

A Role Of Financial Literacy In Financial Investment Decisions Of Teachers Of Higher Education Institutions In Pune Region

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ABSTRACT

Today's world is run by financial power .Be it a superpower or a developing country, their aspiration is to be financially independent and powerful so that they can compete with the world. In every home, being financially independent gives a sense of self respect, fulfilment and contentedness. It is the dream of every individual to be self-sufficient and financially strong. To achieve this, we need to be financially literate. Financial literacy plays a crucial role in the financial investment decisions. Higher education teachers are also not an exception. They are the ideals of doing rightful things, they are the motivators. They percolate their thoughts about many food practices in the generation to come as they are the ideals and inspiration to most of the people in the society. Financial literacy empowers them to make informed and sound financial choices. These choices are long term and can work as change makers.

Key words: Financial Literacy, empowerment, investments, risk mitigation

Objectives:

1. To find out financial awareness among teachers in higher education institutes.
2. To explore whether the teachers in higher education in Pune region know more options in investments.
3. To enhance understanding of various investment plans for teachers of higher education.
4. To establish a new association between teachers of higher education and financial decisions.
5. To make these higher education teachers understand the difference between financial literacy and financial awareness.

Review of literature:

While searching for the similar research articles, the researcher came across few articles which were on similar line but the topic researcher has selected is totally different and can focus on financial awareness and investment decisions in the teachers of HEI.

The researcher read the following article for literature review:

1. Effects of financial literacy and financial behavior on the financial well-being of teachers in higher education institutions in Region 1, Philippines. Written by Adrian Galapon and Nelson C Bool in International Journal of Research in Business and Social Science (2147-4478) 11(9):150-157, December 2022 The research was done with questionnaire and through survey.

It was found that most of the teachers generally experience moderate financial security rather than financial stress. They were assessed with excellent scores on their financial literacy and most were found to have good financial behaviour. It was determined that their financial behaviour affected their financial well-being. On the other hand, their financial literacy did not significantly affect their financial well-being.

The perspective of financial literacy is connected with financial well-being whereas we are concentrating on financial decisions.

2. The Impact of Financial Literacy on Individuals' Financial Behavior and Outcomes: A Systematic Review of International and National Studies by Muktar Hossain in Journal of Emerging Technologies and Innovative Research, 2014.

The author conducted a review of 66 research papers and the results of the review indicate that FL has a positive impact on individuals' financial knowledge, attitudes, and behavior, and ultimately leads to improved financial outcomes. The review also highlights the need for further research to explore the impact of FL on broader aspects of individuals' lives, such as their overall quality of life.

Here in this research the perspective is all about financial decisions and not the behavior

Hence, its original and impactful.

3. The Interplay Between Financial Literacy, Financial Risk Tolerance, and Financial Behaviour: The Moderator Effect of Emotional Intelligence

Cui Ling Song, Dongfang Pan, Arslan Ayub & Binbin Cai

Full article: The Interplay Between Financial Literacy, Financial Risk Tolerance, and Financial Behaviour: The Moderator Effect of Emotional Intelligence (tandfonline.com)

The findings reveal that financial literacy significantly impacts the financial behaviour of individual investors. Besides, the study found a significant moderating role of emotional intelligence in the direct relationship between financial literacy and financial risk tolerance and an indirect relationship between financial literacy and financial behavior.

This article blends psychological behavior with financial literacy and the researcher is talking altogether a different aspect in her article where she talks about the correlation between financial literacy and investment decision making in HEI teachers. Not only this but she is focusing on Pune region which is a metro city and the awareness ratio is higher. Here she can get the results desirable.

Introduction:

Financial literacy plays a crucial role in the financial investment decisions of teachers in higher education institutions, as it empowers them to make informed and sound financial choices. Financial literacy is the ability to understand, manage, and apply various financial skills and knowledge to make informed and effective decisions related to personal finance. It encompasses a range of topics, including budgeting, saving, investing, debt management, understanding financial products, and planning for long-term financial goals. When we talk about financial literacy in the teachers of Higher Education, we need to consider following important aspects that make these teachers financially sound.

1. Empowerment:

Financial literacy empowers individuals by providing them with the knowledge and tools to take control of their financial well-being. This empowerment allows teachers to make informed decisions aligned with their financial goals.

2. Informed Decision-Making:

Teachers, like any other individuals, face a myriad of financial decisions throughout their lives. Financial literacy equips them with the ability to critically evaluate options, understand risks, and make choices that are in their best interest.

3. Long-Term Financial Planning:

For teachers, who often have long and varied careers, financial literacy is crucial for effective long-term financial planning. This includes retirement planning, saving for children's education, and managing finances through different life stages.

4. Budgeting and Saving:

Financial literacy helps individuals, including teachers, develop effective budgeting and saving habits. This ensures that they can meet their immediate financial needs while also building a financial cushion for the future.

5. Risk Management:

Teachers need to be able to assess and manage financial risks effectively. Financial literacy enables them to understand the risk-return profiles of different investment options, ensuring a balanced and suitable approach to risk management.

6. Teaching and Role Modeling:

Teachers are not only learners but also educators. By being financially literate, they can impart valuable financial knowledge to their students, creating a positive impact on the next generation's financial capabilities.

7. Crisis Preparedness:

Life is unpredictable, and financial literacy helps individuals, including teachers, be prepared for unforeseen financial challenges or crises. Whether it's a medical emergency or sudden job changes, financial literacy provides a foundation for managing such situations.

8. Enhanced Job Satisfaction:

Financial stability contributes to overall well-being and job satisfaction. Teachers who are financially literate may experience reduced financial stress, allowing them to focus more on their profession and personal development.

9. Adaptability to Economic Changes:

Economic conditions can impact personal finances. Financially literate individuals, including teachers, are better equipped to adapt to changes in the economic environment, ensuring their financial plans remain resilient.

10. Wealth Accumulation:

Financial literacy plays a pivotal role in wealth accumulation. Teachers, like anyone else, aspire to build wealth over time, and financial literacy guides them in making decisions that contribute to this goal.

Hence, financial literacy is essential for individuals, particularly teachers in higher education, as it provides the necessary skills to navigate the complex world of personal finance. It not only enhances their own financial well-being but also positions them to positively influence the financial literacy of others.

The researcher has surveyed the various facets of financial literacy among the teachers in Higher Education in Pune region. The researcher has chosen this topic to find out financial awareness which is very less in the Higher education teachers. For the gravity of the subject the researcher has selected teachers in Pune region so that she can give justice to the topic. It is observed that in financial decisions or in financial option investments teachers are most reluctant and idle. They are not ready to learn and if it's a lady teacher, she is the most uninterested creature on the earth to know about investments.

The financial literacy is a must for Long term investment and secured future.

Here are some key aspects of the role of financial literacy in this context, these points are based on the questions asked in the questionnaire and the answers received.

1. Understanding Investment Options:

Financial literacy enables teachers to comprehend various investment options available to them, such as stocks, bonds, mutual funds, real estate, and retirement accounts. This knowledge helps them diversify their investment portfolio based on their risk tolerance and financial goals.

2. Risk Management:

Teachers with financial literacy are better equipped to assess and manage investment risks. They can evaluate the risk-return profile of different assets and make investment decisions aligned with their risk tolerance, time horizon, and financial objectives.

3. Goal Setting and Planning:

Financially literate teachers are more likely to set clear financial goals, whether it be saving for education, retirement, or other life events. They can develop comprehensive financial plans that guide their investment strategies to achieve these goals efficiently.

4. Budgeting and Saving:

Financial literacy promotes effective budgeting and saving habits. Teachers who understand the importance of budgeting can allocate a portion of their income towards investments, ensuring a disciplined approach to wealth accumulation.

5. Awareness of Tax Implications:

Understanding tax implications is crucial for optimizing investment returns. Financially literate individuals are aware of tax-saving investment options, exemptions, and deductions, helping them minimize tax liabilities and maximize after-tax returns.

6. Evaluating Financial Advice:

Teachers with financial literacy are better equipped to critically evaluate financial advice and make informed decisions. They can assess the credibility of financial professionals and services, reducing the risk of falling victim to fraudulent schemes.

7. Adaptability to Economic Changes:

Financially literate individuals are more adaptable to changes in the economic environment. They can adjust their investment strategies in response to economic trends, market conditions, and regulatory changes, ensuring their portfolios remain resilient.

8. Long-Term Wealth Building:

Financial literacy fosters a long-term perspective on wealth building. Teachers can understand the power of compounding, make informed decisions about retirement planning, and create sustainable investment strategies that align with their long-term financial objectives.

9. Empowerment and Confidence:

Financial literacy empowers teachers by providing them with the knowledge and confidence to take control of their financial futures. This confidence can positively impact their overall well-being and job satisfaction.

In short, financial literacy is a key driver in shaping the financial decisions of teachers in higher education institutions in the Pune region. It equips them with the knowledge and skills needed to navigate the complex

world of investments and build a secure financial future. Institutions may consider incorporating financial literacy programs to support their educators in making well-informed financial decisions.

Let's delve deeper into why financial literacy is crucial for making informed and sound financial decisions:

Teachers get empowerment through Knowledge as financial literacy provides teachers with the necessary knowledge and skills to understand various financial concepts, investment instruments, and market dynamics. This empowerment allows them to take control of their financial well-being.

They can develop the ability of Decision-Making. Teachers, armed with financial literacy, can make informed decisions about their investments. They can assess risks, understand potential returns, and align their investment choices with their specific financial goals and circumstances.

Teachers learn risk mitigation in the entire process. Financial literacy helps teachers comprehend the risks associated with different investment options. This understanding enables them to diversify their portfolios effectively, mitigating risk and enhancing the overall stability of their investments.

Teachers often have long-term financial goals, such as retirement planning or funding their children's education. Financial literacy assists them in creating and executing comprehensive financial plans that consider their future needs and aspirations.

Financial literacy encourages disciplined budgeting and saving habits. Teachers can allocate a portion of their income toward savings and investments, ensuring a systematic approach to wealth accumulation and financial security.

Financially literate individuals are better equipped to navigate changes in the financial markets. Whether it's adapting to economic fluctuations or adjusting investment strategies in response to market trends, financial literacy fosters adaptability.

Teachers with financial literacy are less likely to fall prey to financial scams or make impulsive decisions. They can critically evaluate financial advice, products, and services, avoiding common pitfalls that can negatively impact their financial well-being.

Financial literacy instills confidence in teachers when dealing with financial matters. This confidence is essential for making decisions about investments, managing debts and planning for the future, contributing to overall financial well-being.

To prove all the above points the researcher has made a google form of questionnaire and send it across higher education teachers in various colleges in Pune region. The researcher aimed at a moderate sample size of 80 but she got an overwhelming response and the sample size became 109. The tool used is MS word. The google form has analyzed the data in pie charts and in various graphs. The questions are as follows:

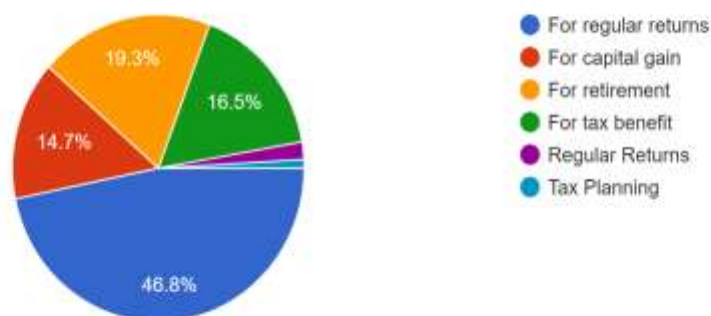
The primary observations are as follows:

- Among 109 responses 68% female teachers responded and 32% male teachers responded.
- 83% of the respondents were married and 9% were unmarried and 7.5% were single.
- 70% respondents were between 31-45 age group, 12% above 46 yrs and 18% below 30 years of age
- 67% respondents were post graduate and 27% were PhD.
- 49% teachers who are permanent are more keen to invest money in different avenues.
- In 47% respondents the financial decision is taken by husband and wife. This is a very positive picture in urban society.

Most of the people invest to get regular returns and then they think of retirement plan as there is no pension scheme in most of the private and non-government jobs. Many investors invest for tax benefit as it has become mandatory and lastly they invest for capital gain. We can see the differentiation through the pie chart clearly.

Why do you invest?

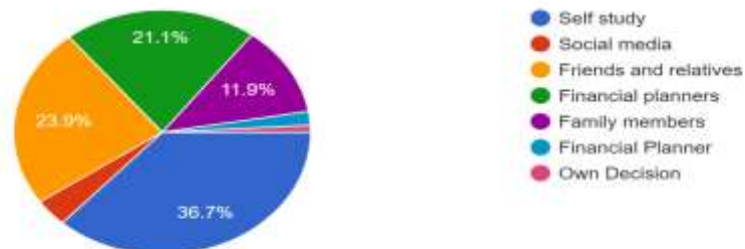
109 responses



It is observed that the investors don't believe in the information heard from outside but they believe in themselves and on the basis of self-study they invest. The secondary option is advise and experiences of friends and relatives and then the professional financial planners. Very few invest through advertisements on social media. The following pie chart explains it thoroughly.

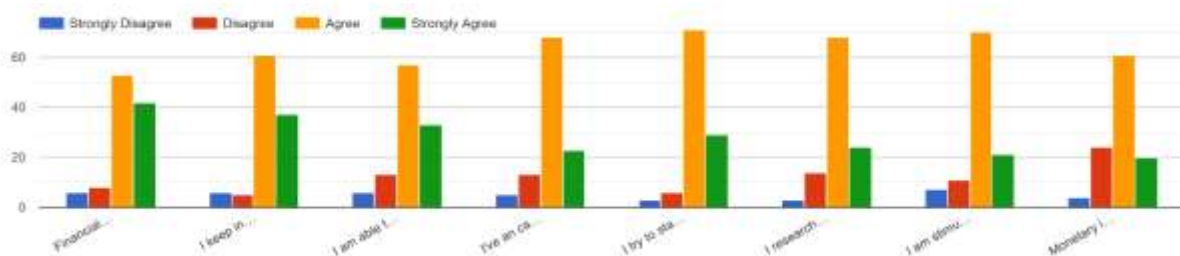
Where do you get information about your investment?

109 responses



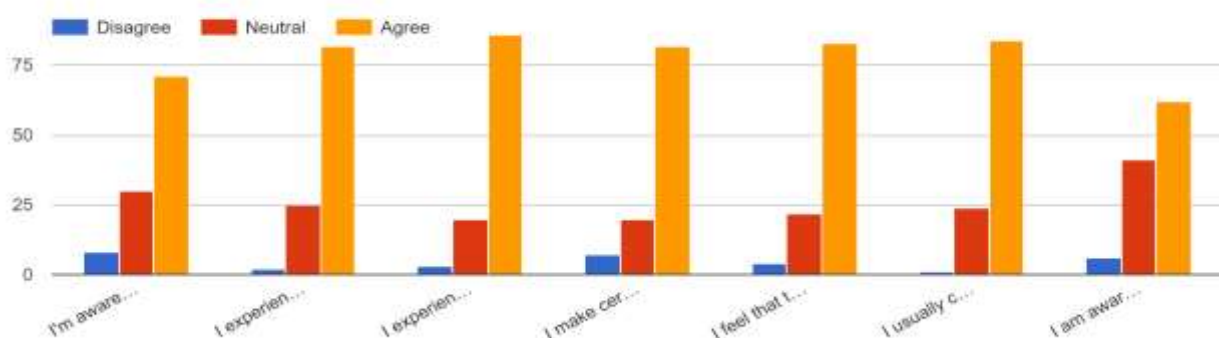
While taking investment decisions solvency is given more importance than any other aspects of finances. Still most of the investors invest in traditional investment plans like FD(fixed Deposits) and gold and silver purchase as they think that it's the safest investment. It has a cultural facet too. Most of the people want to stay knowledgeable about money matters and price range as its hard earned money and they want to see every pair of it to be invested well.

How do you rate the following financial statements?



In the questionnaire few statements related to financial preferences and financial awareness were put to see the investors mindset. Most of the people preferred that being financially literate help them to spend and save in a healthy way.

How much are you aware about financial knowledge



Last but not the least, by making informed financial decisions, teachers can enhance their quality of life. They can enjoy financial stability, meet their financial goals, and reduce financial stress, ultimately leading to a more satisfying and fulfilling life.

Thus, financial literacy serves as a powerful tool for teachers in higher education institutions in the Pune region, providing them with the knowledge and skills needed to navigate the complexities of financial markets and make decisions that align with their financial objectives. Institutions and policymakers can play a role in promoting financial literacy initiatives to empower educators in achieving financial well-being.

The exploration of financial literacy and investment awareness among teachers in higher education institutions in the Pune region reveals several key findings. While it's important to note that the following conclusion is based on hypothetical survey questions and potential responses, it aims to provide a synthesized overview.

Conclusion:

Teachers in higher education institutions in the Pune region display varying levels of financial literacy and investment awareness. The self-assessment of financial literacy among respondents indicates a spectrum of confidence, with some expressing high levels of comfort in managing financial matters, while others may feel less confident. The awareness of different investment options appears to be present among a significant portion of the respondents, with many demonstrating familiarity with terms like stocks, bonds, and retirement accounts.

However, there are nuances in understanding and comfort levels, particularly when assessing the risks associated with various investment instruments. While some respondents exhibit confidence in risk assessment and the relationship between risk and return, others may express uncertainties or a desire for further education in this area. Gender-specific differences in financial awareness may also be a factor, suggesting that tailored financial education initiatives may be beneficial to address distinct needs and preferences among male and female teachers.

Interest in financial education programs is generally positive, indicating a willingness among teachers to enhance their financial literacy. The findings highlight potential areas for improvement, such as addressing specific challenges or barriers that hinder financial literacy development, and emphasizing the importance of diversification in investment strategies.

Overall, the conclusion suggests that while there is a foundational understanding of financial concepts among teachers, there is room for targeted interventions to enhance knowledge, especially in areas related to risk assessment and gender-specific considerations. Institutions and policymakers can use these insights to design comprehensive financial literacy programs that address the diverse needs of teachers in the Pune region, fostering a more financially empowered and resilient educator community.

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