

*CHAPTER – I*  
*INTRODUCTION*

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## CHAPTER I

### INTRODUCTION AND DESIGN OF THE STUDY

“Retirement may be an ending, a closing, but it is also a new beginning”

Catherine Pulsifer

The marketing world in the present economic scenario tends to focus its attention on satisfying the requirements of the younger consumers with less attention given to those over fifty. However, the world is undergoing a demographic transition. The 60+ group formed 5 per cent of the population in the year 1970, but would form 16 per cent of the population in 2050. One out of every 10 person is now 60 years or above. By 2050, one out of five will be 60 years or older (Globalaging.org). This segment is definitely valuable because with increase in education and job pay back, the elder's financial position and purchasing power have also increased. A study reveals that the present senior citizens are very active in their purchase behaviour and in utilizing their resources in an effective manner than what it was ten years ago. (Agahi and Parker, 2005).

The life course is a social clock that describes a sequence of stages, people move through as they age. Transition of one stage to another is typically marked by a significant event (Morgan and Kunkel, 1998). One major stage in the life course perspective is the retirement stage. Retirement, a transitional life event that involves role relinquishment and an increase in leisure hours often has an impact on the structure of daily activities among retirees (Fon Sim Ong, 2006). Retirement seems to be a crucial moment in the process of growing older, since it is generally viewed as a point in time where old age begins (UrsinaTeuscher, 2003). Retirement is a relatively recent phenomenon, which is characteristic of affluent industrial and post-industrial societies. Retirement was virtually nonexistent in many other countries and in India a hundred years ago. Work was part of life until illness or death prevented it. Now, however, we have compulsory age-based retirement in most of the occupational sectors. Retirement cannot be viewed from the perspective of giving up work, beside the work-related variable, the retiree needs to adjust to a number of other life change events associated with the process of retirement.

Retirement, a crucial event, involves an economic role transition occurring in the later stage. In this decade of improved socio-economic situations, the present and the future cohort of retirees are better educated, have less financial obligations and more time to engage in consumption-related activities.

The transition from active life to retired life and the inherent adjustment processes may create situations which may precipitate psychological change in the life and attitude of the individual. Longitudinal and cross-sectional studies have shown that healthy elderly and retired people are as happy or even happier and have an equal quality life as compared to younger employed adults. Consumption and the ability to make decisions relating to consumption activities are everyday matters that must be viewed as part of active ageing since consumption activities engage older people physically, socially and emotionally. (Fon Sim Ong, 2012).

### **1.1 STATEMENT OF THE PROBLEM**

The proportion of the elders in Indian population is increasing. Many elders are living to an advanced age. The number of retirees is expected to increase, since more and more people are engaged in the formal sector for which retirement applies. More number of people are retiring earlier in life and at the same time many are living longer. The retired households are well educated, confident, passionate, unbeatable and socially conscious with high integrity and are living in the era of electronic, technological and wireless society. These events, coupled with demographic changes in the elderly population, make the consumption and savings behaviour of the retired increasingly noteworthy and there is substantial diversity in the financial circumstances of households entering retirement. Retirement does not only mean an end to a professional activity but also an end to a long period of adult life that has influenced habits, defined priorities and conditional wishes. The degree of success in the adjustment to retirement is measured by the impact of events and influences on the life of the retirees.

Majority of previous research on retirement has primarily focused on the financial plan for retirement, consumption pattern of retired households, impact of working beyond retirement etc in various parts of Tamil Nadu, India and abroad. Major changes have taken place in the cultural and sociological ethos in India, which in turn have triggered

the changes in the purchasing process and consumption pattern of Indians. Retired households have become the subject of research in similar form, mainly due to this group of the population comprises a large demographic segment of consumers with high spending power. Hence, this study focuses on the investment and consumption pattern of the retired households, their role and involvement in family decision making, present purchasing behaviour and the level of satisfaction towards the life after retirement.

## **1.2 SCOPE OF THE STUDY**

Adjustment to retirement and the consequent economic changes make “the golden years” a difficult, yet interesting phase in the entire life cycle. Retirement patterns have changed extensively in recent years and continue to evolve rapidly. To investigate the research problem a number of questions were examined.

- Present employment status and the source of financial income after retirement
- Preferred methods of savings and investment
- Changes in the expenditure pattern
- Role and Involvement in family decision making
- Financial independence to purchase any products or services
- Level of satisfaction after retirement

## **1.3 OBJECTIVES**

- To study the socio economic profile and employment aspects of the retired households.
- To analyze the saving, investment and consumption pattern of the retired households.
- To examine the role and involvement of the retired households in family decision making process.
- To study the level of satisfaction of the retired households towards their saving, investment, consumption and decision making process.
- To investigate the relationship between the effect of expenditure and investment on retired life satisfaction mediated by purchase behaviour using structural equation modeling.

## **1.4 RESEARCH METHODOLOGY**

### **i) Period of study**

The period considered for the study is 2012-2015. The period of data collection is from March 2013 to December 2013.

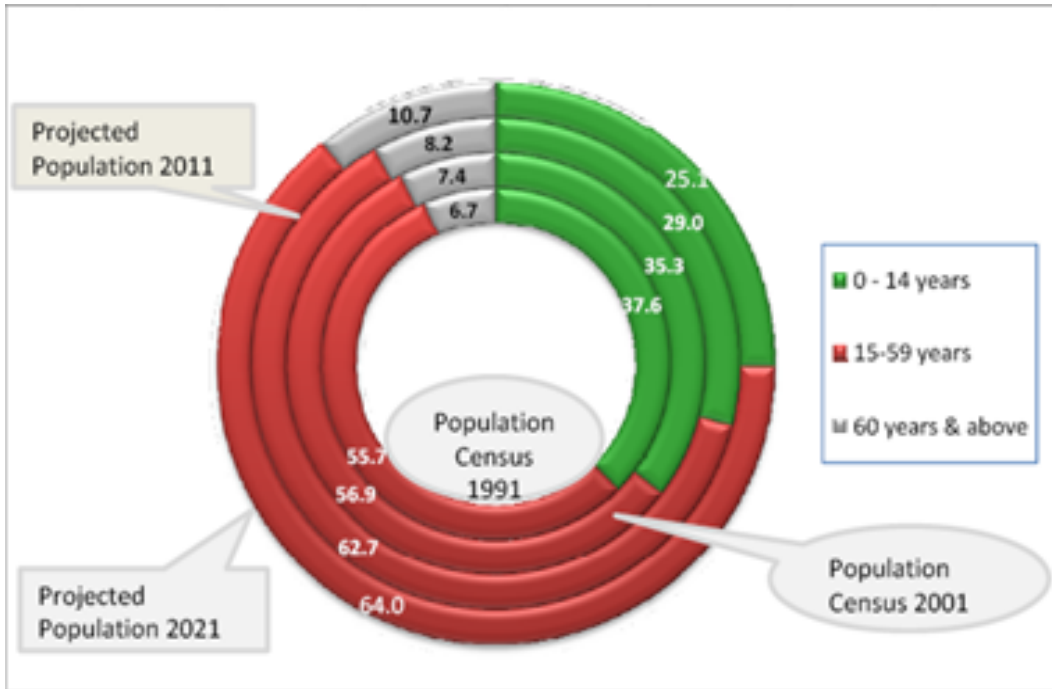
### **ii) Sampling**

The study adopted snow ball sampling method for the selection of retired households.

### **iii) Selection of sample**

The data of the study is mainly primary in nature. The primary data has been collected through a pre-tested structured Questionnaire. Secondary data have been tapped from many sources, namely, books, journals, magazines and websites. A pilot study is conducted and the primary data have been collected from 30 respondents. The questionnaires have been tested for reliability and the alpha value for involvement in decision making process is 0.931, purchase behaviour is 0.864 and satisfaction level is 0.938. Based on the reliability and validity tests, necessary changes have been incorporated in the questionnaire. The data analysis methods (t test, ANOVA, regression) used in the study depend on the assumption that data were sampled from a normal distribution. The Anderson-Darling Normality test and D'Agostina – Pearson Normality test are used to test the assumption of normality of the variables taken for the study.

In India if we divide the total population into three major age group i.e., age in years 0-14,15-59, and 60 and above we find clear that during last few decades the share of children (age 0-14) is decreasing from 37.6% in 1991 and is projected to be about 25% by the year 2021. On the other hand the proportion of population in the working age-group (15-59 years) and the aged (60 years and above) both are increasing rapidly. The population which accounted for 6.7% of the total population in 1991 is expected to increase its share to more than 10% by the year 2021 and therefore government needs to initiate requisite appropriate programmes and policy interventions to ensure life with dignity for the senior Citizens of the Country (Situation Analysis of the Elderly in India, June 2011).



**Fig. 1: Age Distribution of population in India over decades**

**Source: Situation Analysis of the Elderly in India, June 2011**

The National estimate indicates that, 8.2 percent of the population in India are 60 years and above. (Source: Situation Analysis of the Elderly in India, June 2011). As per provisional reports of Census India, population of Coimbatore city in 2011 is 1,050,721 (Source : [www.census2011.co.in](http://www.census2011.co.in)) Considering this, even if it is assumed that 8 percent of the population of Coimbatore City are retired and aged 58 years and above, the population size becomes 84,057. As per Taro Yamani (1967) the estimated sample size will be

$$n = \frac{N}{1 + N * e^2}$$

Where n = required sample size

N = population

e = error allowed during sampling usually 0.05 i.e. 5%

$$\begin{aligned} \text{Estimated sample size} &= 84057 / 1 + 84057 * 0.05 * 0.05 \\ &= 399 \end{aligned}$$

The actual sample size arrived has been 399 rounded off to 400. Therefore 400 questionnaires were distributed to the respondents and out of it 12 questionnaires were not returned and 13 were eliminated due to incompleteness. Hence the sample size is 375.

#### **iv) Sample design**

The retired households aged 58-74 years termed as “young-old” were selected for the study since they are able to think conceptually and can finish concrete tasks by themselves. The sample respondents consists of retired people from government and private sector either regular or voluntary retirement have been considered for the study.

#### **vii) Statistical Tools Used**

The following statistical tools have been used for analyzing the data.

- Descriptive Statistics– Percentage Analysis, Simple Mean and Standard Deviation
- Chi-square
- ANOVA
- T-Test
- Kendall’s Coefficient of Concordance
- Factor Analysis(Kaiser-Meyer Measure of sampling adequacy and Bartlett’s Test)
- Correlation
- Multiple Regression analysis
- Cluster Analysis

SPSS Ver. 20.0 is used to analyze the data.

### **1.5 HYPOTHESIS**

The following research hypothesis have been framed and tested for the study.

- The saving, investment and expenditure pattern of the retired households do not vary significantly with the personal factors and employment aspects.
- Retired households role and involvement on family decision making do not vary significantly with the personal factors and employment aspects.

- The level of satisfaction score do not differ significantly based on the selected personal factors and employment aspects.

The above research hypotheses were broken down into simple working hypothesis and are discussed in the chapters IV to VII.

## **1.6 LIMITATIONS OF THE STUDY**

The following are the limitations of the study.

- The normal limitations inherent in the statistical tools may be present in the current study also.
- Inability of the human mind to remember certain facts also poses a limitation.

## **1.7 CHAPTER SCHEME**

- **Chapter I** deals with the introduction and design of the study.
- **Chapter II** summarizes the review of literature, the concepts and terms applied in the study.
- **Chapter III** has elaborated the overview of the retired households and the study related concepts.
- **Chapter IV** deals with the socio economic profile, employment aspects and analyses the saving, investment and consumption pattern of retired households.
- **Chapter V** analyses role and involvement of the retired households in family decision making process.
- **Chapter VI** reveals the level of satisfaction of the retired households towards their saving, investment, consumption and decision making process.
- **Chapter VII** investigates the relationship between the effect of expenditure and investment on retired life satisfaction mediated by purchase behaviour using structural equation modeling.
- **Chapter VIII** recapitulates the findings and offers suggestions and conclusions.