



A Study on the Investment Inclinations of UGC College Teachers Towards Various Investment Alternatives: A Special Reference to Karnataka State

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Abstract

Individual and institutional investors' decisions are significantly influenced by their investment inclinations. Market players, financial specialists, and policymakers who want to refine investment strategies and improve market efficiency must understand these inclinations. Investment inclinations of investors are not static; they keep changing based on so many factors, such as demographic factors, risk tolerance, type of investor, financial literacy level, peer influence, return expectations, time horizon, asset class allocation, etc. Hence, it is very crucial to know the investment inclinations of investors. Investment inclinations prioritize capital appreciation, income generation, preservation of capital, or a combination of these factors based on the investment's safety, liquidity, and profitability. The main purpose of this study is to determine the investment inclinations towards variable income investments and fixed income investments of UGC-scale teachers and to know the differences between investments and demographic variables such as gender, age, annual family income, designation, etc. The study is conducted using primary information gathered from UGC-scale teachers in the state of Karnataka. 80 respondents are given the structured questionnaire, which is then gathered using both Google Forms and hardcopy handouts. The data is analyzed using descriptive statistics, such as tables, percentages, and Garret ranking, and inferential statistics such as the chi-square test. The research results found that overall investment inclinations were towards the top three fixed-return products, such as post office savings, KGID/insurance, and bank deposits, by the UGC college teachers. In the case of variable-income securities, the top three products were mutual funds, equity shares, and real estate. Male UGC college teachers prefer the top three fixed-income products, viz., KGID/insurance, POS, and SSY, and the top three variable-income products, viz., real estate, mutual funds, and equity shares, respectively.

Keywords: *inclinations, Preferences, fixed, variable, teachers.*

I INTRODUCTION

Investment inclination is the term used to describe a person's innate propensity or preference for a specific investment strategy or type of investment. Based on individual views, experiences, or perceptions, it displays a predisposition or bias for particular categories of investments, sectors, or investment techniques. Investment inclination can appear in a variety of ways and can vary greatly from person to person. Some people may have a strong preference for conservative investing, selecting low-risk alternatives like fixed-income securities, bonds, or cash equivalents. This tendency frequently results from a desire to protect capital and a lesser tolerance for market volatility or prospective losses. On the other side, some investors could show a more aggressive investment propensity, pushing toward riskier investments with the potential for huge profits. These people might be more at ease with market volatility and have a bigger hunger for stocks, real estate, or high-growth industries. They may have a higher risk tolerance or just have a desire to do so since they think these investments have the potential for long-term growth. Personal experiences or cultural backgrounds might also have an impact on investment inclinations. For instance, a person who has previously suffered substantial financial losses might develop a cautious investment behavior, favoring safer and more conservative options to prevent repeating previous losses. In contrast, people who have found noteworthy success using riskier financial strategies may develop an inclination for taking more chances. The many ways people choose to manage the financial world are reflected in their investing inclinations for different investment possibilities. Due to the potential for long-term growth and the opportunity to share in the success of publicly traded companies, certain investors may show a strong preference for equity investments. Others may go into fixed-income investments in search of consistency and reliable revenue streams. Those drawn to tangible assets and owning a residence may find real estate alluring because of its potential for appreciation and rental income.

The preference for making investments in different options is impacted by individual traits and circumstances. Risk tolerance is important because certain people may be inclined to riskier ventures in search of possible benefits despite more volatility. Others, on the other hand, might show a greater inclination toward cautious choices, giving capital preservation and reducing risk exposure priority. Investment inclination is shaped by financial goals. Investors who are motivated by long-term growth and wealth accumulation may choose growth-oriented investments, while those who are more concerned with generating income may show a preference for those that provide consistent cash flows. As values and ethical issues are taken into account, some investors may prefer investments that adhere to their social or environmental values.

There is no generally "correct" rating of investment products, and individual preferences and financial inclinations can differ greatly. Each investor's inclinations and the order in which they rank various investment possibilities will be influenced by their particular financial circumstances, risk tolerance, and objectives. Individuals' investment preferences can vary widely and are impacted by their unique situations, values, and objectives. Investors should evaluate their personal tendencies while taking their financial goals, risk tolerance, and the suitability of various investment options into account. Investors can match their investing preferences with a well-diversified and suitable investment portfolio by consulting with a financial advisor or completing in-depth research.

II REVIEW OF LITERATURE

Bushan Puneet (2014)¹ focus was on gaining insights into the awareness and investment behavior of salaried individuals toward financial products. The study specifically examined the area of Himachal Pradesh in India. A multistage sampling technique was employed to collect primary data, and 516 respondents were included in the study. The findings of the study indicated that the respondents demonstrated a high level of awareness regarding traditional and safe financial products. However, the awareness level regarding new-age financial products was relatively low among the population. The majority of the respondents tended to invest their money in traditional and safe investment avenues.

Bashir Ahmed et al. (2013)² focus on examining the investment preferences and risk levels of salaried individuals. The study specifically explored the relationship between demographic variables and investment preferences, including stock investment and gambling decisions. The findings of the study revealed that females exhibited a higher degree of risk aversion compared to males. Additionally, the research concluded that demographic factors had a significant relationship with risk level, stock investment, and gambling behaviors. Gender and other demographic factors play a significant role in shaping individuals' risk tolerance and investment choices.

Geeta N. and Ramesh M. (2011) conducted a study on investment preferences in Kurumbalur town. They found that gender and age group were influential factors in determining investment choices, while education and occupation did not show a significant relationship. The respondents in Kurumbalur town were moderately aware of the various investment options available to them.

Chaubey Dhani Pandey and Savita Tripathi, (2016) The study investigated on the impact of financial information on equity share investment decisions. According to the study, investor information-seeking behavior is determined by their year of experience, investment horizon, and investment aim. The study also found that years of expertise had no meaningful influence on investment source selection. Similarly, it was discovered that investment horizon had no substantial influence on the investment choice of sources.

Tversky, A., & Kahneman, D. (1991) Behavioral biases play a crucial role in shaping investment inclinations. Common biases such as overconfidence, loss aversion, mental accounting, and anchoring can lead to suboptimal investment choices.

Campbell, J. Y., & Viceira, L. M. (2002) Individual investment inclinations are often influenced by their time horizon and financial goals. Those with longer investment horizons might be more willing to take on higher-risk investments in pursuit of higher returns.

Lusardi, A., & Mitchell, O. S. (2014) The level of financial literacy and education can influence investment inclinations. More financially literate individuals tend to make better-informed investment decisions and are more likely to diversify their portfolios.

Guiso, L., Sapienza, P., & Zingales, L. (2018) Demographic characteristics, such as age, income, education, and marital status, influence investment preferences. Younger investors may be more willing to take on higher risks, while older investors may prioritize capital preservation and income generation.

La Porta, R., Lopez-de-Silanes, F., Shleifer, A., & Vishny, R. W. (1997) Cultural and social norms can also impact investment preferences. For example, in some cultures, individuals may prefer tangible assets like real estate or gold, while in others, stock market investments might be more popular.

Singh and Kaur (2018) carried out empirical research on the patterns of investment and gender variations in the investment behavior of the people in and around Mohali, including their preferred investment vehicles, such as stocks, fixed deposits, post office savings accounts, insurance policies, bonds, mutual funds, etc. The research study found that the majority of investors choose low-risk options. The research study also found that women investors had lower confidence levels than males in their financial competence and future prospects.

III STATEMENT OF THE PROBLEM

Despite their critical role in education, the investment preferences of University Grants Commission (UGC) Scale teachers are understudied. The purpose of this research piece is to investigate UGC Scale instructors' preferences for various investment possibilities. The survey aims to determine whether UGC Scale teachers prefer traditional low-risk assets or are willing to consider higher-risk investments such as shares, mutual funds, or real estate. By

revealing these insights, the study hopes to inform policymakers, educators, and financial institutions about how to develop targeted financial strategies, investment products, and financial education programs that align with the unique financial aspirations and circumstances of UGC Scale teachers, fostering long-term financial well-being and security for this significant group of educators. The study aims to contribute to long-term financial well-being and stability for these respected educators while also broadening the academic community's understanding of financial decision-making.

IV. OBJECTIVES OF THE STUDY:

- 1) To study the investment inclinations of UGC scale teachers towards fixed and variable financial instruments.
- 2) To identify investment preferences among UGC scale male teachers for fixed and variable financial instruments.

V LIMITATION OF THE STUDY

1. The study is restricted to UGC Scale college and university teachers employed in the state of Karnataka.
2. The research was conducted in March and April of 2023.
3. The subject matter of the study is restricted to investment inclinations/ preferences only.

VI RESEARCH METHODOLOGY

Data collection: The data is collected from primary sources such as UGC Scale teachers employed in colleges and universities throughout Karnataka.

Sample size: The preliminary data was gathered from 82 respondents through a structured questionnaire, and the population was considered infinite while collecting the data.

Sampling method: Convenient sampling, also known as availability sampling, was chosen for this study to target specific UGC Scale teachers based on their accessibility and willingness to participate. This approach efficiently gathers data from the intended population, allowing for in-depth analysis of investment choices rather than generalizing it to the entire population.

Research tools and techniques: An attempt is made to study the UGC scale teachers' investment inclinations toward fixed and variable investment products by Garret Ranking Technique. The technique was used to rank the preference mentioned by the respondents towards fixed and variable ranking products. The respondents are asked to assign the ranks to investment products and after getting responses we have calculated the ranks based Garret Ranking technique as below:

Steps in Garret ranking technique

Step 1: Count rank-wise and product-wise frequency

Step 2: Find the percentage position for each rank using the formula :

Percentage position (P) = $100 (R_{ij} - 0.5) / N_j$

Where, R_{ij} – Rank given for the i^{th} variable by the j^{th} respondents

N_j = Number of variables ranked by j^{th} respondents

Percentage position = $100(R_{ij}-0.5)/N_j$

Steps in the Garret Ranking Technique

Step: 1 Prepare a frequency table of all the ranks given by the respondents for each investment product.

Step: 2 Multiply each investment product frequency with the Garret Value then we will get the Garret scores for each investment product

Step: 3 Calculate the Garret total score for each investment product by adding all the ranks scores which are arrived in step: 2

Step: 4 Calculate the average of Garret's total score (from Step 3)

Step: 5 Assign the ranks in descending based on the average score that is arrived Step 4

VII ANALYSIS AND INTERPRETATION

FIXED RETURN/INCOME INVESTMENT PRODUCTS

Corporations, governments, and other entities to raise money issue financial instruments. These products provide a fixed return or income. In exchange for lending money to the issuer, investors receive recurring interest payments and the repayment of their principal when the investment matures. So many products offer a fixed return to the investor with guaranteed returns such as POS, insurance (Endowment), Bank deposits, PP, SSY, Bonds, and debentures.

The below table indicates that the Garret ranks calculated for fixed-return investment products

Table 1 (Overall Ranks for Fixed Return Investment Products)

Products	RAN K 1	RAN K 2	RAN K 3	RAN K 4	RAN K 5	RAN K 6	RAN K 7	RAN K 8	Total Garret Score	Garret Percen tage	Garret Ranks
Post office Savings	1558	1050	819	464	364	384	84	216	4939	58.80	1
KGID/Insurance	1066	910	567	812	416	192	168	432	4563	54.32	2
Bank Deposits	410	1260	819	812	468	240	252	180	4441	52.87	3
PPF	820	910	882	928	364	336	42	144	4426	52.69	4
Sukhanya Samrudhi Yojana	1066	980	630	406	364	192	210	396	4244	50.52	5
BONDS	246	630	819	986	676	480	126	180	4143	49.32	6
NSC	574	490	882	928	364	288	336	252	4114	48.98	7
DEBENTURES	328	630	441	696	572	240	546	288	3741	44.54	8

Source: (Researcher Calculated from a primary source)

Interpretation: It is observed from Table 1 that ranks are calculated for fixed investment products, and it is inferred from Table 1 that the top three products being ranked by the UGC scale teachers are Post Office Savings, Karnataka Government Insurance Development/Insurance, and Bank Deposits, with Garret Rank percentages, said to be 58.80%, 54.32%, and 52.87%, respectively. It is found that NSC and debentures are ranked last, i.e., 7th and 8th rank, by the teachers, while PPF and SSY stand at 4th and 5th rank, respectively. Overall, it is understood that UGC-scale teachers are more comfortable investing in the safest investment avenues such as POS, KGID, insurance, and bank deposits.

VARIABLE RETURN/INCOME INVESTMENT PRODUCTS

Variable return investment products, commonly referred to as equity investments or market-linked investments, are financial instruments that have the ability to generate a range of returns depending on the performance of underlying assets like stocks, mutual funds, or indices. Variable return investments expose investors to market swings, the potential for bigger returns, as well as increased risks involved in contrast to fixed return/income products, which offer a stable income stream.

The below table indicates that the Garret ranks are calculated for variable return investment products.

Table 2 (Overall Ranks for variable return investment Products)

PRODUCTS	RANK 1	RANK 2	RANK 3	RANK 4	RANK 5	RANK 6	RANK 7	Total Garret Score	Garret Percentage	Garret Ranks
MUTUAL FUNDS	1148	840	252	522	260	192	378	3592	46.70	1
EQUITY SHARES	492	560	441	406	520	288	420	3127	44.90	2
REAL ESTATE	164	420	819	580	676	432	42	3133	43.61	3
PRF SHARES	1230	700	504	812	208	240	42	3736	39.16	4
CHIT FUNDS	82	350	756	580	572	336	420	3096	39.09	5
BULLIONS	246	770	126	638	520	432	336	3068	38.70	6
COMMODITY MARKET	1312	280	441	464	416	240	336	3489	38.35	7

Source: (Researcher Calculated from a primary source)

It is observed from Table 2 that ranks are calculated for variable return investment products, and it is inferred from Table 2 that the top three products being ranked by the UGC scale teachers are Mutual funds, Equity shares, and real estate, with Garret Rank percentages, said to be 46.70%, 44.90%, and 43.61%, respectively. It is found that billions and commodity markets are ranked last, i.e., 7th and 8th rank, by the teachers, while preference shares and Chit funds stand at 4th and 5th rank, respectively. Overall, it is understood that UGC-scale teachers prefer investing in variable investment avenues such as Mutual funds, equity shares, and real estate.

GENDER-WISE INCLINATIONS TOWARD FIXED RETURN INVESTMENTS

The interest in fixed-return investment alternatives is generally higher among male investors. They frequently favor investment options that provide steady returns and security, such as bank deposits, PPFs, and bonds. This choice could be the result of a need for steady and regular income sources.

Female investors also exhibit a significant interest in fixed-return investments, often favoring options like Post Office Savings, KGID/Insurance, and NSC. These choices suggest a cautious approach towards investment, with an emphasis on safety and long-term planning. Female investors might prioritize investments that provide financial security and are well-suited for achieving future goals.

Table 3 exhibits the male teachers' investment preferences towards fixed-return investments calculated through Garret's ranking.

Table 3 (Male teachers - Overall Ranks for fixed return investment Products)

PRODUCTS	RANK 1	RANK 2	RANK 3	RANK 4	RANK 5	RANK 6	RANK 7	RANK 8	Total Garret Score	Garret percentage	Garret Ranking
KGID/Insurance	246	280	126	116	52	48	0	72	940	11.89	1
POST OFFICE SAVINGS	82	420	189	0	52	96	0	36	875	11.75	2
Sukhanya Samrudhi Yojana	0	350	63	290	104	0	42	36	885	11.31	3
BANK DEPOSITS	0	70	252	232	52	144	0	36	786	11.06	4
PPF	0	70	189	232	156	0	42	72	761	10.94	5
BONDS	82	140	189	116	0	96	84	72	779	9.83	6
NSC	328	0	189	174	52	48	42	72	905	9.74	7
DEBENTURES	246	280	63	174	104	48	0	36	951	9.51	8

Source: (Researcher Calculated from a primary source)

The preferences and rankings that eight different fixed return investment products received from male teachers are shown in Table 3. The teachers' preferences are taken into account while ranking each product, with 1 being the most desired and 8 being the least. The table also shows the total score for each product, the proportion of the overall Garret score it represents, the individual scores assigned to each rank for each investment product, and the Garret ranking based on these scores.

It is observed from Table 3 that ranks are calculated for fixed-return investment products, and it is inferred from Table 3 that the top three products being ranked by the UGC scale teachers are KGID, POS, and Sukhanya Sumruddi Yojana (SSY) with Garret Rank percentages, said to be 46.70%, 44.90%, and 43.61%, respectively. It is found that NSC and debentures are ranked last, i.e., 7th and 8th rank, by the teachers. While PPF and Bonds stand at 4th and

5th rank, respectively. Overall, it is understood that Male UGC-scale teachers prefer investing in fixed investment avenues such as KGID, POS, and SSY.

Table 4 exhibits that the male teacher's investment preferences towards variable returns investments are calculated through Garret's ranking.

Table 4 (Male teachers - Overall Ranks for variable return investment Products)

PRODUCTS	RAN K 1	RAN K 2	RAN K 3	RAN K 4	RAN K 5	RAN K 6	RAN K 7	Total Garret Score	Garret percent age	Garret Ranking
REAL ESTATE	246	280	0	116	104	48	84	878	12.30	1
MUTUAL FUND	164	140	126	116	104	0	210	860	11.26	2
EQUITY SHARES	0	140	126	232	156	144	0	798	10.98	3
CHIT FUNDS	164	280	189	116	104	48	0	901	10.75	4
BULLIONS	82	70	378	58	52	48	126	814	10.18	5
PREFERENCE SHARES	0	70	252	116	104	192	42	776	9.98	6
COMMODITY MARKET	328	210	126	116	156	48	0	984	9.70	7

Source: (Researcher Calculated from a primary source)

Table 4 reveals the preferences and rankings of male teachers that seven different variable return investment products received from male teachers. From 1 to 7, with 1 being the most preferred and 7 being the least preferred, these products are ranked. Along with the total score for each product, the proportion of the overall Garrett score it represents, and the Garrett ranking based on these scores, the table also contains the individual scores attributed to each rank for each investment product.

It is observed from Table 4 that ranks are calculated for variable return investment products, and it is inferred from Table 4 that the top three products being ranked by the UGC scale teachers are real estate, mutual funds, and equity shares, with Garret Rank percentages, said to be 12.30%, 11.26%, and 10.98%, respectively. It is found that preference shares and commodity markets are ranked last, i.e., 6th and 7th rank, by the teachers, while Chit funds and Bullions stand at 4th and 5th rank, respectively. Overall, it is understood that UGC-scale male teachers prefer investing in variable investment avenues such as Mutual funds, equity shares, and real estate.

VIII FINDINGS OF THE STUDY

- 1) It is discovered that Office Savings secures the top position with a total Garret score of 4939 and a Garret Percentage of 58.80. It ranks first overall among the investment products. KGID/Insurance comes in second place with a total Garret score of 4563 and a Garret Percentage of 54.32, making it a strong contender among fixed-return investment options. Bank deposits hold the third position with a total Garret score of 4441 and a Garret Percentage of 52.87, offering a competitive choice for investors. The last two ranks are assigned to NSC, Debentures.
- 2) Mutual funds secured the top position among variable return investment products with a total Garret score of 3592 and a Garret Percentage of 46.70. They are ranked first overall and are considered a strong choice

for investors seeking variable returns. Equity Shares come in second place with a total Garret Score of 3127 and a Garret Percentage of 44.90. They offer a competitive option for investors looking to invest in the stock market. Real Estate ranks third with a total Garret Score of 3133 and a Garret Percentage of 43.61. Real estate investments are seen as a viable choice for those interested in long-term, variable returns. The last two ranks are assigned to bullions and commodity markets.

- 3) KGID/Insurance holds the top position among fixed-return investment products for male teachers, with a total Garret Score of 940 and a Garret Percentage of 11.89. It is ranked first overall, suggesting that male teachers prefer this investment option. Post Office Savings secures the second position with a total garret score of 875 and a garret percentage of 11.75. This option is also highly favored by male teachers. Sukhanya Samrudhi Yojana ranks third with a total garret score of 885 and a garret percentage of 11.31. While it ranks lower than the previous two options, it still garners significant interest among male teachers. The last two ranks are assigned to NSC and debentures.
- 4) Real Estate is the top choice among variable return investment products for male teachers, with a total Garret Score of 878 and a Garret Percentage of 12.30. Real estate investments are highly favored, likely due to their potential for long-term capital appreciation. Mutual Funds come in second place with a total garret score of 860 and a garret percentage of 11.26. Male teachers, providing diversification and professional management, also view mutual funds positively. Equity shares rank third with a total garret score of 798 and a garret percentage of 10.98. Equity shares are popular for their potential for high returns, but they come with greater volatility.

IX CONCLUSION

Firstly, in the dominion of fixed-return investment products, it is evident that **Post Office Savings** emerges as the top choice overall, with a high Garret score of 4939 and a Garret percentage of 58.80. This suggests that investors, in general, prioritize safety and reliability when it comes to fixed-return investments. **KGID, insurance, and bank deposits** enjoy strong positions, emphasizing their appeal to risk-averse investors. On the other hand, in the variable-return investment category, **mutual funds** take the lead, reflecting the increasing popularity of professionally managed investment vehicles. **Real estate** and **equity shares** follow closely, demonstrating the enduring appeal of these asset classes for those seeking higher returns, albeit with higher associated risks. When examining the preferences of male teachers, **KGID/Insurance** and **Post Office Savings** emerge as the top choices among fixed-return investments, suggesting a cautious approach to wealth preservation. Conversely, for variable-return investments, **real estate** takes the lead, reflecting an inclination towards long-term capital appreciation, followed by the diversification benefits of **mutual funds**. These findings underscore the importance of tailoring investment decisions to individual goals, risk tolerance, and time horizons. While fixed-return investments may appeal to those seeking security and reliability, variable-return investments offer the potential for higher returns, albeit with a degree of volatility. Therefore, a well-balanced and diversified investment portfolio that aligns with one's financial objectives is essential.

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