A STUDY OF THE INVESTMENT BEHAVIOUR AND INVESTMENT DECISION MAKING BY TEACHING FACULTY OF COLLEGES TOWARDS STOCK MARKET

Deepak Kumar Baser Research Scholar, Department of Accountancy and Statistics, University college of commerce and management studies, Mohanlal Sukhadia University, Udaipur. Can be reached at deepakbaser79@gmail.com

Dr. Parul Dashora Assistant Professor, Department of Accountancy and Statistics, University college of commerce and management studies, Mohanlal Sukhadia University, Udaipur. Can be reached at dr.paruldashora@mlsu.ac.in

ABSTRACT

Investment is as vital as earning. When you earn money, save money, and don't invest it then the purchasing power of money will decrease with the influence of inflation. With proper investment, one can get a high return as well as financial independence after retirement and tax benefits to reach the financial goal. Investment in the share market is very risky as we can make manifold return from it and on the other hand, we also destroy our capital. So investment decisions towards shares of companies should be based on all aspects of the company, industry, and future circumstances of the economy. This research is an attempt to analyze the investment behaviour of college teachers towards share market, risk factors analysis to investment in shares of the particular company, the appropriate area of investment in the share market, different sectors of investment. The result of the research obtains different risk factors which we have to consider while investing are rate of return, concentration, liquidity, management capacity, the future trend of the economy, etc.

KEYWORDS: Investment behaviour, Demographic factors, teaching faculties, Sectors of investment, Risk factors, Income, Rate of return. Liquidity

INTRODUCTION

Investment refers to the surplus that is left after consumption, keeping it a place that will continue to receive regular income in the future. Money should also be safe and in some contingent circumstances, we can get that money back. It is the process of managing one by which we keep our money safe and also try to fulfil future requirements. Generally, various pension schemes, post office saving schemes, etc are operated by the government for regular income. Although it earns a regular income, it is very small. This is why some progressive investors invest in the stock market in the hope of earning more. If the investment is made keeping in mind all the risk factors and future trends, then in the short term, the value of the investment can be increased manifold. Apart from this the investment made in ignorance, the value of the investment can also be zero. The spectrum of investment in the stock market is very vast today which comprises various sectors as Banking sectors, Auto sectors, IT sector, Consumer Durables sector, etc. all the sectors have risk but the quantity varies. One who wants to invest should know risk factors lays in all these sectors and should change according to possible changes and possibilities in the future. This study will help to analyze the risk factors belong in various area of the stock market investment. This research is done with the teaching faculties of colleges in Bhilwara District of Rajasthan State.

REVIEW OF LITERATURE

(K.V. Ramanathan & Dr. K.S. Meenakshisundaram, 2015)[6] Income and investment are positively correlated and respondents know about the selection basis of investment and would prefer their investment where the return on investment is good and also a good investment which increases assets creation in their future.

(Swati Vishnoi & Ritu Gangil, 2015)[4] Investor shows risk-seeking behaviour and restrict selling stocks when faced with a loss and found as risk seeker are neutral towards the risk and respondents display risk aversion behaviour with objective of fixed income and short term they avoid after incurring a loss.

(Satish Singh, Anuj Sheopuri & Mohammad Sajid, 2019)[3] Investors know the importance of money and investment, but there is a lack of knowledge for shares, bonds, mutual funds, etc. They still prefer traditional techniques of saving, rather than modern methods. It is also proved that all the working people save the money for their children's education, marriage, medical security, and house construction objectives, etc. Traditional saving techniques like post office schemes and fixed deposits are still very popular among college teachers. They have safety as well as security, which is the main reason for investment.

(S. Sabarinathan & Dr. R. Vanathi, 2020)[2] Most preferred investment avenues by all kind of people are fixed deposit in a bank, Post office saving and Gold. It may due to their objective of the safety of investment amount and lack of financial literacy. Professional people and salaried class investors prefer to invest in mutual funds, insurance sectors and tax benefits investment, retirement benefits investment, etc.

(Cathy Pareto, 2021)[8] stated in a research article on "Understanding Investor Behaviour" fear of regret or simply regret theory, deals with the emotional experience after realizing they've made an error in judgment. Faced with the prospect of selling a stock, investors become emotionally affected by the price at which they purchased the stock. So, they avoid selling it as a way to avoid the regret of having made a bad investment, as well as the embarrassment of reporting a loss. In the absence of better or new information, investors often assume that the market price is the correct price. People tend to place too much credence in recent market views, opinions and events, and mistakenly extrapolate recent trends that differ from historical, long-term averages and probabilities.

(Sharon Collard, 2009)[7] Consumers generally lack any detailed knowledge or understanding of pensions and investments, even though they are increasingly expected to make their financial provision for retirement.

(W Fred van Raaij, 2016)[9] News, Rumours, Speed and Availability of information play important roles in investment markets. Risk propensity, risk preference, and attitude are the major concepts and explanations of investment behaviour. Investors employ biases and heuristics in their decisions to invest or not, and how much to invest.

OBJECTIVES

From the above review of literature, it seems that the study of investment behaviour towards the share market regarding teaching faculties of colleges was not made earlier. Hence an attempt is being made in this to study and analyze the investment behaviour of college faculties with the following objectives.

- To examine the profile of the respondents.
- To find out the relationship between income and investment.
- To find out different areas of investment in the share market.
- To analyze different types of risk lays under the various sector of the share market.

RESEARCH METHODOLOGY

It is a known and fact that the validity of any research depends on the procedure for the collection of data and the technique which is used to analyze the data. For this study survey method is used for the collection of the data. A well-structured questionnaire is made for the collection of primary data by the respondents. The primary data is collected from 103 teaching faculties employed in the different colleges of Bhilwara district of Rajasthan state. The secondary data was collected from websites, newspapers, magazines, etc. For analyzing the collected data tabulation, percentage, average, Karl Pearson's correlation coefficient, cross-tabulation, and percentage difference analysis are used.

Hypothesis

H_{01}: there is no significant relationship between the income of respondents and investment towards the stock market made by the respondents.

H_{02}: There is no association between the investment sector and risk factors affecting investment.

H₀₃: there is no connection between investment decisions and risk factors associated with investment sectors.

Demographic profile of the respondents

Table - 1 obtains the summary of the demographic characteristics of the respondents.

Analyzing the demographic variables in table – 1 it may be observed that 59% of respondents are male and the remaining female. 44% of respondents are in the age between 41 to 50 years and 34% are between 51to 60 years. 92% of respondents are married and remaining unmarried. 43% of respondents are Ph. D. qualified and the remainings are Post Graduate. 48% of respondents are Assistant Professors while 43% are Associate Professors and the remaining are professors. 69% of respondents lived in a nuclear family while 31% in a joint family.

Table 1 – Demographic profile of the respondents

Variables		No. of faculties	%
Gender	Male	60	59
	Female	43	41
Age	21-30	10	10
	31-40	12	12
	41-50	45	44
	50-60	36	34
Marital Status	Unmarried	8	8
	Married	95	92
Qualification	Post Graduate	59	57
	Ph. D.	44	43
Grade	Assistant Professor	49	48
	Associate Professor	44	43
	Professor	10	9
Family	Nuclear	71	69
	Joint	32	31

Table 2 – Distribution of Income, Investment in Share Market, Objectives of Investment, Sectors, and risk to be considered while investing by respondents

variable		No. of Faculties	%
Income	₹ 5 – 10 L	17	16
	₹ 10 – 15 L	39	38
	₹ 15 – 20 L	40	39
	₹ > 20 L	7	7
Investment in share market	< ₹ 2 L	82	80
	₹ 2 – 2.5 L	18	17
	> ₹ 2.5 L	3	3
Objectives	Habit	5	18
	Family Income	4	15
	Extra Income	6	22
	Assets Creation	12	45
Sectors	Banking	1	4
	IT	15	56
	Telecom	2	7
	Pharma	7	26
	Auto	2	7
	Consumer Durable	0	0
Risk Consideration	Rate of Return	12	44
	Liquidity	3	11

	Age of Company	5	19
	Future of Company	6	23
	Management capacity	1	3

Person Correlation of coefficient between Income and Investment towards Stock Market

Table 3 – Relationship between Income and Investment

Income (in Lakh)	Investment in Stock Market(in Lakh)
5 – 10	.5
10 – 15	.2
15 – 20	2.2
20 – 25	1.7

X – Income of the respondents Y – Investment of the respondents
r = 0.7578

The relationship between the variable was found by using the person correlation coefficient method. A positive correlation exists between the variable income and Investment. There is a strong relationship between these. Table 3 shows that when the income was 5 to 10 lakhs then the investment is ₹ 50000. The objective for this investment is to the need of extra income. When to income increase to 10 to 15 lakhs then investment decreases to ₹ 20000 due to less need of extra income. After that while income increase to 15 to 20 lakhs and 20 to 25 lakhs then investment towards share market also increases to 2.2 and 1.7 lakhs respectively. The objective for this investment is to assets creation.

PREFERENTIAL SECTORS OF INVESTMENT IN STOCK MARKET
According to the survey, some sectors are shortlisted with preference.

- IT Sectors – table 2 shows that 55% of investors invest their saving into Information Technology (IT) sector. This field has been preferred due to the immense possibilities of multiplying the return and least risk zone situation. With the improvement in the economic situation in the US, the prospects of development of this sector in India have increased. The future of this sector is bright with many international companies coming to India in the circumstances following the COVID 19 and Lockdown. Infosys, TCS, Wipro are the main IT companies in India.
- Pharmaceutical – Like IT, Pharmaceutical is also an important sector to grow in India and it has unlimited potential in the future. 26% investor has invested in this sector. Due to COVID 19 Vaccine (Covaxin and Covishield), the goodwill of the Pharmaceutical sector of India has increased manifold in the world and there are a lot of possibilities for this sector to develop.
- Auto Sector – 2 wheeler, 3 wheeler, and 4 wheeler manufacturing companies come in this sector. 7% of the investment has been made in this sector by the investors. Keeping in mind the future requirements, there is a potential for more growth in demand for Electric Vehicles, and investing in these companies will grow progressively and its share price will increase shortly.
- Banking Sector – 4% invested in the banking sector and investors want to get out of this high-risk sector. Increasing NPAs of banks have adversely affected the performance of this sector. Shareholders of PNB and YES bank have to bear losses.

Preference of Risk Factors Consider while Investing
Based on the responses given by the respondents, a table of risk factors was created and analyzed. Risk factors were ranked by priority based on analysis. The analysis is as follows.

- Rate of Return – ROR is mainly considered while investment is made. ROR is parallel to risk as a higher risk rate leads to higher ROR and at a low-risk rate, the ROR also decreases. 44% of respondents examine the return on investment before investing. According to respondents " It has to be kept in mind that ROR rate should always be higher than the interest rate of the post office saving and bank interest rate as it has a very low-risk factor.

- Future of company – Before investing, it is also necessary to evaluate what is the future of the business in which the company is engaged. 23% of the respondents place a strong emphasis on the future of the company. We see that in the present scenario there is a lot of potential in the IT, Pharmaceutical, and electric vehicle sectors.
- Age of Company – 19% of the respondents take into account the age of the company while investing because the old company is a well-settled company and the investment is safe there while a new company that is not yet well settled, there is a high-risk zone.
- Liquidity – The risk of being unable to sell your investment at a fair price and get your money out when you want to. It is very important to have liquidity in the investment so that contingency needs can be met. 11% of the respondents consider the quality of liquidity to be necessary for the investment.
- Management capacity – High-quality Management can make any company a successful company in the future and investors also obtain an unexpected return. Therefore, it is very important to evaluate the management capacity of the company before the investment decision. 3% of respondents consider management capacity to be important.

SALIENT FINDINGS

1. Out of the total respondents, 59 % respondents are Male and 44 % of respondents are between the Age Group of 41 to 50 years.
2. Out of the total respondents 92 % of the respondents are married and 44 % of the respondents are Ph. D. degree holders.
3. 48% of respondents are Assistant Professor and 69% respondents belong to Nuclear family.
4. 39% of respondents are in the income group of ₹ 15 to 20 lakhs but only 27% of respondents invest their saving in the share market and 25% another wants to invest in share market but don't invest due to lack of financial knowledge.
5. Positive correlation found between the variable Income and Investment towards Share Market. There is a strong relationship between Income and Investment.
6. The main objective for the investment towards the share market is Assets Creation. 45% respondent wants to assets creation where 22% wants to make extra income from the investment.
7. IT and Pharmaceutical are the main preferred sector where respondents want to invest as they have the highest potential in the future and want to withdraw their investment due to more NPA in the banking sector.
8. The most important risk element in investment selection is Rate of Return and 44% of the respondents choose the investment based on this. At the same time, 23% of the respondents prioritize the possible future of the company in investment selection.

CONCLUSION

This research study was done to find out on what basis do faculties working in the higher education sector invest in the stock market and to know that full awareness is adopted in investment selection. A positive correlation was found between Income and investment in the stock market. There is a strong relationship between the two. Only 27% of respondents invest in the stock market and the other 25% want to invest though and will invest in the future but currently, due to lack of complete knowledge of the stock market, they are far from investing. The main objective of this research is to know that in the stock market where there are innumerable sectors for investment, which sector has the potential for future growth and which is the sector that reduces the value of an investment. And also the study will obtain the risk factors that should be investigated in order of priority for selecting an investment. Most investors invest for the object of asset creation and return on investment. Information Technology and Pharmaceutical sectors are the most preferred sectors, where the investor wants to invest and the future prospectus are found in these sectors. The combined effect of risk elements should be kept in mind while investment selection. The most important risk elements

are the rate of return and future of the company that must be studied for each investment selection. It is also suggested that an investors education program should be conducted in which the investors are aware of the risk factors inherent in various sectors and keep their investments fully protected. This research will guide a common person to investment selection for their savings by analyzing the risk factors in the appropriate company of the appropriate sector.

REFERENCES

1. Manchandra S. C. (2019). Security Analysis and Portfolio Management. *New Age International Publishers.*
2. Sabarinathan S, Vanathi R. (2020, July 2). A Review Research on Investment Behaviour of Different Class People in India. *Dogo Rangsang Research Journal*. 10 (07). 2347-7180
3. Singh Satish, Sheopuri Anuj & Sajid Mohannad. (2019). Investment Behaviour and Awareness among Teachers of Private Colleges. *Innovare Journal of Business Management.* 7 (4). 2321-6816
4. Visnoi Swati, Gangil Ritu. (2015, March). A Study of Investment Behaviour Concerning Risk Factor in Stock Market. *Journal of Management Value & Ethics*. 15 (5). 2249-9512
5. Panday N.S., Kathavarayan P. (2017, Jan. 7). Empirical Analysis on Saving and Investment Behaviour of College Faculty Members in Puducherry Region. *Pacific Business Review International*. 9 (7) Jan. 2017
6. Ramanathan K.V., Meenakshisundaram K.S. (2015, July 12). A Study of the Investment Pattern of Bank Employees. Proceeding of International Conference on Management Finance Economics. 9788193137307
7. Collard Sharon. (2009. January). Individual Investment Behaviour: *A brief review of research.* Retrieved from http://www.bristol.ac.uk/media-library/sites/geography/migrated/documents/pfrc0901.pdf
8. Pareto Cathy. (2021, March 20). Understanding investor's behaviour. Retrieved from https://www.investopedia.com/articles/05/032905.asp
9. van Raaij W.F. (2016) Investment Behaviour. In: Understanding Consumer Financial Behaviour. Palgrave Macmillan, New York. 978-1-349-71343-1. p 89-90. Retrieved from https://link.springer.com/chapter/10.1057/9781137544254_7