



A STUDY ON TEACHERS' PERCEPTION ON INVESTMENT ALTERNATIVES IN DHARMAPURI DISTRICT, TAMILNADU

Dr.G.Prabakaran* M.Gandhi**

*Assistant Professor, Department of Business Administration, Government Arts College, Dharmapuri, Tamilnadu, India.

**Doctoral Research Scholar, Department of Management Studies, Periyar University, Salem, Tamilnadu, India.

Abstract

This paper has attempted to assess the college teachers' perception with reference to Dharmapuri district. The research design applied for this study is descriptive. Both primary and secondary data were used in this study. Primary data were collected from college teacher investors in five taluks of Dharmapuri district, Tamilnadu. Secondary data were also collected from journals, magazines, periodicals and dailies. The sample respondents who have been working as college teachers in government and private colleges were selected by adopting multi stage random sampling process. Despite, college teachers have obtained post graduate degree, PG with M.Phil., or Doctoral degree, 174 (46.5%) respondents have medium level of perception, 143 (38.2%) respondents have very high level of perception, 51 (13.6%) respondents have very low level of perception and 3 (0.8%) respondents each have high level and low level of perception towards various investment alternatives. Therefore, investors should gain adequate extent of perception through various sources of information. Out of nine sources of information 56.7% of the investors have preferred to seek information from friends and colleagues.

Key Words: Investment Alternatives and Perception.

1. Introduction

Investment is the allocation of monetary resources to assets that are expected to yield some gain or positive return over a given period of time. These assets range from safe investment to risky investments. Investments in this form are called "Financial investment". The nature of investment in the financial sense differs from its use in the economic sense. To the economist, 'Investment' means the net additions to the economy's capital stock which consists of goods and services that are used in the production of other goods and services. In this context, the term investment implies the formation of new and productive capital in the form of new construction, new producers' durable equipment such as plant and equipment, inventories and human capital are included in the economist's definition of investment. Hence the financial and economic meaning of investment is related to each other because investment is a part of savings of an individual's which flow into the capital market either directly or through institution, divided in 'new' and second hand capital financing.

Investors are heterogeneous group, they may be large or small, rich or poor, experts or laymen and not at all investors need equal degree of protection (Mayya,1996). An investor has three objectives while investing his money namely, safety of invested money, liquidity position of invested money and return on investment. Among all investment options (Bank Deposits, Post office deposits, Co-operative deposits, Public provident fund deposits, PSU bonds, Government securities, equity shares, preference shares, debt schemes, LIC policies, money market investments, investments in real estates and investment in precious objects) securities are considered the most challenging as well as rewarding. Securities include shares, debentures, derivatives, units of mutual funds, government securities etc., (section 2 (b) of the securities contracts (Regulation) Act, 1956). An investor may be an individual or corporate legal entity investing funds with a view to derive maximum economic advantage from investment such as rate of return, capital appreciation, marketability, tax advantages and convenience of investment. Different investment options represent a different risk-return trade off. Low risk investment offers are assured, but fetch lower returns, while high risk investments provide the potential to earn greater returns. Hence, an investors' level of risk tolerance plays a key role in choosing the most suitable investment.

2. Significance of the study

Capital market facilitates mobilization of savings of individuals and pools them into reservoir of capital which can be used for the economic development of a country. An efficient capital market is essential for raising capital by the corporate sector of the economy and for protection of the interest of investors in corporate securities. There arises a need to strike a balance between raise the capital for economic development on one side and protection of investors on the other. Unless the interests of investors are protected, raising capital by corporate is not possible. An efficient capital market can provide a mechanism for raising capital and also by protecting investors in corporate securities. In the Indian capital market scenario, a series of attempts has been made by means of taking legislative measures to create a healthy and sufficient market. Investments are important and useful in the context of present day conditions. Some factors that have made investment decisions increasingly important in longer life expectancy or planning for retirement, increasing rates of taxation, high interest rates, high rate of inflation, larger incomes and availability of a complex number of investment outlets. The importance of investment decisions



is enhanced by the fact that there is an increasing number of women working in organizations. Men and women will be responsible for planning their own investments during their working life so that after retirement they are able to have a stable income. Investment decisions have assumed importance due to general increase in employment opportunities in India. The employment opportunities give rise to increasing incomes.

3. Statement of the Problem

Despite college teacher investors of the Dharmapuri district being educationally well qualified; they have limited awareness on various investment avenues. Based on the pilot study, it is observed that majority of the College Teacher investors are not in a position to take prudent decisions i.e., right decisions at right time as different avenues have different merits and demerits. For example equity stock has the characteristics of limited liability, potential profit, easy transferability, shares in growth and tax advantage but it has high risk. Preference shares are a hybrid between the equity shares and the bonds. They resemble the bondholders because their requirements are stable and their dividends are cumulative in nature. But they do not enjoy voting rights, price appreciation or appreciation in the value of stock prices. Bonds are considered as senior security and are in the form of creditor's securities. These do not give a right ownership as in the case of equity shares or preference stock. Bonds do not share in the growth of a company. An intelligent investor will not only invest in bonds but also in other securities like equity shares and preference shares. The main purpose of derivatives is to minimize the risk of the investors. However the derivatives in the present form are quite new to the college teacher investors.

The investor may choose from this list after analyzing the advantages and disadvantages provided by each investment. The investors have a lot of suspicion and doubts about the operation of various investment avenues; If the principal really protected? Whether the risks are adequately covered? Is the return available on these investment avenues considered adequate by the investors? Whether investment in these avenues provides safety of investment for investors? Whether investors still prefer investments in shares and debentures or alternative forms of investment? Whether income schemes are providing adequate return to the investors? The present study tries to address the above questions as well as to provide information on investors' perception and behaviour towards investment in various avenues.

4. Objective of the Study

To assess the college teachers' perception towards various investment avenues.

5. Research Methodology

The research design applied for this study is analytical and descriptive. Both primary and secondary data were used in this study. Primary data were collected from college teacher investors in five taluks of Dharmapuri district, Tamilnadu. Secondary data were also collected from journals, magazines, periodicals and dailies. Data collection instrument was designed in accordance with the statement of the problem and objectives of the study. The variables identified from review of literature were taken into account while drafting and finalizing the data collection instrument. The opinion from a panel of members comprising experts in the field of stock market, management, psychology and statistics was sought for, at every stage of designing the final interview schedule. The sample respondents who have been working as college teachers in government and private colleges were selected by adopting multi stage random sampling process.

- **First Stage:** In the first stage of sample selection, Dharmapuri district was chosen and divided into two divisions, namely, Dharmapuri and Harur.
- **Second Stage:** In the second stage of sample selection process, two major divisions were divided into five revenue taluks. All the five taluks namely, Dharmapuri, Palacode and Pennagaram from Dharmapuri division and Harur and Papireddipatti from Harur division were considered for sample selection.
- **Third Stage:** In this stage of sample selection process, all the five taluks were divided into eight blocks. Sample respondents were selected from all the eight blocks.
- **Fourth Stage:** Totally 374 Sample respondents were proportionately selected from all the government and private arts and science colleges. (ie, 44 percent of the total population) of this district.

6. Limitation of the study

The study is confined to teacher investors working in arts and science colleges of Dharmapuri District only.

7. Data Analysis

Investors' investment perception is analysed using factor analysis and cluster analysis.



Factor Analysis

The factor analysis is used to identify and define the underlying dimensions in the original variables. Here, 17 variables are identified to study the investors' perception towards investment avenues. The variables are stated in the form of statements to collect opinion from investors. Investors are asked to give their opinion for all the 17 statements in the Likert's five point scale with alternate options such as strongly disagree, disagree, neither agree nor disagree, agree and strongly agree. The correlation among these variable is calculated. Normally a correlation value 0.3 is considered sufficient to explain the relation between variables. If the correlation between variables is small, it is not likely that they share common factors. A closer examination of the correlation matrix may reveal variables which do not have any relationship. Therefore, all the 17 variables have been retained for further analysis. Further KMO and Bartlett tests are applied to the resultant correlation matrix to test whether the relationship among the variables is significant or not.

Table 1, KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.776
Bartlett's Test of Sphericity	Approx. Chi-Square	1217.130
	df	136
	Sig.	.000

[Source: Primary Data]

The Kaiser – Meyer – Olkin (KMO) test is based on the correlations and partial correlations of the variables. If the test value of KMO measure is closer to one, it is good to use factor analysis. If KMO measure is closer to 0, the factor analysis is not good for the variables and data. The value of test statistics is given above as 0.700 which means the factor analysis for the identified variables is found to be appropriate to the data.

Table 2, Factors and Total Variance

Component	Initial Eigen values			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	4.126	24.273	24.273	4.126	24.273	24.273	2.850	16.764	16.764
2	1.411	8.299	32.573	1.411	8.299	32.573	2.687	15.808	32.573

[Source: Primary Data]

The next step in the process is to decide about the number of factors to be derived. The rule of thumb is applied to choose the number of factors for which "Eigen Values" with greater than unity is taken by Principal Component Analysis (PCA) method. The component matrix so framed is further rotated orthogonally using Varimax Rotation Algorithm. All the 17 statements are added on the two factors. The first factor which accounts for 16.764 percent of variance is the prima criteria considered to study the investors' perception towards various investment avenues. The second factor accounts for 15.808 percent. The cumulative variance of the two factors is 32.573 percent. The following table gives the factor matrix where Principal Component Analysis extracted two factors.

Table 3, Component Matrix

Sl.No	Statements	Component	
		1	2
1.	In the last few years the physical transaction with paper work has been reduced due to technological development.	.584	
2.	Price fluctuation in Indian market is high.	.566	
3.	Investors receive good quality advice from distributors/brokers.	.553	
4.	Mutual fund as an investment option is convenient.	.552	
5.	Earning in Indian stock market is not very easy as Indian stock market is very volatile.	.552	



6.	Usually long term investments gain larger profits when compared to short terms.	.517	
7.	There is no hindrance in getting information about securities market.	.512	
8.	Household investment will help for the economic development of the country.	.507	
9.	Indian stock markets are well regulated.	.499	
10.	Adequate and reliable portfolio management services are available for individual investors.	.499	
11.	Risk is highlighted in Indian stock market so as to enable the investors to take decision.	.484	
12.	The capital market in the country has witnessed a tremendous growth during the last one decade in terms of number of companies, capitalization, increase number of investors, brokers, stock exchanges, foreign investments, mutual funds and so on.	.467	
13.	Attending investor educational programme is beneficial for investment.	.444	
14.	The demat system is convenient and cheap.	.404	
15.	The brokers play a vital role in mobilizing the savings of the people for the economic development of the nation.	.401	
16.	Corporate mismanagement and frauds are my biggest worries in Indian stock market.		.536
17.	Generally the BSE/NSE is a stable market for securities.		.468

[Source: Primary Data]

Table 3 reveals that the factor loadings (co-efficient) indicate how much weights is assigned to each factor. Factors with large co-efficient for a variable are closely related to that factors.

Table 4, Rotated Component Matrix

Sl.No	Statements	Component	
		1	2
1.	Corporate mismanagement and frauds are my biggest worries in Indian stock market.	.646	
2.	Household investment will help for the economic development of the country.	.614	
3.	Price fluctuation in Indian market is high.	.588	
4.	Earning in Indian stock market is not very easy as Indian stock market is very volatile.	.566	
5.	Usually long term investments gain larger profits when compared to short terms.	.554	
6.	Adequate and reliable portfolio management services are available for individual investors.	.501	
7.	The capital market in the country has witnessed a tremendous growth during the last one decade in terms of number of companies, capitalization, increase number of investors, brokers, stock exchanges, foreign investments, mutual funds and so on.	.465	
8.	Investors receive good quality advice from distributors/brokers.	.438	
9.	Mutual fund as an investment option is convenient.	.434	
10.	Generally the BSE/NSE is a stable market for securities.		.656
11.	In the last few years the physical transaction with paper work has been reduced due to technological development.		.654
12.	Indian stock markets are well regulated.		.640
13.	There is no hindrance in getting information about securities market.		.523
14.	Attending investor educational programme is beneficial for investment.		.499
15.	The demat system is convenient and cheap.		.482
16.	Risk is highlighted in Indian stock market so as to enable the investors to take decision.		.463
17.	The brokers play a vital role in mobilizing the savings of the people for the economic development of the nation.		.432

[Source: Primary Data]



Table 4 exhibits the factors and corresponding statements with scores. Factors scores are obtained for each statement. Factor 1 (Stock Market Features) includes nine statements and Factor 2 (Stock Market Regulations) includes 8 statements. Out of 17 statements, the statement namely, “Generally the BSE/NSE is a stable market for securities” has high influence on investors’ perception and this statement is placed first. The statement namely “The brokers play a vital role in mobilizing the savings of the people for the economic development of the nation” has low influence on investors’ perception towards various investment avenues and this statement is placed 17th rank.

Cluster Analysis

For this purpose, the researcher has identified 17 statements (variables). The variables are stated in the form of statements to collect opinion from investors. They are asked to give their opinion for all the 17 statements in the Likert’s five point scale with alternate options such as strongly disagree, disagree, neither agree nor disagree, agree and strongly agree. Cluster analysis starts with an undifferentiated group of people, events, or objects and attempts to recognize them into homogeneous subgroups.

Table 5, Final Cluster Centers

Sl.No	Statements	Cluster				
		1	2	3	4	5
1.	Generally the BSE/NSE is a stable market for securities.	5	4	1	3	3
2.	Price fluctuation in Indian market is high.	5	3	4	2	2
3.	Indian stock markets are well regulated.	1	4	4	2	3
4.	Corporate mismanagement and frauds are my biggest worries in Indian stock market.	4	4	1	2	3
5.	The demat system is convenient and cheap.	3	3	1	2	3
6.	Adequate and reliable portfolio management services are available for individual investors.	5	4	3	2	3
7.	Mutual fund as an investment option is convenient.	4	4	1	1	3
8.	Risk is highlighted in Indian stock market so as to enable the investors’ to take decision.	2	4	5	2	3
9.	Investors’ receives good quality advice from distributors/broker.	5	4	1	2	3
10.	Attending investor educational programme is beneficial for investment.	3	3	3	2	3
11.	Household investment will help for the economic development of the country.	3	4	2	2	3
12.	The brokers play a vital role in mobilizing the savings of the people for the economic development of the nation.	3	4	5	2	3
13.	There is no hindrance in getting information about securities market.	5	3	1	2	3
14.	The capital market in the country has witnessed a tremendous growth during the last one decade.	1	3	3	2	3
15.	In the last few years the physical transaction with paper work has been reduced due to technological development.	2	4	5	2	3
16.	Earning in Indian stock market is not very easy as Indian stock market is very volatile.	5	4	2	2	3
17.	Usually long term investments gain larger profits when compared to short terms.	5	4	5	2	3
Total		61	63	47	34	49
Average		3.58	3.70	2.76	2.00	2.88
Rank		II	I	IV	V	III

[Source: Primary Data]

Table 5 reveals that as far as first cluster is concerned, statements 1,2,6,9,13,16 and 17 have secured 5 score, statements 4 and 7 have secured 4 score, statements 5,10,11,12 have secured 3 score, statements 8 and 15 have secured 2 score and statements 3 and 14 have secured only one score. In the case of second cluster, no statement has secured 5 score. The statements



1,3,4,6,7,8,9,11,12,15,16 and 17 have secured 4 score, statements 2,5,10,13 and 14 have secured 3 score. With respect to third cluster, statements 8,12,15 and 17 have secured 5 score, statements 2 and 3 have secured 4 score, statements 6,10 and 14 have secured 3 score, statements 11 and 16 have secured 2 score and statements 1,4,5,7,9 and 13 have secured only one score. As far as fourth cluster is concerned no statement has secured 5 score and 4 score. First statements has secured 3 score and seventh statement has secured only 1 score. All the remaining statements have secured 2 score. In the case of fifth cluster, no statement has secured 5 score, 4 score and 1 score.

It is found from the analysis that statements 1, 2, 4, 6, 7, 9, 13, 16, 17 in cluster I have secured higher score than average score of 3.58. Statements 1, 3, 4, 6, 7, 8, 9, 11, 12, 15, 16 and 17 in cluster 2 have secured higher score than average score of 3.70. Statements 2, 3, 6, 8, 10, 12, 14, 15, and 17 in cluster 3 have obtained higher score than average score of 2.76. In the case of cluster 4, only one statement “Generally the BSE/NSE is a stable market for securities” has secured higher score than average score of 2.12. As far as cluster 5 is concerned, statements 1, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14,15 and 17 have secured higher score than average score of 2.88.

It is also found from the cluster analysis that second cluster respondents have very high level of perception, first cluster respondents have high level of perception, fifth cluster respondents have medium level of perception, third cluster respondents have low level of perception and fourth cluster respondents have very low level of perception towards various investment avenues.

Table 6,ANOVA

Statements	Cluster		Error		F	Sig.
	Mean Square	df	Mean Square	df		
Generally the BSE/NSE is a stable market for securities.	33.008	4	1.328	369	24.863	.000
Price fluctuation in Indian market is high.	29.805	4	1.318	369	22.621	.000
Indian stock markets are well regulated.	39.545	4	.899	369	44.000	.000
Corporate mismanagement and frauds are my biggest worries in Indian stock market.	26.561	4	1.175	369	22.610	.000
The demat system is convenient and cheap.	33.822	4	1.025	369	32.990	.000
Adequate and reliable portfolio management services are available for individual investors.	28.765	4	1.254	369	22.932	.000
Mutual fund as an investment option is convenient.	42.920	4	1.033	369	41.536	.000
Risk is highlighted in Indian stock market so as to enable the investors' to take decision.	28.765	4	1.204	369	23.892	.000
Investors' receives good quality advice from distributors/broker.	34.072	4	1.196	369	28.497	.000
Attending investor educational programme is beneficial for investment.	29.435	4	1.064	369	27.665	.000
Household investment will help for the economic development of the country.	28.517	4	1.051	369	27.144	.000
The brokers play a vital role in mobilizing the savings of the people for the economic development of the nation.	34.235	4	1.109	369	30.858	.000
There is no hindrance in getting information about securities market.	22.766	4	1.373	369	16.577	.000
The capital market in the country has witnessed a tremendous growth during the last one decade.	32.528	4	1.132	369	28.740	.000
In the last few years the physical transaction with paper work has been reduced due to technological development.	38.805	4	1.070	369	36.267	.000
Earning in Indian stock market is not very easy as Indian stock market is very volatile.	42.276	4	1.037	369	45.581	.000
Usually long term investments gain larger profits when compared to short terms.	40.762	4	1.010	369	40.360	.000

[Source: Primary Data]



Anova table 6 indicates that there exists a difference among the five clusters in the mean values and they are significantly different from each other. The significant value for all the 17 variables is 0.000. This means that all the factors have significant contribution on dividing investors into five segments based on choice criteria. The statement namely “Earning in Indian stock market is not very easy as Indian stock market is very volatile” has secured high F value (45.581) and the statement namely “There is no hindrance in getting information about securities market” has secured low F value (16.577).

Table 7, Number of Respondents in Each Cluster

Cluster	Respondents	Percentage	Average Cluster Score	Rank
Cluster 1	3	0.8	3.58	II
Cluster 2	143	38.2	3.70	I
Cluster 3	3	0.8	2.76	IV
Cluster 4	51	13.6	2.00	V
Cluster 5	174	46.5	2.88	III
Total	374	100		

[Source: Primary Data]

Table 7 reveals that out of 374 respondents, 174 (46.5%) respondents have medium level of perception, 143 (38.2%) respondents have very high level of perception, 51 (13.6%) respondents have very low level of perception and each 3 (0.8%) respondents have high level and low level of perception towards various investment avenues.

8. Findings

1. All the 17 statements are added on the two factors. The first factor which accounts for 16.764% of variance is the prima criteria considered to study the investors' perception towards various investment avenues. The second factor accounts for 15.808%. The cumulative variance of the two factor is 32.573%. It is learnt that factor 1 includes nine statements and factor 2 includes 8 statements. Out of 17 statements, the statement namely, “Generally the BSE/NSE is a stable market for securities” has high influence on investors' perception and this statement is placed first. The statement namely, “The brokers play a vital role in mobilising the savings of the people for the economic development of the nation” has low influence on investors' perception and this statement is placed 17th rank.

2. It is found from Cluster Analysis that there exists a difference among the five clusters in the mean values and they are significantly different from each other. The significant value for all the 17 variables is 0.000. This means that all the factors have significant contribution on dividing investors into five segments based on choice criteria. The statement namely Earning in Indian stock market is not very easy as Indian stock market is very volatile” has secured high F – value (45.581) and the statement namely, “There is no hindrance in getting information about securities market” has secured low F- value (16.577). It is also found from the Cluster analysis that out of 374 respondents, 174 (46.5%) respondents have medium level of perception, 143 (38.2%) respondents have very high level of perception, 51 (13.6%) respondents have very low level of perception and (0.8%) respondents each have high level and low level of perception towards various investment avenues.

9. Conclusion

As far as investment perception is concerned the investors ought to know the stock market features and stock market regulations to the adequate extent. Understanding market features and regulations by the investors can help them to make timely decisions as well as to choose right schemes. Despite, college teachers have obtained post graduate degree, PG with M.Phil., or Doctoral degree, 174 (46.5%) respondents have medium level of perception, 143 (38.2%) respondents have very high level of perception, 51 (13.6%) respondents have very low level of perception and 3 (0.8%) respondents each have high level and low level of perception towards various investment alternatives. Therefore, investors should gain adequate extent of perception through various sources of information. Out of nine sources of information 56.7% of the investors have preferred to seek information from friends and colleagues.

References

1. Avadhani V.A, “Securities Analysis and Portfolio Management”, Himalaya Publishing House, Mumbai, 2011.
2. Bhalla V.K, “Investment Management”, S.Chand & Company Ltd, New Delhi, 2012.



3. Bhardwaj Rajesh, Raheja Rekh and Priyanka (2011), Analysis Of Income And Savings Pattern Of Government And Private Senior Secondary School Teachers, Asia Pacific Journal of Research in Business Management, 2011, Volume : 2, Issue : 9 pp 44-56.
4. Ch.Kirshnudu, B. Krishna reddy and G. Rama Krishna reddy (2005), "Investment behaviour and risk management".
5. Dr. Dhiraj Jain and Parul Jain (2012) Savings and Investment Pattern of School Teachers -a study with reference to Udaipur District, Rajasthan, International Journal Of Research In Commerce, Economics & Management, Volume no. 2 (2012), Issue no. 6 (JUNE 2012)
6. Donald E.Fischer and Ronald J.Jordan, "Security Analysis & Portfolio Management", PHI Learning, New Delhi, 2011.
7. Donald R. Cooper, Pamela S. Schindler and J K Sharma, "Business Research Methods", Tata Mc Graw Hill, New Delhi, 2012.
8. Gupta, S.P. 2012. Statistical Methods, New Delhi: Sultan Chand & Sons.
9. Kevin.S, "Securities Analysis and Portfolio Management", PHI Learning, New Delhi, 2012.
10. Kothari C.R, "Research Methodology Methods and Techniques", New Age International Publishers, New Delhi, 2004.
11. Dr. S. Mathivannan and Dr. M. Selvakumar (2011), Saving and Investment Pattern of School Teachers – A study with reference to Sivakasi Taluk, Tamil Nadu, Indian journal of finance April, 2011
12. Prasanna Chandra, "Investment Analysis and Portfolio Management", Tata McGraw Hill, New Delhi, 2013.
13. Preeti Singh, "Investment Management Security Analysis and Portfolio Management", Himalaya Publishing House, Mumbai, 2012.
14. Virani,V. 2012. Saving and Investment pattern of school teachers - A study With special reference to Rajkot City,Gujrat. Abhinav National Refereed journal of research in Commerce and Management. 2(4):2277-1166.