



ORIGINAL RESEARCH PAPER

Management

SAVINGS AND INVESTMENT PATTERN OF TEACHING FACULTY IN THE AFFILIATED COLLEGES OF ALAGAPPA UNIVERSITY

KEY WORDS: Investment , Equity and Bank deposits

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ABSTRACT

Savings and investment play a vital role in the economic development of a nation. Savings is that portion of income not spent on current expenditure. Savings and investment are two crucial economic variables by which we can measure a person's physical quality of life and standard of living. In a country like India, the income standard is almost uncertain and leads to more consumption rather than saving which has now been a central problem. As teachers are considered to be an important asset to a nation their wellbeing as well as the quality of their life should be safeguarded. By taking this as the background the study made an attempt to analyze the savings and investment pattern of the teaching faculty in the affiliated colleges of Alagappa University.

1. Introduction

Savings and investment play a vital role in the economic development of a nation. Savings is that portion of income not spent on current expenditure. On the other hand by the term investment we mean an addition to the stock of physical capital. Savings and investment are two crucial economic variables by which we can measure a person's physical quality of life and standard of living. In a country like India, the income standard is almost uncertain and leads to more consumption rather than saving which has now been a central problem. If the saving is low, then the investment will also be low capital formation. An economy is said to grow when the savings and investment trends is in an increasing trend. Teachers are the knowledge hub of the country; they play an important role in developing the nation by sharing their knowledge and their experience to the young generation. As teachers are considered to be an important asset to a nation their wellbeing as well as the quality of their life should be safeguarded. By taking this as the background the study made an attempt to analyze the savings and investment pattern of the teaching faculty in the affiliated colleges of Alagappa University.

1.1 Objective of the study:

- To assess the level of investment awareness among the respondents in the study area.
- To analyze the investment pattern of the respondents in the study area.

1.2. Hypotheses

The following hypotheses were framed for the purpose of testing and finding out appropriate inferences,

1. H0= There is no significant association between monthly income and proportion of savings in earnings.
2. H0= There is no significant association between Gender and type of investment.

1.3. Research Methodology

Alagappa University is located at Karaikudi, it has 40 affiliated Colleges (as on 2016) located in the districts of Sivaganga and Ramanathapuram district. The area where this study was conducted is within the Jurisdiction of Alagappa University. The study area for this research is the two districts namely Sivaganga and Ramanathapuram that comes under the jurisdiction of Alagappa University. As on 2016 affiliated colleges of Alagappa university consist of Government Colleges (11), Self Finance colleges(17) ,Constituent colleges(1), Aided colleges(5) and Evening college(6).

The study is descriptive in nature. Responses on various factors and patterns of investment were elucidated through a sample survey for meaning analysis. The target population for the study is 1500 regular teaching faculty members in the affiliated colleges of Alagappa University which consist of assistant professors and professors. Simple random sampling method was adopted for choosing the sample respondents. As per the target population listed above, the researcher has chosen 315 respondents randomly

that representing the right sample size based on formula proposed by Taro Yamane. The total number of 315 questionnaires has been served to the respondent. 15 respondents have not provided appropriate information; therefore 300 respondents were included for the analysis.

1.3.1. Formula for determining needed sample size

To get the sample size from the population Taro Yamane (1989) Formula was taken into consideration. Confidence level of 95% and margin of error was considered. This formula was used to get the sample from the teaching faculty members in affiliated colleges of Alagappa University. According to Yamane formula the sample size (n) desired for the study is calculated as:

$$n = \frac{N}{1 + N(e)^2}$$

The total respondents of the study was 315

The respondents were chosen randomly from the available faculty members in each institution. They were contacted with a structured questionnaire for data collection.

1.3.2. Data source and instruments

The study of this nature requires both primary and secondary data. The main types of data source used in this study are primary data. The primary data were collected through a structured questionnaire containing both open and closed ended questions.

Statistical tools such as: Descriptive statistics, chi-square test, Analysis of variance, and percentage analysis were used to analyze the primary data collected from the respondents.

1.4. Limitation of the study

The study covers only the regular teaching faculty members working in affiliated colleges of Alagappa University and the study does not concentrate in collecting information from the faculty working in evening colleges, constituent colleges and part time teaching faculty.

2. Review of Literature

Sood and Kaur(2015) in their study specified that majority of the teachers prefer bank deposits and government securities for their investment and their awareness level is very less in equity and mutual funds. Koti (2014) stated that most of the teachers prefer bank deposit for savings. Dharani and Inbalakshmi (2014) analyzed the investment pattern of working women in dindigul district, in their study they have analyzed that most of the respondents save and invest mainly to avail tax relief. Kavitha and Madhavan(2014) in their opined that most of the respondents prefer stock index future, mainly for wealth maximization. Prakash and Sundar(2013) in their study highlighted the point that most of the investors before investing get advice and guidance from their family members. Bairagi and Rastogi (2013) in their study stated that as the investors are very conscious in safety aspects so they prefer to deposit with their money in banks. B.N.Panda & J.K.Panda (2013) made a comparative study on the relevance of

demographic factors in investment decision with respondents from education sector. The study analyzed that there is a significant relationship between the demographic factors such as gender, age, education, occupation, annual income and savings with the sources of awareness with the analysis of investment avenues. Many studies highlighted the savings and investment pattern of the teaching faculty in various districts of India. Apart from analyzing the savings and investment pattern of the teaching faculty in affiliated colleges of Alagappa University the present study focus its attention towards the various factors that

determine the savings and investment pattern in the chosen study area.

3. Data Analysis & Discussions

The attitude of teaching faculty towards consumption, savings and investment would reflect their economic behaviour, which would not only influence quality of life, but also the profession and education system as well. The present table elucidates detailed information about the Demographic profile as well the investment pattern of the respondents.

TABLE 1: DEMOGRAPHIC PROFILE OF THE RESPONDENTS

VARIABLE	N=300	PERCENTAGE
AGE		
20-30	85	28
31-40	124	41
41-50	73	24
Above 50	18	6
Total	300	100
GENDER		
Male	166	55
Female	134	45
Total	300	100
MARITAL STATUS		
Married	221	74
Un married	72	24
Divorced	5	2
Widow	2	1
Total	300	100
QUALIFICATION		
Post graduation with NET/ SET	76	25
Post graduation with Mphil	130	43
Post graduation with Ph.D	45	15
Post graduation with Ph.D & Set / NET	49	16
Total	300	100
TYPE OF ORGANIZATION		
Government College	110	37
Private college	190	63
Total	300	100
NAME OF DEPARTMENT		
Commerce & Arts	141	47
Management	48	16
Science	111	37
Total	300	100
YEARS OF EXPERIENCE		
Less than 5 yrs	98	33
5 to 10 yrs	107	36
10 to 15 yrs	48	16
DESIGNATION		
Asst Professor	238	79
Associate Professor	38	13
Professor	24	8
Total	300	100
FAMILY SIZE		
Up to 3	110	37
4 to 6	159	53
above 6	31	10
Total	300	100
MONTHLY INCOME		
Less than Rs.20,000	154	51
Rs.20,000 to 40,000	59	20
Rs.40,000 to 60,000	22	7
Rs.60,000 to 80,000	23	8
Rs.80,000 to 1,00,000	21	7
More than 1,00,0000	21	7
Total	300	100

Source: Compiled from primary data

The demographic distribution of 300 respondents on the basis of their age, gender, marital status and qualifications, type of organization, name of the department, years of experience, designation, number of dependants in family and monthly income were analyzed in table.1. It was observed from the table that 41 per cent of the respondents were in the age group of 31-40 years, 28 percent of the respondents were in the age group of 20-30 years and the remaining 20 and 6 percent of the respondents were in the age group of 41-50 years and above 50 years respectively. Out of the 300 respondents 55 per cent of the respondents were male and the remaining 45 per cent were female. Regarding the marital status of the respondents 74 per cent were married, 24 per cent of them are unmarried and the remaining 2 and 1 per cent of the respondents comprising of divorced and widow. The respondents who were contacted are qualified with M. Phil/ Ph. D or Ph. D with SET/NET. Along with their post graduation majority of the respondents (43%) possess M. Phil degree, 25per cent of respondents have cleared either SET or NET and 16 per cent of respondents are highly qualified with Ph.D and SET/NET. As per the regulation all the respondents are qualified to teach in college.

From the above table it is evident that among the type of organization, 63 per cent of respondent were from private colleges and rest from the government colleges.107 respondent have work experience of 5 to 10 years, 98 respondents have experience of less than 5 years, 48 respondent were having more than 10 to 15 years of experience and 48 per cent have more than 15 years. So the majority of the respondents were having experience between 5 to 10 years. Out of 300 respondents contacted 238 of them are in the grade of Assistant Professors and 24 are Professors. Majority of the respondents are from commerce and arts (47%) category and which is subsequently followed by management faculty (16%) and science faculty (37%) respectively. The family size of 159 respondents are 4 to 6, 110 respondent's family size is up to 3 and 31 respondents have the family size of above 6. Monthly income of 154 respondents is less than Rs.20, 000, as majority of them are working in private colleges their income are very less. 59 respondents salary is between Rs. 20,000 to Rs.40,000, 23 respondents getting the monthly income between Rs.60,000 to Rs.80,000 and 21 respondents were getting the monthly income more than Rs.1,00,000.

TABLE 2: INVESTMENT AWARENESS AND INVESTMENT MADE BY THE RESPONDENT

Investment Avenue	Faculty of					
	Arts (141)		Management (48)		Science(111)	
	Investment Awareness & Investment made	Not Aware & Not Invested	Investment Awareness & Investment made	Not Aware & Not Invested	Investment Awareness & Investment made	Not Aware & Not Invested
Real Estate	100 (71)	41 (29)	33 (69)	15 (31)	67 (60)	44 (40)
Share	68 (48)	73 (52)	22 (46)	26 (54)	60 (54)	51 (46)
Gold	113 (80)	28 (20)	33 (69)	15 (31)	89 (80)	22 (20)
Mutual Fund	81 (57)	60 (43)	31 (65)	17 (35)	72 (65)	39 (35)
Post office Deposits	115 (82)	26 (18)	34 (71)	14 (29)	86 (77)	25 (23)
Bank Deposits	96 (68)	45 (32)	31 (65)	17 (35)	70 (63)	41 (37)
Debt Securities	68 (48)	73 (52)	27 (56)	21 (44)	61 (55)	50 (45)
Insurance Policies	88 (62)	53 (38)	31 (65)	17 (35)	72 (65)	39 (35)
Fixed deposits with companies	77 (55)	64 (45)	25 (52)	23 (48)	58 (52)	53 (48)
Futures/Options/ Derivatives	63 (45)	78 (55)	23 (48)	25 (52)	53 (48)	58 (52)
Provident Fund	74 (52)	67 (48)	28 (58)	20 (42)	51 (46)	60 (54)
Contribution to Chits	67 (48)	74 (52)	27 (56)	21 (44)	44 (40)	67 (60)
Deposited with private parties	67 (48)	74 (52)	22 (46)	26 (54)	43 (39)	68 (61)
Others	65 (46)	76 (54)	17 (35)	31 (65)	43 (39)	68 (61)

Source:Compiled from Primary data, Note: Figures in the parentheses refers to the concerned total

Table 2 provides an overview about the respondent's awareness as well as their investment pattern in various investment avenues. Out of 300 respondent's conducted majority of respondents are from Arts stream (141) which is subsequently followed by Science faculty (111) and management faculty (48) the respondent s investment awareness and investment made were analysed by listing 13 securities from gold to company securities.

Out of 141 Arts faculty respondents only 45 per cent of them have awareness in Futures/options/ derivatives (FOD). Out of 13

securities listed in the above table, investment made by the Arts faculty is very less that is (45%) in FOD. It is quite shocking to know that being Arts faculty their knowledge in security market is very less. Apart from the specified securities 46% of the Arts faculty members also have knowledge in other form of investment which is not specified in the above list.

Among 48 Management faculty respondents' majority of them (34) parked their surplus fund in post office deposit which is subsequently followed by investment in real estate and gold. Out of 48 Management faculty respondent's 22 of them deposited with private parties.

Out of 111 Science faculty respondent's contacted majority of them (89) invested in gold which is subsequently followed by post office deposit (86), Insurance policy (72), Bank deposit (70) very less number were deposited with private parties (43).

From the above table it is evident that Arts faculty member concentrates much on post office deposit and less on FOD. The Management faculty respondents also concentrate more on post office deposit and less on FOD. Science faculty member concentrate much on gold and post office deposited. Their investments in deposit with private parties are very less.

From the analysis it is visualized that irrespective of the faculty all the respondent are investing in safer manner. Their knowledge in derivatives is very less.

It is evident from the table all the respondent's have the habit of saving and investment.

TABLE 3(A): FIRST THREE PREFERRED INVESTMENTS BY THE RESPONDENTS

S.No	Arts	Management	Science
1	Post Office Deposit	Post Office Deposit	Gold
2	Gold	Gold Real Estate	Post Office Deposit
3	Real Estate	Bank Deposit Insurance Mutual Funds	Mutual Fund Insurance policies

Source: Compiled from Primary data

TABLE 3 (B): LEAST PREFERRED INVESTMENT BY THE RESPONDENTS

S.No	Arts	Management	Science
1	Futures/Options/ Derivatives	Other investments	Other investment
2	Other Investment	Deposited with Private Parties/ Shares	Deposited with Private Parties
3	Chits	Futures/Options/ Derivatives	Chits/ Provident Fund

Source: Compiled from Primary data

Table 3(A) and 3(B) is self explanatory.

Chi-Square Test

Hypothesis: There is no significant association between monthly income and proportion of savings in earnings

TABLE 4: ASSOCIATION BETWEEN MONTHLY INCOME AND PROPORTION OF SAVINGS IN EARNINGS

S. No	Factors	Pearson Value	df	Sig.	Remarks
1	Monthly Income	81.402	20	.000	Significant
* Significant at 0.05 % level					

Source: Compiled from primary data

From the above table it is inferred that the calculated value is 81.402 at significant value of 0.000 at degrees of freedom 20. As the significant value is less than 0.05 the null hypothesis is rejected. Hence it is concluded that there is association between the monthly income and savings of the respondents.

TABLE 5: DIFFERENCE BETWEEN GENDER AND LEVEL OF AWARENESS IN VARIOUS SMALL SAVINGS SCHEMES:

ANOVA						
Factors		Sum of Squares	df	Mean Square	F	Sig.
Just i know	Between Groups	.011	1	.011	.009	.000
	Within Groups	364.986	298	1.225		
	Total	364.997	299			

I know all its features	Between Groups	4.222	1	4.222	4.446	.036
	Within Groups	282.965	298	.950		
	Total	287.187	299			
I am having through understanding	Between Groups	1.502	1	1.502	1.410	.000
	Within Groups	317.495	298	1.065		
	Total	318.997	299			
I have expert knowledge	Between Groups	4.951	1	4.951	2.883	.000
	Within Groups	511.769	298	1.717		
	Total	516.720	299			
Not aware	Between Groups	4.924	1	4.924	2.405	.122
	Within Groups	610.063	298	2.047		
	Total	614.987	299			
* significant at 0.05 % level						

Source: Compiled from primary data

From the above table it is inferred that relating to level of awareness in various small savings schemes, out of five factors I know all its features and not aware show a significant difference with the gender, since the significant value is less than the "P" value (0.05%). Hence the null hypothesis is rejected. Source of Just i know, I am having through understanding, I have expert knowledge shows no significant difference with the gender. Hence the null hypothesis is accepted which means that different genders do not have the same level of awareness on various small savings schemes.

4. Suggestions

The study has revealed that the respondents regularly save and invest. But they do not have a well diversified portfolio of investment. In This context, the following suggestions are offered.

1. Most of the respondents are exposed to traditional avenues of investment such as postal deposits, Bank deposits, Insurance, Gold and Land and Buildings. They are very much reluctant to invest in other financial assets such as Shares, Debenture, Bonds and Futures / Options / Derivatives. This is mainly due to their notion that such investments are too risky. Hence it is suggested to create adequate financial literacy among the teaching faculty. The University can take up the initiative of organizing financial Literacy camps focusing on the benefits of long-term equity investment, systematic investment plans of mutual funds, term life policies etc. Such programmes may also throw light on the risk associated with investment in the organized sector like chit companies, private investment scheme etc.
2. Most of the respondents are not enjoying the benefits of full pension. The investment pattern of the respondents has revealed that the pension funds are not popular among them. This in turn calls for periodical allocation of funds for a secured retired life. So it is suggested that they can consider the pension funds as a viable option for such investment.
3. Periodical updates about the trends in the financial markets can be provided through newsletter, Meeting, discussions and seminars.
4. As teachers play a crucial role in the process of nation building, investee institutions can consider launching exclusive / tailor made schemes to suit the requirements of the teachers.
5. Equity Investment pattern of the respondents are not appreciable. There is lot of untapped potential for the financial service provides in this segment. Specific promotional program for inculcating equity investment culture can be

designed with simplified procedures and reasonable service charges and fees.

5. Conclusion

This research has helped the researcher to understand the patterns of savings and investments by a decently earning upper middle class and middle class salaried segment of the economy. This salaried upper middle class and middle class have the real potential to save and invest for the betterment of their families as well as the country.

It has also been found out, through the study that the spending culture influenced by the growing consumerism has taken a toll on the savings and investment. The importance of savings and investment is rather considered less priority and maintaining a better lifestyle is considered a top priority.

It is high time that the Government, Employers and Financial Institutions take appropriate measures to encourage savings habit. This can be boosted through innovative savings component in the salary itself along with some special incentive to those who save more.

"A penny saved is a penny earned" is an old adage and it is losing its relevance in the modern society. This has to be brought back as a mantra for a better living in a better society.

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