



Effect of Demographic Factors on Choice of Investment Avenues: A Study with reference to College Teachers in Assam

Narayan Kafle¹, Dr. Chayanika Senapati²

Research Scholar, Maniram Dewan School of Management

KKHSOU, Guwahati, Assam

² Assistant Professor, Maniram Dewan School of Management

KKHSOU, Guwahati, Assam

In this paper an effort has been made to study the investment preference of the college teachers in Assam as well as how the select demographic factors have influenced the choice of investment schemes of the respondents. Based on the primary data collected from 384 college teachers working in various provincialised colleges of Assam, the study has found that the college teachers prefer to invest in low risk investment schemes offering fixed income whereas only a few percentages of respondents have made their investment in high risk investment schemes with volatile return. From the result of regression analysis, age and education level are found to have significant effect with respect to choice of low risk investment schemes. Similarly, education level, number of family members and monthly family income are found to have significant effect on choice of moderate risk bearing investment schemes. Finally, age of the respondents and marital status are found to have significant effect on the choice of high risk bearing investment options by the respondents and both of them have negative relationship with the choice.

Key Words: Assam, college teachers, demographic factors, Investment preference, investment schemes, provincialised colleges.

Introduction:

Investment is a critical task involving proper planning, gathering of correct information on risk and return aspects of investment etc. For creating appropriate investment involving both risk and return, the investor needs to have a detailed study of the alternative investment avenues, their risk and return features and make proper predictions or expectations of their preferences (ThulasiPriya, 2015). When a person invests, it is

important to invest wisely. He/she will have a better return if investment is made early and for a long period of time. Understanding different investment vehicles, what they are for, and how to use them is imperative to being successful investor. Each investment alternative has its distinctive characteristic with its relative advantages and disadvantages in terms of safety of the principal invested, return, risk and liquidity. Investors invest in the different investment alternatives with a view to achieve their investment goals which ranges from safety and security of their investments to generate return, growth of their investments, liquidity and protection against inflation. The investors while investing has to consider a number of factors in order to achieve their investment goals like-characteristic of the investment alternatives, purpose for which the investments are made, investment environment, market conditions, macro and micro environment and functioning of the company (Sasidharan and Mathews, 2011). Moreover, the demographic factors such as age, marital status, educational qualification, occupation, number of family members, personal income and personality of the investor play an important role in determining the investment pattern and preferences. (Parimalakanthi, 2015). Similarly, the investment pattern and preferences vary among male and female investors. Women investors are more risk averse and prefer to invest in assets that are safe and offer security to their principal amount (Parimala and Sudha, 2018). Moreover, female investors are less aware and tend to display less confidence in confidence in their investment decisions and hence have lower satisfaction levels (Gaur et.al., 2011).

Review of Literature:

(Panda and Panda, 2013) examined the significance of demographic factors of population among the employees of Education sector, such as gender, age, education, occupation, income, savings and family size over several elements of investment decisions like priorities based on characteristics of investments, period of investment, reach of information source, frequency of investment and analytical abilities. The study revealed that Life insurance is the most preferred investment option followed by Public Provident Funds and Bank Fixed deposits and all the demographic variables except family size have significance over the sources of awareness on investments.

(Das, 2012) made an empirical analysis on investment behaviour of middle class investors and their investment preferences. The study is based on personal interviews of household heads, using a structured questionnaire. Data for the purpose of the study were collected from 150 respondents from Cachar, Karimganj and Hailakandi districts of Assam. Analysis of saving & investment pattern of the middle class households of Barak Valley in Assam showed that the bank deposits was the most popular instrument of investment followed by insurance and small saving scheme among all age groups of the sample respondents. Further, the study also revealed that tax benefit, security & safety, high returns, liquidity and so on were the common order of investment objectives among the respondents.

(Sikidar and Singh, 1996) in their survey which aimed at understanding the behavioural aspects the investors of the North Eastern region towards equity and mutual funds investment portfolio, revealed that the salaried and self employed formed the major investors in mutual fund and the main reason for the same was primarily tax

concessions. As a result, UTI and SBI schemes were popular in that part of the country as compared to other mutual fund schemes.

(Ansari and Dhamija, 2011), in their study aimed to gain knowledge about key factors that influence investment patterns and ways these key factors impact investment risk tolerance and decision-making processes among investors in India. The study used data collected from 500 respondents mainly from north India region. The study found that the individual investor prefers to invest in financial products which give risk free returns thereby indicating that Indian investors even if they are of high income, well educated, salaried, independent, are conservative investors and prefer to play safe. The study also revealed that male investors dominate the investment market in India.

(Ramprasath and Karthikeyan, 2013) conducted a study on individual investors' behaviour towards select investments and they found safety of the funds invested was the key factor considered while investing money. Consequently, investment avenues such as Bank deposits, LIC policies and Bullion have been most preferred by the individual investors.

Objectives of the Study:

The objectives of this paper are as follows-

1. To study the investment pattern of the college teachers in Assam.
2. To analyze the effect of demographic factors on investment pattern of the respondents.

Methodology:

The study is descriptive as well as analytical in nature. The data for the purpose of the study have been collected from 384 college teachers working in different provincialised colleges in Assam. Stratified random sampling technique has been used for the purpose of selection of sample. As per Director of Higher Education, Assam, there are 301 provincialised colleges in 32 districts of Assam at present and out of this 141 colleges have been selected proportionately based on the number of colleges in each district. Accordingly, the study covers permanent college teachers working in provincilaised colleges all over Assam. However, the study does not include the teachers working in schools, private colleges, universities, engineering, medical and other technical educational institutions located in the state as well as the college teachers working in contractual capacity.

Data Analysis and Interpretation:

Investment Pattern of the college teachers:

Investment pattern of the college teachers have been studied in terms of regularity of investment, investment experience, amount of monthly investment and the choice of investment schemes by the respondents. The results of the same have been presented below

Table 1.1 Regularity of Investment

Regularity	Count	%
Invest Regularly	283	73.70
Don't have Investment Plan	101	26.30

The above table shows the investment habit, investment experience and average monthly investment of the sample respondents. As depicted in the table, the respondents are classified in two groups based on their investment habit. Out of the total 384; 283 respondents agreed on having a regular investment strategy whereas remaining 101 respondents did not have any investment plan.

Table 1.2 Investment experience

Years	Count	%
Less Than 3 Years	80	20.82
3-5 Years	61	15.89
6-10 Years	61	15.89
More than 10 Years	182	47.40

As shown in the table, respondents are classified in four categories based on their investment experience viz. less than 3 years, 3-5 years, 6-10 years and more than 10 years. Out of total 384 respondents, 47.40% respondents belonged to the category of more than 10 years followed by those having less than 3 years of experience who constituted 20.82% of the total respondents. Respondents having investment experience of 3-5 years and 6-10 years are equal in numbers, both constituting 15.89% each of the total respondents.

Table 1.3 Average Monthly Investment

Amount (in Rupees)	Count	%
Less than 10,000	78	20.31
10,000-20,000	121	31.52
20,000-50,000	81	21.09
50,000-1,00,000	81	21.09
More than 1,00,000	23	5.99

Based on average monthly investment, the respondents are classified in five categories. As shown in the table, the number of respondents having average monthly investment of 10,000-20,000 is the maximum with 31.52% count which is followed by those investing monthly less than 10,000 on an average (20.31%). The number of respondents who invested on an average more than 1,00,000 per month is the least with only 5.99% respondents falling under this category. The number of respondents having monthly investment of 20,000-50,000 and 50,000-1,00,000 are equal who constituted 21.09% each of the total number of respondents.

Table 1.4 Choice of Investment Schemes

Scheme Type	Investment Scheme	Invested	
		Count.	%
Low Risk/ Fixed Return (Choice1)	Bank Fixed Deposits	173	45.05
	Bank Recurring Deposits	132	34.38
	Post- office Schemes	123	32.03
	Public Provident Fund	96	25.00
	National Savings Certificate	143	37.24
	Bonds and Debentures	101	26.30
	Mean	128	33.33
Moderate Risk/Fluctuating Return(Choice2)	Land & Building	167	43.49
	Gold/ Silver/ Jewellery	96	25.00
	Insurance Schemes	124	32.29
	Mutual Funds	59	15.36
	Mean	112	29.04
High Risk/Volatile Return (Choice3)	Company Stocks	24	6.25
	Private Chit Funds	18	4.69
	Crypto currencies	9	2.34
	Mean	17	4.43

The above table shows the distribution of the respondents with respect to investment in the selected investment schemes. Out of the thirteen investment schemes, the highest preferred investment scheme is bank fixed deposits where 45.05% of the respondents made their investment. It is followed by land and building and national savings certificate where respectively 43.49% and 37.24% of the respondents made their investment. On the other hand, crypto currencies and private chit funds are the least preferred investment schemes with 2.34% and 4.69% respectively of the total respondents making their investments in the schemes. It is also seen that majority of the respondents have made their investment in fixed return investment schemes having low risk (average 33.33%), followed by fluctuating return with moderate risk investment schemes (average 29.04%). Only 4.43% of the investors on an average made investment in volatile return with high risk investment options.

Demographic Factors and Investment Pattern:

Here an attempt has been made to study the relationship between demographic characteristics of the respondents like age, gender, education, academic specialization, marital status, size of the family, place of residence, family income, etc and their investment pattern. The result of the analysis has been presented below-

Demographic factors and Investment Habit:

In order to study the effect of demographic factors on investment habit of the respondents, the following hypothesis has been framed-

Ho: The demographic characteristics do not have any effect on investment habit of the respondents.

Table 2.1.1 Model Summary

R	R ²	Adjusted R ²	Std. Error
.215	.046	.026	.43512

Table 2.1.2 ANOVA

Model	SS	df	MS	F	Sig.
Regression	3.436	8	.430	2.269	.022
Residual	70.999	375	.189		
Total	74.435	383			

2.1.3 Coefficients

Model	B	Std. Error	Sig.
(Constant)	1.644	.170	.000
Age of respondents (X1)	.042	.045	.357
Education Level(X2)	.063	.042	.140
Gender(X3)	-.040	.054	.464
Marital status(X4)	-.084	.074	.259
Academic Department(X5)	-.011	.037	.777
Place of Residence(X6)	-.054	.042	.193
Number of Family Members(X7)	.042	.034	.223
Monthly Family Income(X8)	-.033	.029	.248

The regression model fitted is –

$$Y=1.644+0.042(X1) +0.063(X2)-0.040(X3)-0.084(X4)-0.011(X5)-0.054(X6) +0.042(X7)-0.033(X8)$$

From the aforesaid regression statistics table, R² = independent 0.046 which implies that 4.6% variation in the dependent variable is explained by the variables and remaining 95.4% variation in the dependent variable is undetermined. However, the result of ANOVA suggests that the regression is significant at 5% level of significance. On the other hand, the p value corresponding to none of the variable is less than 0.05 which suggests that the demographic factors do not have any significant effect on investment habit of the respondents.

Demographic factors and Investment Experience:

In order to study the effect of demographic factors on investment experience of the respondents, the following hypothesis has been framed-

Ho: The demographic characteristics do not have any effect on investment experience of the respondents.

Table 2.2.1 Model Summary

R	R ²	Adjusted R ²	Std. Error
.665	.443	.431	.91160

Table 2.2.2 ANOVA

Model	SS	df	MS	F	Sig.
Regression	247.411	8	30.926	37.215	.000
Residual	311.628	375	.831		
Total	559.039	383			

Table 2.2.3 Coefficients

Model	B	Std. Error	Sig.
(Constant)	.093	.356	.794
Age of respondents (X1)	.472	.094	.000
Education Level(X2)	.357	.088	.000
Gender(X3)	.035	.113	.759
Marital status(X4)	.221	.156	.158
Academic Department(X5)	-.060	.078	.446
Place of Residence(X6)	.059	.087	.498
Number of Family Members(X7)	-.007	.072	.921
Monthly Family Income(X8)	.075	.061	.215

The regression model fitted is –

$$Y=0.093+0.472(X1)+0.357(X2)+0.035(X3)+ 0.221(X4)-0.060(X5)+0.059(X6) -0.007(X7)+0.075(X8)$$

From the aforesaid regression statistics table, $R^2 = 0.443$ which implies that 44.3% variation in the dependent variable is explained by the independent variables and remaining 55.7% variation in the dependent variable is undetermined. However, the result of ANOVA suggests that the regression is significant at 5% level of significance. On the other hand, the p value corresponding to age and education level is less than 0.05 which suggests that these two demographic factors have significant effect on investment experience of the respondents. Whereas, all other demographic factors such as gender, marital status, academic department, place of residence, number of family members, monthly family income etc. do not have any significant effect on investment experience of the respondents.

Demographic factors and Average Monthly Investment:

In order to study the effect of demographic factors on average monthly investment of the respondents, the following hypothesis has been framed-

Ho: The demographic characteristics do not have any effect on average monthly investment of the respondents.

Table 2.3.1 Model Summary

R	R ²	Adjusted R ²	Std. Error
.904	.817	.813	.51658

Table 2.3.2 ANOVA

Model	SS	df	MS	F	Sig.
Regression	447.335	8	55.917	209.539	.000
Residual	100.071	375	.267		
Total	547.406	383			

Table 2.3.3 Coefficients

Model	B	Std. Error	Sig.
(Constant)	.869	.202	.000
Age of respondents (X1)	-.206	.053	.000
Education Level(X2)	-.106	.050	.036
Gender(X3)	-.081	.064	.210
Marital status(X4)	.164	.088	.065
Academic Department(X5)	.031	.044	.484
Place of Residence(X6)	.115	.049	.020
Number of Family Members(X7)	-.004	.041	.927
Monthly Family Income(X8)	1.056	.034	.000

The regression model fitted is –

$$Y=0.869-0.206(X1)-0.106(X2)-0.081(X3)+ 0.164(X4)-0.031(X5)+0.115(X6) -0.004(X7)+1.056(X8)$$

From the aforesaid regression statistics table, $R^2 = 0.817$ which implies that 81.7% variation in the dependent variable is caused by the independent variables and remaining 18.3% variation in the dependent variable is undetermined. However, the result of ANOVA suggests that the regression is significant at 5% level of significance. On the other hand, the p values corresponding to age, education level, place of residence and monthly family income are less than 0.05 which suggests that these four demographic factors have significant effect on average monthly investment of the respondents at 5% level of significance. Whereas, all other

demographic factors such as gender, marital status, academic department, number of family members, monthly family income etc. do not have any significant effect on average monthly investment of the respondents.

Demographic factors and Choice of Investment Schemes:

In order to study the effect of demographic factors on choice of investment schemes by the respondents, the following hypotheses have been framed-

Ho1: The demographic characteristics do not have any effect on choice of low risk/fixed return investment schemes.

Ho2: The demographic characteristics do not have any effect on choice of moderate risk/fluctuating return investment schemes.

Ho3: The demographic characteristics do not have any effect on choice of high risk/volatile return investment schemes.

Table 2.4.1 Model Summary

Choice	R	R ²	Adjusted R ²	Std. Error
Choice 1	.367	.134	.116	.15200
Choice 2	.381	.145	.127	.23805
Choice 3	.413	.171	.153	.13816

Table 2.4.2 ANOVA

Choice→	Choice 1					Choice 2					Choice 3				
Model	SS	df	MS	F	Sig.	SS	df	MS	F	Sig.	SS	df	MS	F	Sig.
Regression	1.343	8	.168	7.264	.000	3.593	8	.449	7.927	.000	1.469	8	.184	9.620	.000
Residual	8.641	374	.023			21.194	374	.057			7.139	374	.019		
Total	9.983	382				24.788	382				8.608	382			

Table 2.4.3 Coefficients

Choice→	Choice 1			Choice 2			Choice 3		
Model ↓	B	Std. Error	Sig.	B	Std. Error	Sig.	B	Std. Error	Sig.
(Constant)	1.748	.060	.000	1.543	.093	.000	1.092	.054	.000
Age of respondents (X1)	-.036	.016	.022	-.046	.025	.061	-.062	.014	.000
Education Level(X2)	-.043	.015	.004	-.068	.023	.003	-.002	.013	.885
Gender(X3)	.013	.019	.494	.026	.030	.376	-.005	.017	.783
Marital status(X4)	-.026	.026	.328	.025	.041	.545	.084	.024	.000
Academic Department(X5)	-.015	.013	.255	.008	.020	.701	.012	.012	.331
Place of Residence(X6)	.013	.015	.390	.031	.023	.173	.020	.013	.138

Number of Family Members(X7)	.023	.012	.052	-.047	.019	.013	-.006	.011	.559
Monthly Family Income(X8)	.004	.010	.682	.036	.016	.023	.016	.009	.083

The regression models fitted are –

$$Y (\text{Choice 1}) = 1.748 - 0.036(X1) - 0.043(X2) + 0.013(X3) - 0.026(X4) - 0.015(X5) + 0.013(X6) + 0.023(X7) + 0.004(X8)$$

$$Y (\text{Choice 2}) = 1.543 - 0.046(X1) - 0.068(X2) + 0.026(X3) + 0.025(X4) + 0.008(X5) + 0.031(X6) - 0.047(X7) + 0.036(X8)$$

$$Y (\text{Choice 3}) = 1.092 - 0.062(X1) - 0.002(X2) - 0.005(X3) + 0.084(X4) + 0.012(X5) + 0.020(X6) - 0.006(X7) + 0.016(X8)$$

From table 4.11, it is seen that $R^2 = 0.134$ (choice1), 0.145 (choice 2) and 0.171 (choice 3) which implies that 13.4%, 14.5% and 17.1% variation in choice 1, choice 2 and choice 3 respectively are caused by independent variables i.e. the select demographic factors. However, the results of ANOVA for all the choices suggest that the regressions are significant at 5% level of significance. The demographic factors viz. age and education level of the respondents are found to have significant effect on choice 1 (p value less than 0.05); education level, number of family members and monthly family income have significant effect on choice 2 (p value less than 0.05); and age and marital status have significant effect on choice 3 (p value less than 0.05).

Summary of Findings:

From data analysis presented above, it is seen that the college teachers in Assam are more or less regular with respect to investment in different investment schemes. 73.70% of the respondents have responded positively with respect to having regular investment habit. Regarding investment experience; it has been found that almost half of the respondents (47.40%) have been making investment in different investment schemes for more than 10 years. Regarding average monthly investment, it is seen that the highest percentage of investors belong to the category of those investing Rupees 10000-20000 monthly whereas only 5% of investors belong to the category of those making monthly investment of more than Rupees 100000. Moreover, when the choice of investment schemes by the respondents is looked in to, it has been found that most of the investors prefer to invest in low risk investment schemes offering fixed income (33.33%) whereas only a few percentage of respondents have made their investment in high risk investment schemes with volatile return (4.43%).

From regression analysis, it is found that none of the demographic factors has any significant effect on investment habit of the respondents. Age and education have significant effect on investment experience and both are positively related with the investment experience of the respondents. With respect to average monthly investment; age, education level, place of residence and monthly family income are found to have significant

effect. Age and education level are negatively related with average monthly investment whereas place of residence and monthly family income are positively related with the same. Further, age and education level are found to have significant effect with respect to choice of low risk investment schemes. The negative beta value for both the factors indicate that with increase in age and education level, the investors tend to shift from the fixed income bearing investment schemes to alternative options. Similarly, education level, number of family members and monthly family income are found to have significant effect on choice of moderate risk bearing investment schemes. Education level and number of family members have negative relationship with moderate risk bearing investment options whereas; monthly family income has positive relationship with the same. Finally, age of the respondents and marital status are found to have significant effect on the choice of high risk bearing investment options by the respondents and both of them have negative relationship with the choice.

Conclusion:

Domestic investment forms an important source of fund for economic development of any nation. At basic level, an individual's participation in investment activities is determined by two factors viz. the capacity to invest as well as his/her inclination to participate in the investment process. There are people who struggle for day to day living and for them the capacity to participate in investment process is questionable. However, as the sample of the study are the college teachers who are financially well stable, effort has been made to focus on the second element. This paper makes an attempt to examine whether the respondents have been utilizing their potential capacity and if so how is their allocation of funds in different options. Here, the question is not about being successful or unsuccessful investor. Success or failure in investment depends on a large number of factors including an individual's financial knowledge, experience, risk taking capacity, psychological characteristics, external environment etc. and as such to examine this, researchers need to move from a different angle.

References:

- Ansari, Y., and S.C. Dhamija (2011), *An empirical assessment of investment pattern of investors*. Asia Pacific Journal of Research , 2 (5), 63-72.
- Thulasipriya, B. (2015), "A Study on the investment preference of government employees on various investment avenues", *International Journal of Management Research and Social Science*, 2 (1): 9-16.
- Das, S.K. (2012) , " Middle class household's investment behaviour: an empirical analysis", *Asian Journal of Research in Banking and Finance*, 3 (3):123-133
- Gaur, A., Julie, and S. Sukijha (2011), *Difference in gender attitude in investment decision making in India*. Research Journal of Finance and Accounting, 2(12), 215-234.
- Panda , B. N., and J.K. Panda (2013), *An analytical study on perception of risk and return for individual investment*. Journal of Business Management, Commerce & Research , 1 (4), 45-52
- Parimalakanthi, K., and M.A. Kumar (2015), *A study pertaining to investment behaviour of individual investors in Coimbatore city*. International Journal of Advance Research in Computer Science and Management Studies, 3, 149-157.
- Parimala, S.,and K.M. Sudha (2018), *Investment decision of women employees in Coimbatore city: Perception and problems faced*. International Journal of Academic Research and Development, 3 (2), 58-61

Sasidharan K., and A.K. Mathews (2011), *Security analysis and portfolio management*. McGraw Hill Education Private Limited.

Sikidar , S., and A.P. Singh (1996), *Financial services : investment in equity and mutual funds – a behavioural study*. Management of Financial Services, Deep and Deep Publications, 136-145.

Ramprasath,S., and B. Karthikeyan (2013), *Individual investors' behaviour towards select investments: a study with reference to Kattumannar Koil Taluk, Cuddalore District, Tamil Nadu, India*. The International Journal of Business & Management, 1(12). 48-56.

