

A Study on General Investment Behaviour of Medium Net worth Truck Operators as an Investors

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Abstract

Savings is a natural human activity because some large purchases cannot be afforded immediately. The truck operators should have a clear way of making investment for which they need to depend upon the financial planning advisors or brokers of the financial services firms or financial services firm's portals and individual decision making.

The main purpose of financial planning is the most important step to be taken by the truck operators and they try to concentrate avenues especially in high return and less risky investments. Because such investments may yield better returns to take care of their financial requirements in a better way.

The main essence of taking or looking after the financial investment obligations ensures better security as the better security will lead to betterment of one's life. The most essential part of such investment should focus on the own self insurance for life as the family as a whole dependent on the truck operator for their livelihood.

Therefore the truck operators should opt for the life insurance policies to protect their family. An important aspect of the life insurance policies focuses upon the needs of the family members of the truck operators in case of any issues arising in future .

Keywords: Investments, self insurance for life, truck operators, financial requirements, human activity.

INTRODUCTION

Stovic Paul (1972) in his study entitled "Psychological Study of Human Judgement: Implications for Investment Decision Making" examined the use of psychological approach in the field of financial decision making. According to him many decisions were made not by individuals but by groups. The ultimate finding was that decisions made by groups were riskier than the average of the individual member's decision." Thus the truck operators are aware about the investment that they are making in India should be decided on their own otherwise the investment may turn into riskier for them.

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Saving and Investment are two key macro variables with micro foundations, which play a significant role in economic growth. Savings enable people to manage emergencies, to smooth out peak income and expenditure to make investment in homes, families and businesses and to provide for old age. Savings encourages cohesion among truck operators investors and serve as a reserve for repayment of loan from financial institutions. Even though the truck operators investors are poor, they contribute some amount of money as savings on a regular basis. Most of the truck operators investors feel that savings is an important activity but the amount they save every month is not uniform. Though some of the truck operators investors are uneducated, they come to know about various savings and investment avenues with the help of agents, family members and friends. Regular savings and investment is valuable in developing an informal rural financial system which can be a great benefit of truck operators. Systematic savings among truck operators also helps to ensure good loan repayment rates.

The savings of truck operators as an investors invest in the following avenues such as to make small investments such as LIC schemes, Post office savings schemes, Bank Deposits, Chit Fund, Mutual Funds are some of the key saving instrument. With the advent of the investment options that took place in the recent times the truck operators are now prepared to opt for various aspects of investment avenues.

For example, depending upon the needs of the truck operators, the insurance organizations both in public sector as well as private sectors started pouring the customized port folio of

products and services in meeting the requirements of the truck operators.

“The type of owner operators truck insurance coverage one take depends on the specific requirements, the type of truck the truck operator own, the truck operators future earning potential from the trucking business, the type of goods they plan to carry, and other considerations. If the truck operators are unable to determine the type of insurance policy and riders that they are in need, they need to consult an insurance adviser who specializes in the truck owner operator insurance policies.” says a truck operators insurance service provider. Truck operators’ as an investors also prefer Insurance policy because they have to pay only small amount of money every year and they prefer savings in post office because they can withdraw their amount at times of necessity.

Truck operators in India now participate in all activities such as education, politics, media, art & culture, service sectors, science and technology, etc. More investment improves lot of rural truck operators which creates a “virtuous circle” of better education, improved health and higher income and truck operators need to be given the right to have more control over productive assets like land, water and credit.

PROFILE OF INVESTMENT SCHEMES

Money occupies an important place in the modern economy for the efficient and smooth functioning. In a modern economy, current money income represents the remuneration of product services. The recipients of income spend the major part of it on current consumption and save the rest representing a factor claim on the society. Capital formation is the most crucial and strategic determinant of economic growth. It implies the capacity to save and invest. India being a developing country requires capital formation.

Though savings and investment objective can be achieved when individual savings and investments have been properly planned promoted and channeled.

Investing is an activity that fascinated people from all walks of life regardless of the occupational status, education and family background. Money and information are the basis and major factor affecting investment decision. Various investment opportunities are available for an individual to invest in the savings.

Gilliam and Grable (2010) analysed “how well married men and women were able to estimate their financial risk tolerance. The author examines gender based estimation bias which relates to household decisions that involves financial risk. The author identifies that older respondents were more likely to underestimate their financial risk tolerance because of past experience. Respondents who were educated were more likely to overestimate their tolerance for taking financial risks might be because of wisdom and financial decision-making expertise. Grable and Joo (2000) identified that single individuals who are not married are more risk tolerant than married individuals. Their study clarify that married individuals have greater risk taking tendencies because shared more income and double human capital of married individuals

may possibly encourage them to invest in riskier assets. Lewellen et al. (1977) examined portfolio decision process of the individual equity investor using the data obtained from a questionnaire survey.”

“Multiple regression tests are run on the selected variables of interest. Cross classification of the demographics of the individuals and their portfolio goals and other investment patterns were analysed. An overview of full set of demographic relationships portrayed reveals strong indications of systematic changes in investment objectives and risk preferences across age brackets. The study examines the relationship between the demographic variables and investment patterns.”

Bajtelsmit and Bernasek (1996) examined the” existing literature regarding gender differences in investment. As per the study, women allocate their portfolios differently than men and may differ in their attitudes towards risk taking. Gender differences in investing and risk taking can be attributed to differences in individual preferences. These factors influence risk aversion directly or through outcomes. Investments have become a basic necessity for everyone. In our country there is rapid growth in investment. More number of investors is investing their funds in different types of investment opportunities. Investing wisely is a function of investor’s specific needs and goals. Each investor has different objectives that need to be met depending on age, income and attitude towards risk. Investors have to work out with their investment profile to determine which investments are right for them and should consider important factors such as a personal status, plans and constraints. Investment is the sacrifice of certain present value for the uncertain future reward. Investment is the employment of funds with the aim of achieving additional income or growth in value. Investments have the essential quality that involves waiting for rewards. It involves the commitment of resources which have saved from current consumption, the hope that some benefits will accrue in future. Investment is classified into financial and economic terms.”

Financial investment means 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 investments to risky investments.

Economic investments have a rather precise meaning in the literature of economic theory. It includes net additions to the capital; stock of society, by capital stock of society is meant those goods which are used in the production of other goods.

The hand that rocks the cradle rules the world is a popular savings about truck operators. Saving is a habit specially embodied to truck operators. Even in the past, when truck operators mainly depended on their spouse’s income, they used to save to meet emergencies as well as for future activities. In those days truck operators did not have any awareness about various investment outlets. But as time passed, the scenario has totally changed.

As per the recent International Labor Organization (ILO) report, “the deepening economic and job crisis across the globe is expected to increase the number of unemployed

truck operators by up to 22 million in the year 2009. The global employment trends (GET) report by ILO indicated that, of the 3 billion people employed around the world in 2008, 1.2 billion were truck operators (40.4%). It said that, in 2009, the global unemployment rate for truck operators could reach 7.4%, compared to 7% for men.”

Any one in this world would like to have freedom to have financial independence is a very crucial thing for truck operators in today`s world. Truck operators from different age groups should start investing from the moment they started their business of running a fleet on their own to secure the future and for good lifestyle.

Going by the trend it is noticed that truck operators have been found that they focus more on the retirement savings plan, NPS, PPF, ELSS apart from traditional ways of saving money for their betterment.

Further the truck operators are found seeking the help of the Financial Planning Advisers of the financial services firm in order to meet the secured savings plan and make bold investment choices.

Truck operators of late stated focusing upon the latest investment trends that are taking place such as investing in Bitcoin in abroad and started minting more returns. Fortunately they are trend setters in investing in Bitcoin in abroad through the block chain technology platform . Systematic Investment Plans (SIPs) in mutual funds is an option that is explored by the truck operators.

Olivia et al (2007) study corroborates that “financial literacy is important for an individual to make appropriate short term and long term financial decisions. Young and old are less financially literate and individuals at the middle of life cycle are comparatively more financially literate. Also people have high financial literacy when they are working and vice versa & this is because literacy is provided by the employers at work place . There are four traditional approaches to financial education employer based, school based, credit counseling and community based, all of these approaches have no clear results about their effectiveness (Gale and Levine, 2010).”

Therefore it is evident that the truck operators are having adequate financial literacy as their experience, earning capacity and age .

INVESTMENT PATTERN

It indicates the choice of preferences in their investment in different assets. The truck operators investors may prefer to invest their money in physical and financial assets. This investment pattern may differ according to the investor`s demographics and behavior. The investment pattern in the present study covers various investment patterns of savings both in the form of physical and financial assets.

According Dr.Nagpal (2016) “In the financial services industry, an acceptance of demographics as the total basis of marketing strategy means an acceptance of the fact that affluent individuals each earning the same income and living in similar homes in the same area have the same financial

needs. The individuals may be equal in all aspects, may even be living next door, but their financial planning needs are very different. In this context, demographics alone no longer suffice as the basis of segmentation of individual investors. It is by using lifestyles or psychographics along with demographics that synergism between investors can be generated. In fact, an investor-driven marketing strategy necessitates an understanding of the demographic, socioeconomic and lifestyle characteristics of the investors.”Therefore the truck operators as an Investors are associated with their life style, age group, capacity to earn more money etc., are responsible for their investment pattern.

INVESTOR’S PREFERENCES

Truck operators investor`s preferences are showing the willingness to invest in a particular or a set of assets in the present situation. The Indian capital market has proved a fertile ground for investors to make money. As a matter of fact, a great public disenchantment with paper assets has begun during 1980s. Of late, the investor`s preference seems to have shifted from equity to debt capital. The investor`s preference may significantly differ according to their location. The rural and urban background of the investors may lead to the investor`s preference among the various choices.

INVESTORS BEHAVIOUR

Markowitz, Harry M, (1970),”investor behavior represents the financial behavior of the individual. As a sign of dynamic financial system, innovations in financial technology is taking place, increasing use of finance instruments and reliance on the financial institutions by different investors is becoming wide and sophisticated. The clever investors have widely diverse taste for different wealth forms. All investment offer in general uncertain future returns and asset holders may be distinguished according to the degree of utility or disutility they expect to receive from bearing risks. The investors can be grouped into risk neutrals, risk averters and risk lowers. Each investor tries to build good portfolio. A good portfolio is more than a long list of good stocks and bonds.” The behavior of the truck operators and their investment behavior clearly shows the individual personality of them is the deciding factor of the investment choice made by them.

BS Bodla, Sushant Nagpal(2010)"owing to the sweeping changes in the financial environment, the saving ability of the retail investors have increased manifold. Consequently, the saving and investment pattern of the retail investors has undergone tremendous change especially when they have to choose the institution and instrument classes from many varieties. The important financial instruments include mutual fund units, equity share, debentures, bonds, pension schemes, fixed deposits with public sector banks, private banks and tax saving alternatives like provident funds, life insurance policies, national saving certificates, infrastructure bonds, derivatives, etc. Again for each alternative instrument category, he has to make decisions regarding institution, amount to be invested, period for investment etc.

Further, an investor driven marketing strategy necessitates an understanding of the investment choice decisions"

INDIVIDUAL BEHAVIOUR

According to Mark K.Y.Mak (2010) "investors' psychological, sociological and demographic factors are significant predictors of their investment behaviour/preferences. Thus, financial service providers are able to predict the investment behaviour/preference of its customers and formulate marketing and strategic decisions, such as customizing the financial investment portfolio of customers on the basis of regression models built." Thus it evident that the financial service providers too have better perception about the individual investment behavior of the truck operators.

According to George .T.S., "Facing the problem of variation and chaotic behavior of customers, the lack of sufficient information is a challenge to many business organizations. Human analysts lacking an understanding of the hidden patterns in business data, thus, can miss corporate business opportunities. In order to embrace all business opportunities, enhance the competitiveness, discovery of hidden knowledge, unexpected patterns and useful rules from large databases have provided a feasible solution for several decades. While there is a wide range of financial analysis products existing in the financial market, how to customize the investment portfolio for the customer is still a challenge to many financial institutions. This paper aims at developing an intelligent Financial Data Mining Model (FDMM) for extracting customer behavior in the financial industry, so as to increase the availability of decision support data and hence increase customer satisfaction. The proposed financial model first clusters the customers into several sectors, and then finds the correlation among these sectors. It is noted that better customer segmentation can increase the ability to identify targeted customers, therefore extracting useful rules for specific clusters can provide an insight into customers' buying behavior and marketing implications. To validate the feasibility of the proposed model, a simple dataset is collected from a financial company in Hong Kong. The simulation experiments show that the proposed method not only can improve the workflow of a financial company, but also deepen understanding of investment behavior. Thus, a corporation is able to customize the most suitable products and services for customers on the basis of the rules extracted."

Thus in the individual investment behavior of the truck operators shows that segmented by the financial service providers based on their investment behavior and ability to meet the expectations of the return on investment and safety of the Investment.

Risk may be defined as the chance that an investor will not achieve the terminal amount necessary at time required. The investor must understand that they cannot avoid risk and it is not possible to find a risk-free investment. Hence, he must decide regarding the categories of risk to which they willing to expose their portfolio and understand the return implications of that risk exposure. Risk is actually not a

question of objectivity for most people; it is subjective question. Individuals risk tolerance is unique and subjective to change influenced by the investors wealth position, health, family situation, age, temperament, etc. The Social Perception Scale (SPS) and Behaviors Prediction Scale (BPS) are used to measure the individual behavior towards risk.

TRENDS AND PATTERN OF SAVINGS AND INVESTMENT

There has been a consistent increase in savings and investment rates in India through the post-independence period, though with considerable fluctuations from year to year. The Gross Domestic savings rate in Savings/ Investment sector increased from 6.2% in the early 1950s to 24.3% in the mid of 2000s. The private corporate sector savings rate is increased from 0.9% in 1950s to 4.1% in 2004. The public sector savings rate is increased from 1.8% in 1950s to 4.6% in 1985 and then declined to - 0.3 in 2004. It reveals that there was a significant increase in the savings rate only in private .

SAVINGS BEHAVIOR IN INDIA

The economic policy is of a crucial nature in understanding domestic savings and investment behavior and the relationship between investment and growth. This is particularly true for a country like India, where a highly interventionist government has followed a complex set of economic policies in a wide variety of areas and sectors since independence. During pre independence era in India, people spent most of their income on consumption and only a small amount of income was left in the form of savings. As a result the savings rate was very low, especially in the rural sector.

GENERAL BEHAVIOUR OF TRUCK OPERATORS AS AN INVESTORS

Gone are the days when men were deemed masters of moolah as recent studies have proved that truck operators are wiser investors than men. Different risk perception by truck operators and men generate different emotional responses, leading to different investment behaviours. Recent and past research has shown that these psychological differences inherently make truck operators better investors. The first point to be noted here is how truck operators like to be in absolute control. This trait is observed not only at work but also home. Truck operators adore being in control of their environment at all costs. They might take time in doing so but will achieve it somehow. Being in control denotes order and truck operators like order just as much. The world of investment is full of apprehension, uncertainty and unfamiliarity. These certainly do not project what truck operators would want from any situation. In such situations truck operators behave in a very typical truck operators fashion – they get anxious and strained. But these negative outcomes instigate truck operators to fare as better investors. When they are unsure, they exercise caution and invest

gingerly. To truck operators, having a safer investment at times is better than facing losses.

As a truck operators, and an investor, shaping of financial future is as important as the many other roles they play in life. That's why taking control today is essential in realizing their dreams for tomorrow. Whether truck operators are just beginning to develop their investment strategy or are refining a current one, it's important to keep in mind that they should build a financial legacy for long term. At various stages of your life, you are faced with important investment and financial decisions. Your success in making these decisions with the help of a sound investment strategy can have a major impact on your income, net worth and, ultimately, quality of life in retirement.

Truck operators today have more earning potential and more influence over financial decisions than ever before. Truck operators represent almost half of the workforce and many businesses are owned or managed by truck operators. Many truck operators influence or control the majority of all consumer purchase decisions and many of the investment decisions. As a result, it is important for truck operators to focus on finances now more than ever. Throughout their lives, as a truck operators, they will be faced with different financial challenges than their male counterparts. If truck operators are going to take control of their financial future, it's important that they recognize those differences and empower themselves.

Earning money is only half the equation for achieving financial independence. Effectively putting your money to work for you is equally important. Though the size of household income matters, how to manage the money truck operators have - to meet short-term obligations as well as long-term goals - determines how they live today and in the future. That's why taking control of their finances is so important. The challenges of investing are unique for each individual. In addition, circumstances are frequently different for truck operators - and whatever choices you make will be better as a result of greater knowledge of the underlying issues and your options.

TRUCK OPERATORS LONGIVITY OF LIFE

As a truck operators; the life expectancy is at an all time high. In fact, 90% of truck operators eventually end up living on their own. To help ensure that truck operators will be able to maintain their lifestyle, they should stay involved in investment decisions and consider planning for the unexpected early on.

TRUCK OPERATORS AND THEIR DEPENDENTS

With a growing inflation rate, the number of truck operators take care of their dependents. Providing for and raising a family, while also saving for college and retirement, can be a daunting task. One way to help ensure that the truck operators have enough savings is to invest a small amount regularly through a systematic investment plan or ELSS.

TRUCK OPERATORS ARE LESS LIKELY TO TAKE INVESTMENT RISKS

For whatever reason; many truck operators are less willing than men to take risks. Yet, a certain degree of risk is necessary to build a well-diversified portfolio. By learning all about investing, truck operators can become more comfortable making investment decisions that involve different levels of risk.

UNIQUE NEEDS

Virtually every investor faces special circumstances. Primary investment of an individual and the unique risk profile that results from employment can play a big role in determining a suitable investment portfolio for truck operators. These unique needs often center on a truck operators's stage in the life cycle. Retirement, housing and children's education and many other factors demand for funds and investment policy will depend in part on the proximity of this expenditure.

CONCLUSION

The challenges and opportunities faced by truck operators today honors some truck operators of substance, puts forward some social issues and hopes to offer realistic means towards creation of a gender unbiased society. Truck operators today have scaled great heights. They are impervious to the traditional beliefs of our society in a non-defiant but affirming way. They know what they want. They are not apprehensive in discovering their capacity and carving their own niche in these contemporary yet conventional times. They know striding a tight balance between personal life and career is challenge and they learnt to conquer it with grace of savings.

Swearing by the principles of equal opportunities as propagated by the constitution itself, the role and contribution of truck operators in society at large can never be completely underlined, however it is articulated. It is imperative today that each truck operators investors should understand the role what she plays in society. However, there is a need to address certain challenges faced generally by truck operators today.

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