

TEACHER'S BEHAVIOUR TOWARDS MUTUAL FUND INVESTMENT – AN EMPIRICAL STUDY

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Abstract

Mutual fund emerged in Netherlands in 18th century and brings in India by Unit Trust of India in 1960s. The initiation of Mutual Funds changed the way the world invested their money. Mutual Funds investment gave an opportunity to the common man to anticipate high returns from their investments when compared to other traditional sources of investment. This study is based on teachers of business school. The main focus of the study is to understand the awareness, perception, and preferences of teachers regarding mutual fund investment. By adopting judgment sampling for 100 Faculty members of different institute and cadre; data is analyzed through Mean Rank and Cross tabulation. The present results outline that teachers are not so much aware about mutual fund investment. Furthermore, the teachers prefer PF/Pension plan as compare to Mutual Fund Investment. Since the mutual fund industry provides an option of diversified investment structure with varying degree of risk, it was supposed to be the most profitable market for teachers. It was believed that it would surely tap the savings of common teacher. However in practice it failed to become a primary choice for investment to Indian teacher.

Keywords: Mutual Funds, Teachers, Preference, Behaviour

Introduction

In this research study teacher's attitude towards mutual funds will be examined by different types of mutual fund. Mutual funds raise money by selling shares of the fund to the public, much like any other type of company can sell stock in itself to the public. Mutual funds offer choice, liquidity, and convenience, but charge fees and often require a minimum investment. For most mutual funds, shareholders are free to sell their shares at any time, although the price of a share in a mutual fund will fluctuate daily, depending upon the performance of the securities held by the fund.

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to sell their shares at any time, although the price of a share in a mutual fund will fluctuate daily, depending upon the performance of the securities held by the fund.

Literature Review

Desigan et al (2006) found that women investor's basically are indecisive in investing in MF's due to various reasons like lack of knowledge about the investment protection and their various investment procedures, market fluctuations, various risks associated with investment, assessment of investment and redressal of grievances regarding their various investment related problems.

Dhiraj Jain and Parul Jain (2012) examined that most of the school teachers are investing in mutual funds for the purpose of their children's education, marriage and as security after retirement. Jambodekar (1996) conducted a study to assess the awareness of MF's among investors; he identified that Income Schemes and Open Ended Schemes are more

preferred than Growth Schemes and Close Ended Schemes.

Sikidar and Singh (1996) carried out that the salaried and self-employed formed the major investors in MF primarily due to tax concessions. King (2002) has highlighted the emergence of products like exchange traded funds, hedge funds, managed accounts etc. which offer competition to MF's. Rajeswari and Ramamoorthy (2001) have examined a study to understand the factors influencing the fund selection behaviour of 350 MF investors in order to provide some meaningful inferences for Asset Management Companies (AMC) to innovatively design the products. Sankaran (2004) examine the future direction for investors will be to invest in pension funds, as government is envisaging a policy to cover all kinds of investors. He further opined that MF industry will continue to grow in spite of competition and will be propelled in the right direction because of the investor friendly financial markets. Singh (2004) has studied that middle class salaried investors and professionals perfected to have

disclosure of net asset value on a day today basis and wanted to invest in MF's in order to get higher tax rebates. Further, it is observed that small investors perceived MF's to be better investment alternative and public sector investments to be less risky. Sondhi and Jain (2005) have examined the performance of equity MF's classified on the basis of public sector and private sector.

Objectives and Research

Methodology

The study is aimed to achieve the following objectives:

- a) To assess and examine the awareness level of teachers regarding mutual fund schemes.
- b) To examine the investment preference of teaching community.
- c) To examine the objective of investment in mutual fund schemes.

To examine the awareness level of teachers regarding mutual funds and behavior of teachers in mutual fund investment, primary data has been collected using questionnaire. The data has been collected through the faculty members of different business schools across NCR. The sample size of the study under consideration has been taken of 120 respondents. These respondents are the faculty members of Business School across west delhi business school. The sample has been taken on the basis of judgmental sampling. The analysis of primary data would be done using cross tab and mean rank.

Reliability Test

The reliability has been assessed by Cronbach's Alpha (α). Cronbach's Alpha came out to be 0.82 which shows a good reliability scale to measure the attitude of teachers towards investing in mutual fund.

Table 1 - Reliability Statistics

Cronbach's Alpha	N of Items
.821	33

Results and Findings

The analysis based on primary data has been carried out in terms of demographic characteristics of respondents, their source of information about the investment market, category of mutual funds preferred, Horizons for mutual fund investment, Risks perception about the mutual funds, Past performance about mutual fund investment, Factors affecting mutual fund investment and objectives of investment in mutual funds.

Table 2 – Respondents Demographic

Dimensions of Respondents' Demographic		No. of Respondents	Percentage
Age	up to 30	89	12.5
	30-45	16	13.3
	above 45	15	74.2
	Total	120	100.0
Gender	Male	60	50.0
	Female	60	50.0
	Total	120	100.0
Designation	Assistant professor	78	65
	Associate professor	27	22.5
	Professor	15	12.5
	Total	120	100.0
Monthly Income	Up to 50000	92	76.7
	50000 – 100000	24	20.0
	above 100000	4	3.3
	Total	120	100.0

Table 2 examined that on the basis of age; the study found out that the percentage of respondents in the age group of less than 30 years is highest, ie.89% as compared to the age groups of 30-45 years and above 45 years. The score of 30-45 years is 16% and above 45 years is only 15% which shows teachers of less than 30 years invest more in Mutual fund investment as compared to elderly teachers. On the basis of gender the results revealed that percentage of male and female is same i.e., 50%. When we compare the results of designation the results found that the score of assistant professor is more than as compare to associate professors and professors. 65% of the respondents are assistant professor, followed by 22.5% associate professors and the rest 12.5% are professors. On the basis of income the results revealed that around 76.7%

of respondents are coming in the category of monthly income less than 50,000 followed by 20% of respondents who are coming in the category of monthly income between 50,000-1,00,000 and only 3.3% respondents are in the category income above 1,00,000.

Table 3 - Source of Information about the Investment Market

Items	Frequency
Television	8(6.7)
Internet	40(33.3)
Newspaper/Journal	32(26.7)
Friends/Relatives	32(26.7)
Sales/Representatives	8(6.7)
Total	120(100.0)

The table 3 shows that internet has emerged most preferred sources of information followed by newspaper/journals and friends/relatives however the least preferred sources of information about mutual fund scheme are found television and sale/representatives, which may be due to poor awareness level or any other reason which should be further investigate.

Table 4 - Category of Mutual Funds Preferred

Items	Frequency
open ended scheme	68(56.7)
close ended scheme	52(43.3)
Total	120(100.0)

From table 4 it can be revealed that open ended schemes are more preferred as compare to close ended schemes. The teachers are found more interested towards close ended schemes. This also reflects that awareness level regarding mutual fund scheme in teaching community is less.

Table 5 - Horizons for Mutual Fund Investment

Items	Frequency
1 to 3 yrs	64(53.3)
4 to 6 yrs	40(33.3)
7 to 10 yrs	16(13.3)
Total	120(100)

Table 5 shows that 64% teachers are interested in the 1-3 years horizons as compared to others which show that teachers are found more interested in short term investment as compare to long term investment.

Table 6 Risks Perception about the Mutual Funds

Items	Frequency
Low	16(13.3)
Moderate	92(76.7)
High	12(10.0)
Total	120(100.0)

The table 6 reflects that only 10% respondents are going for high risk associated with mutual funds followed by 76.7% respondent are associated with moderate. Therefore it can be said that very few of the respondents of

Table 9 Preference of Investment Avenue

Investment Alternatives	1	2	3	4	5	Rank (Mean Rank)	Significance Level
Real Estate	4 (3.3)	6 (5.0)	18(15.0)	35(29.2)	57(47.5)	6(3.67)	.000
P.O Scheme	8 (6.7)	8(6.7)	20(16.7)	36 (30)	48(40)	3(4.14)	
Bank Deposits	12(10)	16(13.3)	16(13.3)	32(26.7)	44(36.7)	4(3.92)	
Mf Scheme	8(6.7)	16(13.3)	24(20.0)	32(26.7)	40(33.3)	5(3.80)	
Shares	4(3.3)	12(10)	12(10)	32(26.7)	60(50)	7(3.12)	
Pension/PF	4(3.3)	8(6.7)	36(30)	36(30)	36(30)	1(4.73)	
Gold	8(6.7)	16(13.3)	24(20)	28(23.3)	44(36.7)	2(4.62)	

Table 9 reveals that Real Estate and Share are least preferred investment avenues as compared to other. Further it can also be analyzed that Pension/PF, Gold and P.O. Scheme have been emerged as the most preferred investment avenue. The reason may be current market situation respectively and surety of safe returns. The mutual fund investments have been given fourth preference which may be due to low awareness level or etc. Overall it can be revealed that the results are found significant at 5% level of significant.

Table 10 - Objectives of Investment in Mutual Funds

Reasons	1	2	3	4	5	Rank (Mean Rank)	Significance Level
Tax benefit	40(33.3)	16(13.3)	36(30)	20(16.7)	8(6.7)	3(3.05)	.001
Safety	40(33.3)	36(30)	32(26.7)	8(6.7)	4(3.3)	4(2.43)	
Good Return	48(40)	36(30)	20(16.7)	12(10)	4(3.3)	4(2.43)	
Liquidity	20(16.7)	24(20)	56(46.7)	8(6.7)	12(10)	2(3.23)	
Diversification	4(3.3)	36(30)	40(33.3)	24(20)	16(13.3)	1(3.85)	

Table 10 presents the objectives of mutual fund investment; tax benefit, safety, good return, liquidity and diversification. It has been observed that diversification, liquidity and tax benefit objectives are coming as an first, second and third preference respectively by the respondents whereas, safety and good return are least preferred. The results are also found significant at 5% level of significant.

teaching community take high risk for mutual fund investment. Teachers don't want to take risk and want to win through the benefits as compared to losses.

Table 7 - Past Performance about Mutual Fund Investment

Items	Frequency
Poor	4(3.3)
Average	76(63.3)
Good	40(33.3)
Total	120(100)

The table 7 reflects that only 3.3% respondents are rating mutual fund investment in poor performance category as compare to 97% respondents. So in nutshell it can be said that the past performance of mutual funds is good. However performance of the mutual funds also depends on

selection of mutual funds and schemes of mutual funds.

Table 8 Factors Affecting Mutual Fund Investment

Items	Frequency
Bitter past experience	24(20)
lack of knowledge	44(36.7)
lack of confidence in services being provided	16(13.3)
Difficulty in selection of schemes	32(26.7)
Inefficient investment advisors	4(3.3)
Total	120(100)

Table 8 reflects that the most involving factor makes respondent reluctant to invest in mutual fund is lack of knowledge which makes people conscious to invest in mutual fund and respondents also have difficulty in selecting the mutual fund schemes which are available in the market

Table 11- Preferences towards Mutual Fund Schemes

Preferable Scheme	1	2	3	4	5	Rank (Mean Rank)	Significance Level
Growth scheme	48(40)	48(40)	24(20)	16(13.3)	4(3.3)	7(3.57)	.034
Balance scheme	20(16.7)	45(37.5)	34(28.3)	13(10.8)	8(6.7)	4(3.93)	
Income scheme	14(11.7)	52(43.3)	32(26.7)	13(10.8)	9(7.5)	5(3.92)	
Money market scheme	12(10)	50(41.7)	39(32.5)	10(8.3)	9(7.5)	2(4.21)	
Tax\saving scheme	24(20.0)	36(30.0)	32(26.7)	20(16.7)	8(6.7)	3(4.07)	
Index scheme	12(10.0)	36(30.0)	48(40)	20(16.7)	4(3.3)	1(4.40)	
Fixed maturity scheme	20(16.7)	20(16.7)	48(40)	12(10.0)	8(6.7)	6(3.90)	

Table 11 shows the preference of different kind of mutual fund schemes. It has been found that index scheme, money market scheme, tax saving scheme are most preferred as compared to fixed maturity and growth scheme. The balance scheme is moderately preferred.

Conclusion

The lack of awareness of the offerings within mutual funds seems to be primary reason of mutual funds not finding a significant position in the investments of college teachers. The risk of investment in mutual fund is often considered too high as the performance of stock markets and therefore of equity based mutual funds have been volatile. The suggested measures to improve the situation can be to create awareness among the teacher community by conducting workshops and seminars to educate them on the importance of mutual funds in beating inflation and mutual fund companies should tie up with banks to adopt the suitable marketing strategy to start up a systematic investment plan with minimal time and effort being spent for it.

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