
Study on Investment Status and Work Potential of Retired Employees

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ABSTRACT

KEY WORDS:

Retirement, work potential, Investment smartness

Retirement is not just a cessation of employment, but it is also a social change, a status change and a standard of life change. Retirement usually results in the giving up of a major life structure, one that provides social status focus, purpose and economic resources. The potential loss of daily stimulation can lead to problems in social and cognitive functioning. Social identity can also be threatened as one's social status is closely linked to occupational attainment.

Retired people face several challenges mainly of financial and economic nature. They includes lack of adequate earnings or source of income after retirement, absence of financial freedom, increased medical expenses after retirement etc...This study is an effort to through light into gray areas, which is even now enables to make an outlook into such problems and challenges of retirees. This study also makes an analysis of investments made by the retired employees, taking into consideration the investment smartness of retired employees.

1.0 Introduction

The study in the economic performance of retired employees is a matter relevant to various stake holders. Retirement age of employees is a topic of debate at present& many discussions are being conducted on basis of this topic. But serious study relating to work capability, social security, and productive potential of employees are not conducted yet. A study relating to such aspects become relevant in this situation.

It is significant to the employers mainly in the govt. sector, because the present system of retirement would lead to a brain drain of experience and expertise which could otherwise be off great asset for them. More than that, the burden of pension extends to a longer time span as the life expectancy and health standard are on the advancement.

Conducting a study about productive potential and work capability of employees may help the government to take decisions and judgments in various matters. This study can also be beneficial to employees in raising their dignity by knowing about the contribution &services that can make to society even after their retirement.

1.2 Objectives of the Study

- To study about the investment smartness of retired employees.
- To evaluate the work potential and productivity of retired employees

1.3 Scope of the Study

The study is conducted among some retired employees in Kerala. Maximum effort has been made to ensure that the sample represents different category of retired employees in all

respect.

The methodology adopted to carry out this study consists of the following;

Data Collection Technique

Primary data and Secondary data are used in conducting this study. The questionnaire method is used to collect the primary data. Secondary data is collected from Internet and various books.

Sampling Method

The retired employees in Kerala constitute the population for the study. Out of the population, 100 respondents are chosen by convenient sampling method and interviewed to collect necessary data. The respondents were chosen at random among employees retired from different categories like central govt. service, state govt. service, other govt. service and others.

Data Analysis

Mathematical and statistical tools like percentages, tables, charts and diagrams are used for the analysis and interpretation of data.

1.4 Limitations of the Study

1. Due to shortage of time, only 100 Samples are taken for this study. Therefore, the study might not be completely reflecting the actual.
2. Hesitations from some of the respondents in responding and answering to certain questions are a major limitation of this study.
3. The inherent limitations of primary data itself become a limiting factor of this study.

1.5 Review of Literature

Retirement marks a sharp reduction or cessation of lifetime work effort. Yet, a curious fact about retirement behavior is that many people later reverse their retirement decision and return to work. Many have speculated that economic shocks are a likely cause. Indeed, rates of return on many financial assets are uncertain, health care expenses may increase unexpectedly, and no one knows the evolution of his health or life span. Information shocks are also possible, if after retiring some individuals learn they did not save enough or discover they do not like retirement as much as anticipated (J Hum Resour. 2010)

The decision to retire is affected by a number of factors, including the availability of health insurance, Social Security eligibility, financial resources, and spousal interdependence. Several studies have also pointed to health status as a significant determinant. Workers in poor health, who suffer from activity limitations and chronic health conditions, are found to retire earlier than those who are healthy (Belgrave et al., 1987). A Kaiser Permanente study of members of a health maintenance organization (ages 60-66) compared mental health and other health behaviors of those who retired with those who did not (Midanik et al., 1995)

From a societal standpoint, population aging in the developed countries has intensified pressure on public pension systems (Annink et al., 2016). It now seems clear that society will

not be able to guarantee quality of life in retirement unless people save on their own behalf including private (i.e., corporate) pensions leading governments to adopt increasingly active policies designed to involve citizens in Financial Planning for Retirement (FPR). FPR consists of the series of activities involved in the accumulation of wealth to cover needs in the post-retirement stage of life. It is necessary because of the high, mid- and long-term, negative impact of poor planning (Choi and Jang, 2016; Ekici and Koydemir, 2016)

1.6 Analysis and Findings

Table 1 Demographic classification of respondent

| Demographic variable | Sub components | Number of respondents |
|----------------------------------|--------------------------|-----------------------|
| Gender | Male | 57 |
| | Female | 43 |
| Education | SSLC | 47 |
| | Plus Two | 13 |
| | UG | 33 |
| | PG | 7 |
| Employment category | Central government | 13 |
| | State government | 70 |
| | Other government service | 10 |
| | others | 7 |
| Years completed after retirement | Below 5 years | 33 |
| | 5-10 years | 23 |
| | Above 10 years | 44 |

Source: Primary data

In Demographic break up of respondents as shown in Table 1, four components are chosen. Gender, Education employment category and Years completed after retirement. Majority of respondents chosen for the study are male. Most of the employees (70%) retired from state government service. Most (44%) completed 10 years since retirement.

Table 2 Investment smartness of retired employees

| Variable | Sub components | Number of respondents |
|-------------------------------------|-----------------------------|-----------------------|
| Investment status | Yes | 77 |
| | No | 23 |
| Motives of investment | Regular Return | 57 |
| | Wealth Appreciation | 43 |
| | Avoids unnecessary spending | 22 |
| Risk perception | High Risk | 4 |
| | Moderate Risk | 17 |
| | Low risk | 78 |
| Monitoring & revision of investment | Yes | 65 |
| | No | 35 |

| | | |
|-----------------------|-----------|----|
| Frequency of revision | Weekly | 7 |
| | Monthly | 13 |
| | Quarterly | 13 |
| | Yearly | 67 |

Source: Primary data

In order to study investment smartness of retired employees, 5 variables are considered. While considering first variable, i.e. Investment status, it is evident from Table 2 that 77% of the respondents were able to make some investment out of their retirement benefits. While 23% were not able to make any investment. Analysis of motives of investment, it is evident that the motive of large group consisting of 57% is regular return. Another motive is appreciation of wealth (43%).22% of respondents made investment in order to avoid unnecessary spending. While reviewing monitoring and revision of investment, it is evident that 65% of the respondents revise and monitor their investments regularly (75% of male &55% of female). 35% do not make any revision and monitoring of their investments. While analyzing frequency of revision It is observed that majority of the respondents i.e., 67% make revision of their investments on yearly basis.13%each of the respondents makes monthly and quarterly revision Only 7% of the respondents makes revision on weekly basis.

Table 3 Work potential of retired employees

| Variable | Sub components | Number of respondents |
|---|-------------------------|-----------------------|
| Engagement in any business or profession after retirement | Yes | 63 |
| | No | 37 |
| Factors motivating to work after retirement | Additional Income | 22 |
| | Meet additional expense | 4 |
| | Avoid boredom | 17 |
| | Self-Satisfaction | 35 |
| | Serve Society | 17 |
| | Others | 4 |

Source: Primary data

While studying work potential of retired employees, it is evident from Table 3 that 63% of the respondents are engaged in any work, profession or business after retirement. And among them 37% of respondents are not engaged in any work, profession or business after retirement. While analyzing factors motivating to work after retirement, it is evident that majority of the respondents, (35%) preferred to work after retirement for self-satisfaction. 22% are working in order to earn additional income.17% each prefer to work to avoid boredom & to serve the society. 4% prefer to work to meet additional expenses after retirement.

1.7 FINDINGS

1. Most of the retirees are able to make some kind of investment out of their retirement benefits. Gender wise analysis of the investment status of retirees revealed that most of the female retirees i.e., 85%were able to make some kind of investment out of

their retirement benefits, while only 71% of male retirees made investment from retirement benefits.

2. Main Investment motive of male retired employees is wealth appreciation, while that of females is earning regular returns.
3. Most of the retired employees making an investment out of their retirement benefits, made investment in the form of bank deposit.
4. Females invest in least risky avenues. Majority of female retirees chooses investments with low risk.
5. Employees retired from other govt. services like KSRTC, KSEB etc... seemed to be more risk seeking.
6. Majority of the respondents revise and monitor their investments regularly. When it comes to gender wise analysis, 75% of male & 55% of female respondents make regular monitoring and revision of their investment. Thus male respondents take more care about their investments and making periodic revisions based on periodic changes and variations in returns.
7. Majority of the retired employees are engaged in any business, profession or work after retirement.
8. Majority of male retirees, i.e., 88% are engaged in any business, profession or work after retirement, while only 33% of female retirees are engaged in any business, profession or work after retirement.
9. Major factor (35%) motivating retirees to work after retirement are to gain self-satisfaction.

1.8 SUGGESTIONS

- Most of the female retirees are risk averters. They invest only in highly safe avenues. They should be encouraged to divert their investments to some riskier avenues too, in order to magnify their returns.
- Investment education should be provided to the retired employees in order to make them more scientific in their investment decisions, since only a few of the retirees depend on Internet and other modern sources for making their investment decisions out of their retirement benefits.
- Regularly and timely monitoring and revision of investments must be made to make investments more efficient and smart.
- Most of the retired employees are engaged in some sort of productive activity. This clearly shows that these persons are still able to contribute significant economic values to the society again for a couple of years. The employers can find some ways to tap their experience for longer periods.

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