there is a significant relationship between age and annual savings.

Null Hypothesis: There is no significant relationship between annual income and preferred investment.

Chi-square test result

Degree of freedom 15

Table value at 5% significance 25

Calculated value 21.74

The above table shows that the calculated value, i.e., 21.74 is less than the table value (25) at 5% significance level. Therefore, it says that there is no significant relationship between annual income and preferred investment.

CONCLUSION

From this investigation, it is evident that money is important and plays a vital role for surviving and it is essential to face the today's competition. To improve the standard of living and progress the life style savings and proper investments are very important. Here the research shows that respondents know the importance of money and investments, but there is a lack of awareness for shares, bonds, mutual funds, etc. among college teachers. They still prefer traditional methods of savings, rather than modern methods. It is also proved that all the working people save the money for their ward's education, marriage, medical security and house construction purposes, etc. Traditional saving options like post office schemes and fixed deposits are still very popular with the college teachers;

they have safety and security, which is the main reason for investment.

Good number of respondents prefers monthly investment over quarterly or yearly. Majority of the respondents prefer to invest in bank deposit followed by the post office schemes. It shows majority of the respondents are risk averse as risk coverage is their prime investment objective. The response of the employees under distribution according to stability of return wise distribution is somewhat same to that of safety, liquidity and marketability wise distribution of the employees. With money in hand and age on their side, the young investors are hesitant to take risk. Most of the employees are of the opinion that bank deposits, post office deposits and LIC funds gives them medium but stable (secured) returns followed by investments in gold, and property which gives moderate returns while investment in shares involve a high degree of risk so are considered unsafe investments. There are many new investment avenues have entered the market. The awareness needs to be created among the college teachers. The college teachers need to understand the market situation and invest accordingly. The college teachers should go for expert advice before investing. There are different investment avenues available for the investors. Investors have to become more alert and choosy.

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