



**ORIGINAL RESEARCH PAPER**

**Management**

**FACTORS AND MOTIVES OF SAVINGS AND INVESTMENT OF TEACHING FACULTY IN THE AFFILIATED COLLEGES OF ALAGAPPA UNIVERSITY**

**KEY WORDS:** Savings, Teaching faculty, Investment

**Dr.G.Parimalarani**

Associate Professor, Department of Bank Management, Alagappa University, Karaikudi, Tamilnadu, India

**ABSTRACT**

Savings and investment are an indispensable part in the human life. In a country like India, the income standard is almost uncertain and leads to more consumption rather than saving which has now been a central problem. If the saving is low, then the investment will also be low capital formation. An economy is said to grow when the savings and investment trends is in an increasing trend. By taking this as the background the study made an attempt to undergo Factor analysis on the savings and investment pattern of teaching faculty in the affiliated colleges of Alagappa University.

**1. Introduction:**

Savings and investment are two crucial economic variables by which we can measure a person's physical quality of life and standard of living. Savings act as an inducement for investment and if a person has considerable savings, he will have a feeling that he is able to meet some unexpected expenditure and to face moderate risk. Savings and investments are mutually interconnected economic variables. Investment is a most important activity that attracts all the people irrespective of their occupation, social status and education. Savings and investment are an indispensable part in the human life. In a country like India, the income standard is almost uncertain and leads to more consumption rather than saving which has now been a central problem. If the saving is low, then the investment will also be low capital formation. An economy is said to grow when the savings and investment trends is in an increasing trend. By taking this as the background the study made an attempt to undergo Factor analysis on the savings and investment pattern of teaching faculty in the affiliated colleges of Alagappa University.

**1.1 Statement of the problem**

Savings and investment are important and unavoidable components in today's world. Savings leads to investment and in turn investment leads to high growth of the economy. People save certain portion of their money to meet out the emergency and to overcome the situation without any difficulties. Teachers are the knowledge hub of the country; they play an important role in developing the nation by sharing their knowledge and their experience to the young generation. As teachers are considered to be an important asset to a nation their wellbeing as well as the quality of their life should be safeguarded. Here quality of life is centered towards the security aspect. By considering this point the study pertains to know the awareness level of the teachers about various investment products and their pattern of investment.

**1.2 Objective of the study:**

- To analyze the various factors influencing the investment pattern of the respondents in the study area.

**1.3. Research Methodology**

Alagappa University is located at Karaikudi, it has 37 affiliated Colleges ( as on 2016) The target population for the study is 1500 regular teaching faculty members in the affiliated colleges of Alagappa University which consist of assistant professors and professors. Simple random sampling method was adopted for choosing the sample respondents. As per the target population listed above, the researcher has chosen 315 respondents randomly that representing the right sample size based on formula proposed by Taro Yamane. 15 respondents have not provided appropriate information; therefore 300 respondents were included for the analysis. The primary data were collected through a structured questionnaire containing both open and closed ended questions.

Statistical tools such as: Factor analysis and correspondence analysis were used to analyze the primary data collected from the respondents.

**There are three basic steps to factor analysis:**

1. Computation of the correlation matrix for all variables.
2. Extraction of initial factors.
3. Rotation of the extracted factors to a terminal solution

**2.FACTORS AND MOTIVES OF SAVINGS AND INVESTMENT PATTERN USING FACTOR ANALYSIS:**

Factor analysis is a technique that is used to reduce a large number of variables into fewer numbers of factors. Factor analysis extracts maximum common variance from all variables and puts them into a common score. Factor analysis is employed in any research study on social science and management not only for factor reduction but also for identifying the important variables.

**FACTORS AND MOTIVES OF SAVINGS AND INVESTMENT PATTERN:**

**KMO AND BARTLETT'S TEST:**

The use of KMO and Bartlett's test of sphericity is primarily essential to measure sample adequacy of using factor analysis. The small value of KMO statistics indicate that the correlation between pair of variables cannot be explained by other variables and the factor analysis may not be appropriate. The KMO measure of sampling adequacy was calculated by using the correlation test , to check whether the variables in the sample are adequate to correlate . The general rule of thumb is that a KMO value should be greater than the 0.5 for a satisfactory analysis to proceed.

**Table1: Kmo And Bartlett's Test**

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.724
Bartlett's Test of Sphericity	Approx. Chi-Square	535.827
	df	21
	Sig.	.000

Source: Compiled from primary data

High value of KMO (0.764 > .05) indicates that factor analysis is useful for the present data. The significant value for Bartlett's test of Sphericity is 0.000 and is less than .05 which indicates that there exists a significant relationships among the variables. The resultant value of KMO test and Bartlett's test indicate that the present data is useful for factor analysis.

**Table 1 (A): Reliability Statistics- Factors And Motives Of Savings And Investment Pattern**

Cronbach's Alpha	N of Items	No of variables
.724	300	13

The reliability of scales used in this study was calculated by cronbach's coefficient alpha and normally it ranges between 0 and 1. All constructs obtained an acceptable level of a co-efficient alpha above .7, indicating the scales used in this study were reliable.

Component	Total Variance Explained								
	Initial Eigen values			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.763	53.758	53.758	3.763	53.758	53.758	3.588	51.252	51.252
2	1.086	15.516	69.274	1.086	15.516	69.274	1.262	18.022	69.274
3	.867	12.386	81.659	2.326	14.26	32.64	2.362	1.246	7.123
4	.689	9.841	91.501	3.763	53.758	53.758	3.588	51.252	51.252
5	.323	4.620	96.121	1.086	15.516	69.274	1.262	18.022	69.212
6	.158	2.264	98.384	2.146	53.758	53.728	3.588	51.252	51.252
7	.113	1.616	100.000	1.086	15.516	69.274	1.262	18.022	69.274
8	.124	1.216	100.000						
9	.156	15.526	69.274						
10	.123	12.386	81.659						
11	.146								
12	.171								
13	.183								

Extraction Method: Principal Component Analysis.

Source: Compiled from primary data

In the above table, the rule of thumb is applied to choose the number of factors for which 'Eigen values' with greater than unity is taken by using Principal Component Analysis method. The Component matrix so formed is further rotated orthogonally using Varimax rotation algorithm which is the standard rotation method (Kaiser, 1958). All the statements are loaded on the two factors.

The factor analysis result shows that the thirteen variables can be grouped into three variables. If the thirteen variables are reduced into three then the total variance explained is 78 percent which is very significant. This means that the thirteen variables can be reduced into three variables. The Rotated component matrix shows that variables V1, V3, V5, V4, and V11 can be grouped into first factor, V2, V7, V8, V9 is the second factor. This means thirteen variables can be grouped into three variables. The Rotated components matrix shows variables V1, V3, V4, V5 and V11 can be grouped into first factor, V2, V7, V8, V9 is the second factor. This means thirteen variables can be grouped into three.

		Rotated Component Matrix		
		Component		
		1	2	3
V1	You save to reduce tax	.871		
V3	Less risk	.872		
V5	Procedure for getting regular return is simple in postal schemes	.830		
V4	Problem of liquidity	.752		
V11	You desire to spend less	.742		
V2	Consistency of return		.492	
V7	I am comfortable with service provided by invest agents		.839	
V8	You desire to build reserve for unforeseen contingencies		.721	
V9	You desire to provide for anticipated future needs like old age		.632	
V10	You desire to enjoy an enlarged future income			.671
V6	Investment information available			.821
V12	You desire to pass the fortune to next generation			.763
V13	You desire to carry out speculation business			.862
	Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization. a. Rotation converged in 3 iterations.			

Source: Compiled from primary data

The rotated component matrix shows that variables V1, V3, V5, V4, and V11 can be grouped into first factor and variables, V2, V7, V8, and V9 can be grouped into second factor. The multidimensional scaling has also given the same result. As the

variables within the group are related, the number of variables can be eliminated by taking one from one group. From the group one V3 can be taken which is high value. V3 is very important variable because less risk is there to investment.

The first factor variables (V1, V3, V5, V4 and V11) are grouped together and suggested to be called as **CONSERVATIONIST FACTOR**.

The second factor variables (V2, V7, V8 and V9) are grouped together and suggested to be called as **SAFETY SEEKER FACTOR**.

The third factor variables (V10, V6, V12 and V13) are grouped together and suggested to be called as **RISK RETURN SEEKER FACTOR**.

**5.3 Conclusion**

This research has helped the researcher to understand the patterns of savings and investments by a decently earning upper middle class and middle class salaried segment of the economy. This salaried upper middle class and middle class have the real potential to save and invest for the betterment of their families as well as the country. It has also been found out, through the study that the spending culture influenced by the growing consumerism has taken a toll on the savings and investment. The importance of savings and investment is rather considered less priority and maintaining a better lifestyle is considered a top priority. It is high time that the Government, Employers and Financial Institutions take appropriate measures to encourage savings habit. This can be boosted through innovative savings component in the salary itself along with some special incentive to those who save more.

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