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SAVINGS AND INVESTMENT BEHAVIOR OF SCHOOL TEACHERS – A STUDY WITH REFERENCE TO MYSORE CITY, KARNATAKA

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Teachers are the pillars of the society and the quality of education depends on their knowledge and skills. The important factor which on which the quality lies is their life style and it greatly influenced by the consumption pattern, savings and investments. Thus the behavior of the teacher towards the savings and investment will have great impact on the quality education. In this respect the present study focuses on the behavior of school teachers towards saving and investment in Mysore city. The study also focuses on the other aspects like relationship between savings and investments.

Keywords: Teachers, Investment, Expected rate of return, Savings

INTRODUCTION

The Importance of Savings and Investments

Savings: Once you've outlined your goals and the timelines within which you want or need to reach them, you can figure out how much you'll need to save to attain them. In addition to your earnings, savings and investments are essential to increasing your wealth. Most people often confuse the concepts of savings and investment. Let's clear it. Savings takes place when people consume less than their income and investment takes place when we purchase any assets for future productivity. Investment not only means investing money in stocks, bonds, etc.

The main motive for saving is deferring consumption of income for better tomorrow and

motive for investment is to earn money. These two words are mutually interconnected variables. So, they are important part of planning for the future.

Savings regularly helps us in:

- Manage our money
- Cope with uncertainties
- Afford things needed in the future
- Borrow less
- Ease financial stress

Investment

It is utilizing the available resources in increasing the earnings of the future. Examples are depositing money in a bank, purchasing machinery for future earnings, etc.

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A regular investment helps in

- Financial independence
- Fulfilling personal ambitions
- Minimizes future risk
- Enhance wealth

Here are some preferable investment avenues:

Equity

Equity is an investment avenue which is able to offer the highest possible returns but is very risky as there are huge probabilities of investors even losing some part of the invested capital too. This can offer returns in range of 15-50% annually in good times and negative returns of 5-15% also.

Mutual Funds

A mutual fund is a collection of stocks and bonds. When you buy a mutual fund, you are pooling your money with a number of other investors, which enables you to pay a professional manager to select specific securities for you. The primary advantage of a mutual fund is that you can invest your money without the time or the experience that are often needed to choose a sound investment.

Bonds

The term bond is commonly used to refer to any securities that are founded on debt. When you purchase a bond, you are lending out your money to a company or government. In return, they agree to give you interest on your money and eventually pay you back the amount you lent out. The main attraction of bonds is their relative safety. The safety and stability, however, come at a cost. Because there is little risk, there is little potential return. The return from bonds ranges between 7-10% annually.

Real Estate

One can also invest in real estate. This investment offers attractive return. But the price fluctuation in bad times very high. And one needs lakhs of rupees to get started in this market.

Fixed Deposits

One can opt to invest in fixed deposits. The investments into fixed deposits offer normal returns and low risks. The investments into fixed deposits are available in forms of bank fixed deposits, post office fixed deposits, and company fixed deposits.

Insurance

Insurance have become one of the most important investment avenues in India. Unit Linked Insurance Plans are very popular in India besides the traditional endowment policies.

Provident Funds

This is one of the safest long term investment options. This is mainly for retirement purpose.

Gold

This avenue is very popular in India. Gold as a investment option has the moderate risk and one big things is that it is in the physical form so, mostly Indian people prefer.

LITERATURE REVIEW

Ananthapadmanabha Achar (2012) studied on "Saving and Investment Behavior of Teachers - An empirical study". In the ultimate analysis individual characteristics of teachers such as age, gender, marital status, and lifestyle determined the savings and investment behavior of teaching community in the study region. In a more or less similar manner, their family characteristics such as monthly family income, stage of family life

cycle, and upbringing status emerged as determinants of their savings and investment behavior.

Sangeeta Arora and Kanika Marwaha (2012) in their article "Investment Patterns of Individual Stock Investors: An Empirical Analysis of Punjab", *Asia-Pacific Journal of Management Research and Innovation*, attempted to analyze investment pattern of individual stock investors of Punjab.

Mathivannan and Selvakumar (2011) studied on "Saving and investment pattern of school teaches – A study with reference to Sivakasi Taluk, Tamil Nadu". The study concludes that today, the teaching community has stated realizing the importance of money and money's worth. They are initiated to prepare a budget for the proposed expenses and compare it with the actual expenses met by them, so that they are not influence by other tempting and fashionable expenses.

Krishnamoorthi (2009) in his research paper, "Changing Pattern of Indian Households: Savings in Financial Assets", published in *RVS Journal of management*, concluded that irrespective of the developments in the capital market and economic conditions, investors like to invest regularly and this investment behavior is highly related to educational background.

SCOPE OF THE STUDY

This study covers the school teachers working in private and government schools at Mysore city on their savings and investment behavior. The previous literature reviews shows that few researches are available on savings and investment habits of school teachers but, there are no studies have been done to identify the savings and investment behavior in Mysore city. In this regard, the present paper would benefit

banks and investment firms to create a new avenue of investments to cater the needs of school teachers in Mysore city.

STATEMENT OF THE PROBLEM

Saving is very important activity for anyone as it secures the future from the uncertainties. So, savings are very much required to meet the financial requirements. There is a lot of scope for savings and investment because of the existence of number of small industrialists, schools, and colleges in Mysore city and the money circulation is high. This study is being conducted to analyze the savings and investments behavior of school teachers of Mysore city, Karnataka.

OBJECTIVES OF THE STUDY

- To study the saving and investment behavior of school teachers at Mysore city.
- To analyze the savings and investment pattern of school teachers.
- To find the preferable investment avenue of the school teachers.

RESEARCH METHODOLOGY

The present study is empirical in nature. The data for the study is collected through primary data with pre-tested structured questionnaire and secondary data journals, magazines, newspapers, etc.

Sample size: The Sample size for the study is One Hundred.

Sampling method: For the data analysis and interpretation convenient sampling method is used and the sample size covers both government schools and private schools.

No. of Schools in Mysore City: For the purpose of study, the different levels of schools are being considered. The following table shows the different levels of schools in Mysore city.

S. No.	Type of school	No of schools
1	Lower Primary School	57
2	Higher Primary School	346
3	Higher Secondary	228
	Total	631

Source: Primary data

The above table shows that there are 57 lower primary level schools, 346 higher primary and 228 higher secondary level schools in Mysore city.

Level of School

The samples for the study are taken from different levels of schools as follows.

From the above table it can be said that 30% respondents belongs to lower primary, 50% are from higher primary and 20% respondents are

Type of school	No of schools
Lower Primary Schools	30
Higher Primary Schools	50
Higher Secondary	20
Total	100

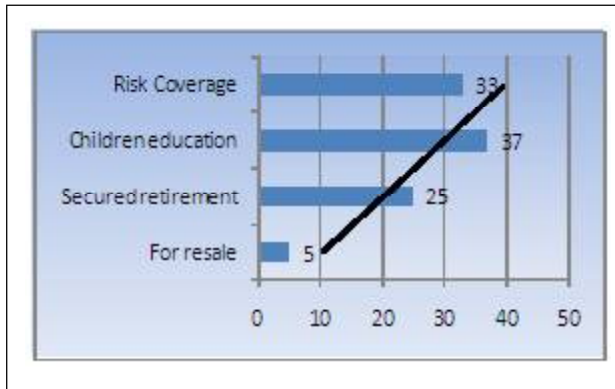
Source: Primary data

Demographic Profile	Parameters	Total no of Respondents(100)	Percentage
Gender	Male	70	70
	Female	30	30
Age	20-30	21	21
	30-40	43	43
	40-50	27	27
	Above 50	9	9
Qualification	Undergraduate	71	71
	Postgraduate	29	29
Marital Status	Married	81	81
	Unmarried	19	19
Annual Income	Less than 60000	10	10
	60000-120000	26	26
	120000-240000	42	42
	Above 240000	22	22
Annual Savings	Below 50000	14	14
	50000-100000	59	59
	Above 100000	27	27

from higher secondary schools.

ANALYSIS AND INTERPRETATION

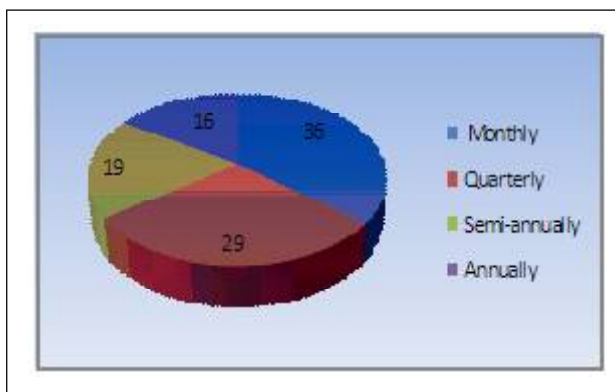
1. What is/are your investment objectives ?



- a) Risk coverage
- b) Secured retirement
- c) Children education
- d) For resale

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 school teachers only 5% respondents have resale objective.

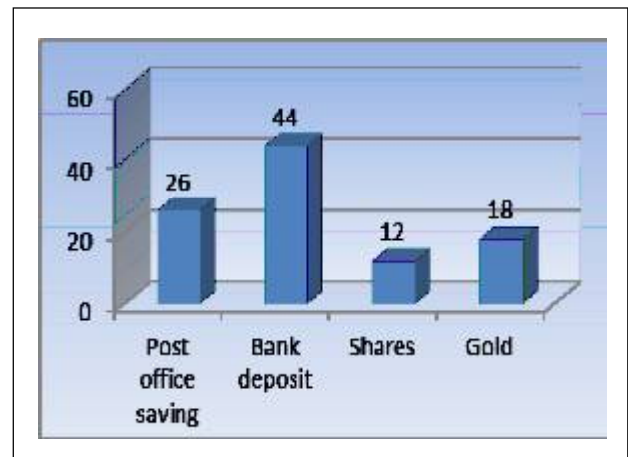
2. How often do you invest?



- a) Monthly
- b) Quarterly
- c) Semi-annually
- d) 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.

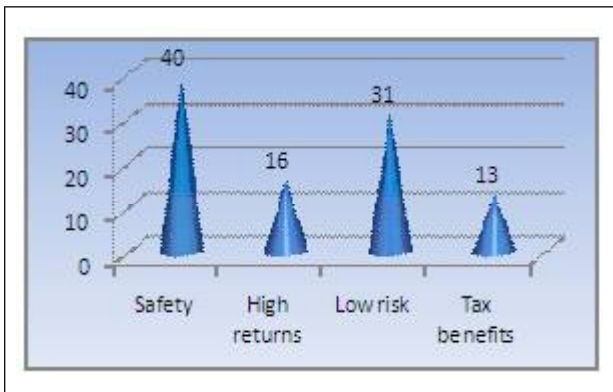
3. Which of the following investment avenue do you prefer ?



- a) Post office saving
- b) Bank deposit
- c) Shares
- d) Gold

From the above graph it can be inferred that 44% respondents prefer bank FD over other investment avenues. The second most preferred avenue is post office savings (26%), followed by gold (18%), shares (12%). It shows that Mysore being a small city there is a lack of awareness.

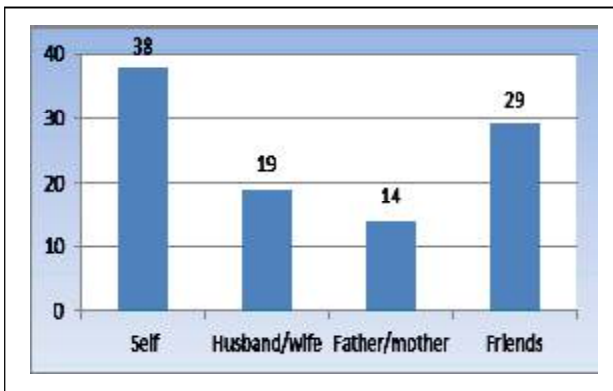
4. Why do you invest in a particular investment avenue?



- a) Safety
- b) High returns
- c) Low risk
- d) Tax benefits

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.

5. Who influences the investment decision?



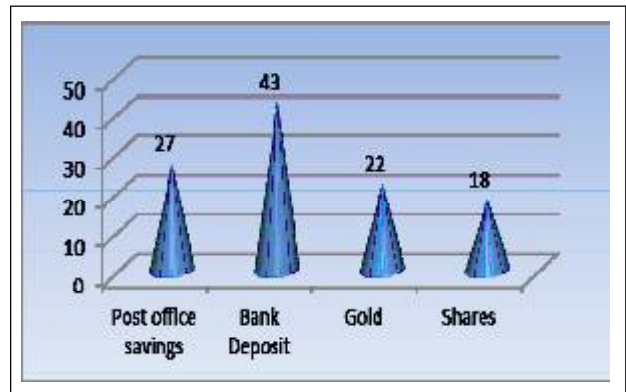
- a) Self
- b) Husband/wife
- c) Father/mother
- d) Friends

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.

6. Rank the security based on risk and return?

- a) Post office savings



- b) Bank Deposit
- c) Gold
- d) Shares
- e) Others if specify

The above graph shows that the respondents have ranked high for bank deposit (43%), post office savings(27%), gold and shares by 22, 18% respectively. It shows that school teachers prefer Bank deposit as best investment avenues.

From the above cross tabulation between age and annual savings it can be inferred that out of 100 sample of school teachers nearly 31% respondents save less than Rs. 50000 p.a and 38% respondents save between Rs. 50000-100000 p.a and rest of the 31% respondents save more than Rs. 100000 p.a. Among the teachers those who save less than Rs 50000 p.a.14 respondents are of the age group of 30-40 years. Among the respondents who save between Rs.

Table 4: Relationship between Age and Annual Savings

S. No.	Age	Annual Savings			Total
		< Rs 50000	Rs 50000-100000	>Rs 100000	
1	20-30years	13	5	0	13
2	30-40years	14	7	0	43
3	40-50years	7	6	3	38
4	Above 50 years	5	11	29	6
Total		39	29	32	100

50000-100000, 21 are of the age group of 30-40years, 11 are of 40-50 years group and out of those whose saving is more than Rs. 10000, and 18 are from the age group of 40-50 years.

Chi-square Test

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

$$Chi - square\ test(\chi^2) = \sum \frac{(O - E)^2}{E}$$

O=Observed data

E=Expected data

Df=Degree of freedom

Df=(r-1) (c-1)

R=row

C=colounm

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

Chi-square test result

Degree of freedom 6

Chi-square Test Result	
Degree of freedom	6
Table value at 5% significance	12.59
Calculated value	47.3093

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. So, 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. So, it says that there is no significant relationship between annual income and preferred investment.

Table 5 : Relationship between Annual income and preferred investment

S. No.	Annual Income	Preferred Investment						Total
		Post Office	Savings Bank Deposit	Gold	Real Estate	Shares	LIC	
1	Less than 60000	7	9	2	1	0	2	21
2	60000-120000	8	4	3	3	1	0	19
3	120000-240000	5	5	1	2	1	3	17
4	Above 240000	2	10	12	11	4	4	43
	Total	22	28	18	17	6	9	100

Chi-square Test Result

Degree of freedom	15
Table value at 5% significance	25
Calculated value	21.74

The above table shows that out of 50 primary school teachers 36% having safety a primary objective followed by 28% risk coverage. In secondary teachers 43% risk coverage and 26% safety and in higher secondary teachers 45% having children marriage, 20% risk, and 15% safety as a priority of investment objectives.

Table 6: Objectives of the Savings and Investments

S. No.	Objectives	Type of school		
		Primary(50)	Secondary(30)	Higher secondary(20)
1	Safety	18(36%)	8(26%)	4(20%)
2	Risk coverage	14(28%)	13(43%)	3(15%)
3	Children marriage	8(16%)	5(16%)	9(45%)
4	Tax benefits	4(8%)	3(10%)	2(10%)
5	High return	6(12%)	1(3%)	2(10%)

Table 7: Expected Rate of Return

S. No.	Expected rate of return	No of respondents
1	Below 5%	10
2	5-10%	42
3	10-15%	29
4	Above 15%	18
	Total	100

Expected Rate of Return of the Respondents

It is very important to know the expected rate of return of the school teachers.

From the above table it can be inferred that majority of the teachers (42) are looking for an expected return on their investment in the range of 5-10%, followed by 29 teachers falls under 10-15% rate of return and 18 teachers looks for above

15% return. It shows 75% of the teachers look for investment rate of return of more than 5%.

FINDINGS

- Majority of the respondents said risk coverage and children education as the major objective of their savings and investments.
- 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.
- Majority of the respondents having an annual income of Rs. 120000-240000.
- Majority of the respondents save regularly (monthly)
- There is a significant relationship between savings and annual income.
- Majority of the respondents (38%) invest on their own without consulting an expert and 29% consult their friends for suggestions.
- More than 40% of the respondents expect 5-10% and 29% expect 10-15% return on their investment.

SUGGESTIONS AND CONCLUSION

- There are many new investment avenues have entered the market. The awareness needs to be created among the school teachers.
- The school teachers need to understand the market situation and invest accordingly.
- To create the saving habits among the school

teachers the mode of saving needs to be very attractive.

- The school teachers should go for expert advice before investing.
- The school teachers can also invest in long term securities like equities, debt, etc.

CONCLUSION

The study is mainly conducted to identify the savings and investment methods adopted by the school teachers of Mysore city. The study shows various factors which influence the investment decision of the school teachers. The Mysore being pensioner paradise there is a lack of investment awareness. So, it needs to be created at the school level. The study also focused on relationship between savings and annual income, annual income and preferred investment and expected return on investment.

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