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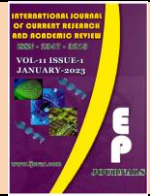
Analysing the Investment Pattern of Teaching Faculties in Kozhikode District, Kerala, India

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Abstract

Investment entails making a sacrifice in the present in exchange for future benefits. Savings are used to make investments. Teachers' investment patterns differ from those of professionals and businessmen due to the safety, regular flow of income, tax benefits, security, and retirement benefits. Banks, gold, real estate, postal services, mutual funds, and other investment options are available. Primary data were collected in this study to learn about the investment patterns of teaching faculties in Kozhikode district of Kerala. The collected data were analysed using various statistical tools. The hypothesis test revealed a significant relationship between gender and savings percentage and the influence of various demographical variables on risk tolerance.

Introduction

Developing countries, such as India, frequently faces significant challenges in obtaining sufficient capital to support their growth targets. Many of these countries are struggling to break out of the poverty cycle, which is classified as low income, low savings, low investment, and low employment, and other factors. India, in particular, requires significant investments to make significant progress in achieving economic growth.

Investment refers to making a present sacrifice in order to reap future benefits. In economic terms, "investment is the purchase of goods that will not be consumed immediately but will instead be used to generate wealth in the future". An investment is a financial asset acquired with the expectation of generating income or increasing in value and being sold at a higher price. It is important to note that investment and savings are not synonymous. Savings are defined as the portion of income that is not spent on current expenses. People, on the other hand, frequently invest their savings, which means they use money they have saved to purchase assets in the expectation of generating income or appreciation in the future.

Due to their need for safety, a consistent income, tax-saving opportunities, security, and retirement benefits, teachers' investment decisions may differ from those of other groups such as professionals and businesspeople. Because teachers typically earn a fixed salary, these aspects may take precedence over the potential for higher returns on investment.

The act of using savings to purchase assets or make investments with the goal of achieving a financial return is known as investing. There are numerous investment options available, including bank deposits, gold, real estate, mutual funds, and others. Investors typically invest for a wide range of reasons, including profit generation, security, capital gain, and income stability. When investors are classified based on the similarity of their investment decision-making processes, a small group appears to have a high level of knowledge and understanding of their investments.

On the other hand, the majority of investors appear to be unfamiliar with various investment strategies and financial concepts. Individuals' personal characteristics and behaviours, whether they are individual or professional investors, play a significant role in their financial decision-making and can greatly influence their investment choices

Statement of the Problem

Teachers who receive regular salaries generally have a fixed flow of income, and their investment patterns are also different. This study tries to analyse the investment pattern of teaching faculties in Kozhikode district of Kerala state. More specifically, the study tries to answer the following questions,

What are the preferences while selecting investment avenues?

What is the role of demographic variables on investment behavior?

Individual investors' preferences do not always relate to what traditional finance principles consider rational. Investing behaviours can be influenced by a variety of psychological, socio-cultural, and environmental factors. According to (Baker and Nofsinger, 2002), standard finance is more concerned with the outcome of investment behaviour than the reasons for it, whereas behavioural finance is more concerned with understanding the psychological factors that drive financial behaviour and attempting to explain why investors may act irrationally.

When making investment decisions, risk must be taken into account. Risks are perceived and addressed in two ways in today's world. One method is our instinctive and intuitive reaction to potential danger. Furthermore, (Paul Slovic and Ellen Peters, 2006) argue that applying logical reasoning and scientific analysis to risk assessment and decision-making can aid in risk mitigation. (Palanivelu and Chandrakumar, 2013) used a sample of 100 respondents to conduct a study on the investment choices of salaried individuals in Namakkal Taluk, Tamil Nadu, India.

The study discovered that employees' income level influences the types of investments they make. Furthermore, the study stated that age is an important factor to consider when making investment decisions.

According to a study, the most important features of net trading for adopters were transparency, safety, convenience, and economy, followed by market quality and liquidity. Non-adopters, on the other hand, prioritized economy and convenience, followed by market quality, safety, and liquidity. (Selim Aren and Asiye Nur Zengin, 2016). (Sonali Patil and Kalpana Nandawar, 2014) studied the preferred investment avenues among salaried individuals in Pune, and India. The sample consists of 40 Pune City investors. According to the findings, 60% of investors were aware of investment options, while 40% were not.

These studies look at a variety of factors that influence individual investors' investment preferences and risk perceptions. It was discovered that investment preferences can vary depending on an individual's level of financial literacy and risk perception. However, it was discovered that personality traits have no significant impact on investment decisions. Investors who are willing to take risks prefer equities, while those who prefer a lower level of risk prefer bank deposits. Similar findings were discovered in terms of financial literacy.

The main objectives of this study include to analyze investment plans of school teachers in Kozhikode district. To examine the impact of demographic variables on investment decision. And also to know the factors that influence the investment behavior of school teachers.

Materials and Methods

Descriptive research design was used for this study and the required data for the study were collected through structured questionnaire from 120 respondents of various school teachers from Kozhikode district, Kerala. The respondents for the study were drawn by means of multi-stage sampling method. The SPSS 24 and Microsoft Excel programs were used to analyze the data. The Chi-square test was performed to investigate the relationship between investment patterns and independent variables.

Results and Discussion

Demographic Analysis

Demographic profile of the Respondents

The majority (58.3%) of total respondents are male, with the remaining 41.7% being female. 38.3% of respondents are between the ages of 26 and 35, with the majority of respondents having a postgraduate degree. In terms of monthly personal income, 46.7 percent of respondents

have incomes between Rs.35001 and Rs.60000, and the majority (34.2%) work in the science department.

Analysis of Investment pattern of the respondents

The result shows the preference of investment avenues with respect to low-risk investment avenues. The majority (67%) of them prefer savings account. In the case of bank, 48% of them prefer to invest in fixed deposits. Regarding public provident fund and national savings account, most of the respondents keep neutral investment in that product which is 52% and 49%. 52% of them prefer the post office savings investment scheme.

According to the findings of the study, a greater number of respondents prefer low-risk investment opportunities. The majority of them prefer to invest in savings accounts, bank fixed deposits, and post office savings plans.

Regarding the preference of investment avenues with respect to moderate-risk investment avenues, the majority (68%) of them like to invest in various insurance schemes like health insurance, life insurance, etc. In the case of bonds, 56% of them stay neutral. Regarding debentures, 50% keep a neutral opinion. Most of the respondents positively responded to invest in mutual funds (56%).

The result shows the preference of investment avenues with respect to high-risk investment avenues. The majority (60%) of them prefer to invest in the stock market. In the case of commodity market investment, 57% of them keep their positions neutral, while 22% do not prefer to invest in that high-risk investment. In terms of forex investment, the majority of respondents (49%), held neutral views on the product. 48% of them prefer to invest in private chits and 51% like to invest in land and buildings.

According to the results, 45% of respondents expect a return of 5% to 15% on their investment. 36% expect a return of less than 5%, 11% expect a return of 15% to 30%, and 8% expect a return of more than 30%.

Regarding the influencing factors when choosing investment avenues, the study shows that most of the respondents say high return, fixed return, safety of principal, easy liquidity, low risk, and legal consideration are the most influencing factors while making an investment. In the case of long-term benefits, most of the

respondents expressed neutral opinions on factors such as tax benefits, capital appreciation, transaction costs, and current economic indicators. The diversification of needs is not influenced by the selection of investments.

Relationship Between Gender and Risk Tolerance

Hypothesis 1

H0: There is no relationship between Gender and Risk tolerance.

H1: There is a relationship between Gender and Risk tolerance.

Pearson chi-square tests for gender and risk tolerance show a computed value of 11.0 and a significance value of 0.012. As a result, the null hypothesis is rejected. So, it is concluded that respondents' financial risk tolerance is significantly influenced by gender. When it comes to investment decisions, the results show that men and women have different risk tolerance levels. Men have a higher risk tolerance than women.

Relationship Between Age and Level of Risk Tolerance of the Respondents

Hypothesis 2

H0: There is no relationship between Age and Risk Tolerance.

H1: There is a relationship between Age and Risk Tolerance.

Respondents between the ages of 26 and 35 have a high-risk tolerance level. The Chi-Square test result is 24.2 and the sig. P-value is 0.004, which is less than 0.05. So, the null hypothesis is rejected. The findings show that age plays a vital role in determining an individual's risk tolerance while making investment decisions.

When compared to younger people, older people have a lower risk tolerance. This is usually due to the fact that older people are closer to retirement and may not have as much time to recover from any potential losses. Furthermore, older people may have more financial obligations and responsibilities, such as mortgage loans or caring for dependents, which can cause them to be more conservative in their investment decisions. Younger people are more willing to take risks because

they have more time to recover from potential losses and may not have as many financial obligations.

Relationship Between Gender and Savings

Hypothesis 3

H0: There is no relationship between Gender and Savings.

H1: There is a relationship between Gender and Savings.

According to the result of Pearson chi-square tests for gender and savings indicates the computed value of 13.3 and the significance value is 0.004. So, the null hypothesis is rejected. Thus, it is concluded that gender has significant influence on the saving habits of the respondents. It shows that women save a higher percentage of their income than men. This difference could be attributed to a number of factors, including societal and cultural norms that encourage women to prioritize savings and financial security.

Furthermore, studies have shown that women are more likely to engage in long-term financial planning and goal setting, which can lead to higher savings rates. However, it is important to note that these findings are not universal and may differ depending on factors such as income, occupation, education, and life stage.

Investing refers to the use of your money to generate additional wealth. It is a unique approach to earning income in which your money is put to work for you, trying to maximize your financial potential regardless of whether you receive a raise, work extra hours, or seek higher paying employment.

Table.1 Percentage distribution of demographic variables

Variable Name	Description	Percentage
Gender	Male	58.3 %
	Female	41.7 %
Age (Years)	Below 25	2.5 %
	26-35	38.3 %
	36-45	30.8 %
	Above 45	28.3 %
Education	Under Graduation	20.8 %
	Post-Graduation	63.3 %
	Doctorate	15.8 %
Area of Teaching	Commerce	23.3 %
	Science	34.2 %
	Humanities	29.2 %
	Language	13.3 %
Personal Income	Below 35000	10.8 %
	Rs.35001-60000	46.7 %
	Rs.60001-85000	30.0 %
	Above 85000	12.5 %

Source: Primary

Table.2 Preference of Low-risk investments

Preference of Low Risk Investments	Response		
	Preferred	Neutral	Not Preferred
Savings account	67%	29%	4%
Bank Fixed deposits	48%	34%	18%
Public provident funds	28%	52%	20%
National savings account	23%	49%	28%
Post office savings scheme	52%	41%	7%

Source: Primary

Table.3 Preference of Moderate risk investments

Preference of Moderate risk Investments	Response		
	Preferred	Neutral	Not Preferred
Insurance	68%	12%	20%
Bonds	21%	56%	23%
Debentures	32%	50%	18%
Mutual funds	56%	30%	14%

Source: Primary

Table.4 Preference of High-risk investments

Preference of High risk Investments	Response		
	Preferred	Neutral	Not Preferred
Equities	60%	34%	6%
Commodity market	21%	57%	22%
Forex market	18%	49%	33%
Private Chits	48%	33%	19%
Land and building	51%	26%	23%

Source: Primary

Table.5 Cross tabulation of Gender and Risk Tolerance

(1: Low risk taker, 2: Moderate risk taker, 3: Opportunistic risk taker, 4: High risk taker)

Gender	Risk Tolerance				Total	Pearson's Chi-Square Test	
	1	2	3	4		Value	Sig.
Male	9	18	25	18	70	11.0	0.012
Female	17	16	11	6	50		
Total	26	34	36	24	120		

Source: Primary

Table.6 Cross tabulation of Age in years and Risk Tolerance

(1: Low risk taker, 2: Moderate risk taker, 3: Opportunistic risk taker, 4: High risk taker)

Age	Risk Tolerance				Total	Pearson's Chi-Square Test	
	1	2	3	4		Value	Sig.
Below 25	0	0	2	1	3	24.2	0.004
26-35	7	5	21	13	46		
36-45	9	16	6	6	37		
Above 45	10	13	7	4	34		
Total	26	34	36	24	120		

Source: Primary

Table.7 Cross tabulation of Gender and Savings
(1: Less than10%, 2: 10 -20%, 3: 20-30%, 4: More than 30%)

Gender	Savings				Total	Pearson's Chi-Square Test	
	1	2	3	4		Value	Sig.
Male	34	28	8	0	70	13.3	0.004
Female	15	17	13	5	50		
Total	49	45	21	5	120		

Source: Primary

The practice of using one's savings to acquire assets in the hope of earning a financial return is known as investing. When making an investment, there are three main factors to consider, such as, growth potential, safety, and return on investment. Risk and liquidity are also important factors to consider.

There are various investment options available, including bank deposits, gold, real estate, mutual funds, and others. Investors typically invest for a number of reasons, including profit generation, security, capital appreciation, and income stability

This study shows that most of the teachers do not like to take high risk. Safety is the most important factor considered for the selection of investment by teachers.

More than half of the teachers does not have investment in the stock market. The major reason is the risk factor and the lack of knowledge about the stock market.

The hypothesis test revealed that there is a significant relationship between gender differences and the percentage of savings. Female respondents' level of savings is more than the savings level of male respondents. The results show that men and women have different risk tolerance levels. Men have a higher risk tolerance than women and age play a role in determining an individual's risk tolerance while making investment decisions. When compared to younger people, older people have a lower risk tolerance.

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