

Impact of Investors Saving Motive, Importance and Behaviour on Underlying Investment Value



M.Renuka, I.Narsis,

Abstract: Background of the Study: The investors choose their investment avenues based on the expected return of that. More than that many unrevealed criteria were act at the rear on every individual investment value. This article explore investors saving motive, saving behaviour and their importance of saving which were collectively determined the investors investment value. **Methodology:** This is an exploratory study to know the impact of Saving behaviour, saving motive and importance on underlying investment value. This article purposively identified the salaried class people as a sample respondent of the study. Therefore, the researcher has adapted a non-probabilistic sampling method of Purposive sample. The sample size were 370 salaried class employees residing at urban area of Tiruchirappalli District. **Research Instrument:** The questionnaire has comprised two sections. The first section includes personal and demographic factors and Core area of study was included in the second section of the questionnaire. **Results and discussion:** There is no direct causal effect of importance of saving on investment expected value and investors saving behaviour. However, there is a direct causal effect of investors saving motive on their expected investment value. **Conclusion:** The investor's motive was the prime factor to make a preferred underlying investment based on their future need.

Key words: Saving Behaviour – Investment Value – Saving importance – Saving Motive

I. INTRODUCTION

The households saving are important for any nation for its economic growth. Even though a country depends upon its foreign direct inflow, the role of house hold savings is mostly considered and inevitable income for the government to booth the economy. The economist suggested that even the foreign direct inflow not up to the mark of government expectation, the house hold savings has boost the declining the economy. The Indian economic is not excepted from the above concern. it is strongly believe that whenever the house hold saving has increased the domestic saving also increased, whenever the domestic saving has increased, the domestic investment also increased.

II. BACKGROUND OF THE STUDY

The salaried class people have always preferred to save a small portion from their salary. The ultimate aim of any individual saving would lead them to meet any contingency in future. it is also important for them to transfer their saving amount into various investment avenues. The people get financial advice from various sources.

Revised Manuscript Received on October 30, 2019.

* Correspondence Author

Mrs. M.RENUKA*, Research Scholar, Department of Business Administration, Government Arts College, iruchy – 620 022, Tamilnadu.

Dr.I.NARSIS, Assistant Professor & Research Advisor PG & Research Department of Commerce, Government Arts College, Tiruchy – 620 022, Tamilnadu.

© The Authors. Published by Blue Eyes Intelligence Engineering and Sciences Publication (BEIESP). This is an [open access](https://creativecommons.org/licenses/by-nc-nd/4.0/) article under the CC-BY-NC-ND license <http://creativecommons.org/licenses/by-nc-nd/4.0/>

Some time they take financial suggestions and recommendation from their friends, relatives, family members and social groups. Apart from that their financial investment decision has impart with their personal investment motive, their behaviour and important of their saving also involved to take their final decision on their investment decision. Here, the investment motive and the importance behind the investors induce them to choose particular investment. This research paper have an attempt to explore the main cause effect among saving motive, investors investment behavior and importance of saving motive on overall underlying investment value.

III. OBJECTIVE AND HYPOTHESIS OF THE STUDY

The study have an objective to analyze the impact of three core factor such as, saving motive, importance of saving and investors behaviour on investment value. Based on the above objective the following hypotheses were made.

H_{a1}: Importance of saving has direct cause effect on Investment value

H_{a2}: Investment Motive has direct cause effect on Investment value

H_{a3}: Investor's investment Behaviour has direct cause effect on Investment value

IV. METHODOLOGY

This is an exploratory study to know the impact of investors saving behaviour, their saving motive and importance on underlying investment value. This article purposively identified the salaried class people as a sample respondent of the study. **Sampling and sample size:** The researcher has adapted a non-probabilistic sampling method of Purposive sample. The sample size was 370. The respondent were the salaried class employees residing in urban area of Tiruchuchirappalli district. The sample group were consist of Bank, Railway, Insurance Corporation and Teachers were the sample respondent of the study. **Research Instrument:** The study has adapted the Questionnaire method to get responses from the respondent. The questionnaire has comprised two sections. The first section includes five personal and demographic indicators and the Core area of study was included in the second section of the questionnaire. the core area included investors saving behaviour, importance of investment, saving motive and investment value. The indicators of core area were ranked with five point likert's scale (1 as strongly disagree and 5 as strongly agree). The core indicator of the study was listed in the Table No.2. **Statistical Tool:** In order to analyze the impact of Investors Saving Motive, importance and behaviour on underlying investment value,

Impact of Investors Saving Motive, Importance and Behaviour on Underlying Investment Value

the researcher has applied Structural Equation Modeling to verify the direct cause effect between four latent factors constructed for this research study.

V. PERSONAL AND DEMOGRAPHIC PROFILE OF THE SAMPLE RESPONDENT

The bar diagram no.1 shows the stratification of sample respondent involved in the study on the basis of their personal and demographic information. It is found that out of 370 respondents, 68 percentages of respondents were male and remaining 32 percentages were female. Large Number of Male respondent were involved in the survey. Out of 370 sample respondent, 66 percentages were married

and 34 percentages were unmarried. Among the six level classification of respondent age, 38 percentages of respondents age were in between thirty five to thirty one percentages of respondents age were in between thirty five to forty. The above table clearly indicates that 69 percent of sample respondent age is in between 30 – 40. 45 percentages of respondents were completed up to school level of their education and 31 percentages were either Technical or Diploma. Regarding the monthly income of respondent, out of 370 sample respondents, 38 percentages of respondent incomes were in between 20,000 – 40,000 and 26 percentages of respondents incomes were in between 40,000 – 60,000.



Figure No.1 Histogram shows distribution of sample respondent on the basis of Personal and Demographic factor

Table No. 1 Indicators Values Shows The Model Fitness

Indicators	Value	Fitness result
Chi-Square	2437.895 Df 672, P<.0001	Very Good
CFI	.863	Good
CMIN/DF	3.628	Good
PGFI	.720	Good
GFI	.888	Very Good
AGFI	.862	Very Good
RMR	.081	Moderate
RMSEA	.040	Acceptable

The Chi-square value clearly indicate that the appropriate distributional assumptions are met and the specified model is correct. The value 3.628 is the approximate probability of getting a chi-square statistic as large as the chi-square statistic obtained from the current set of data. Since the P value is less than 0.0001, the exit of the data from the model

is significant at the .0001 level. The appropriateness of hypothesis testing in model fitting by the way of the necessary distributional assumptions all the necessary indicators are met.

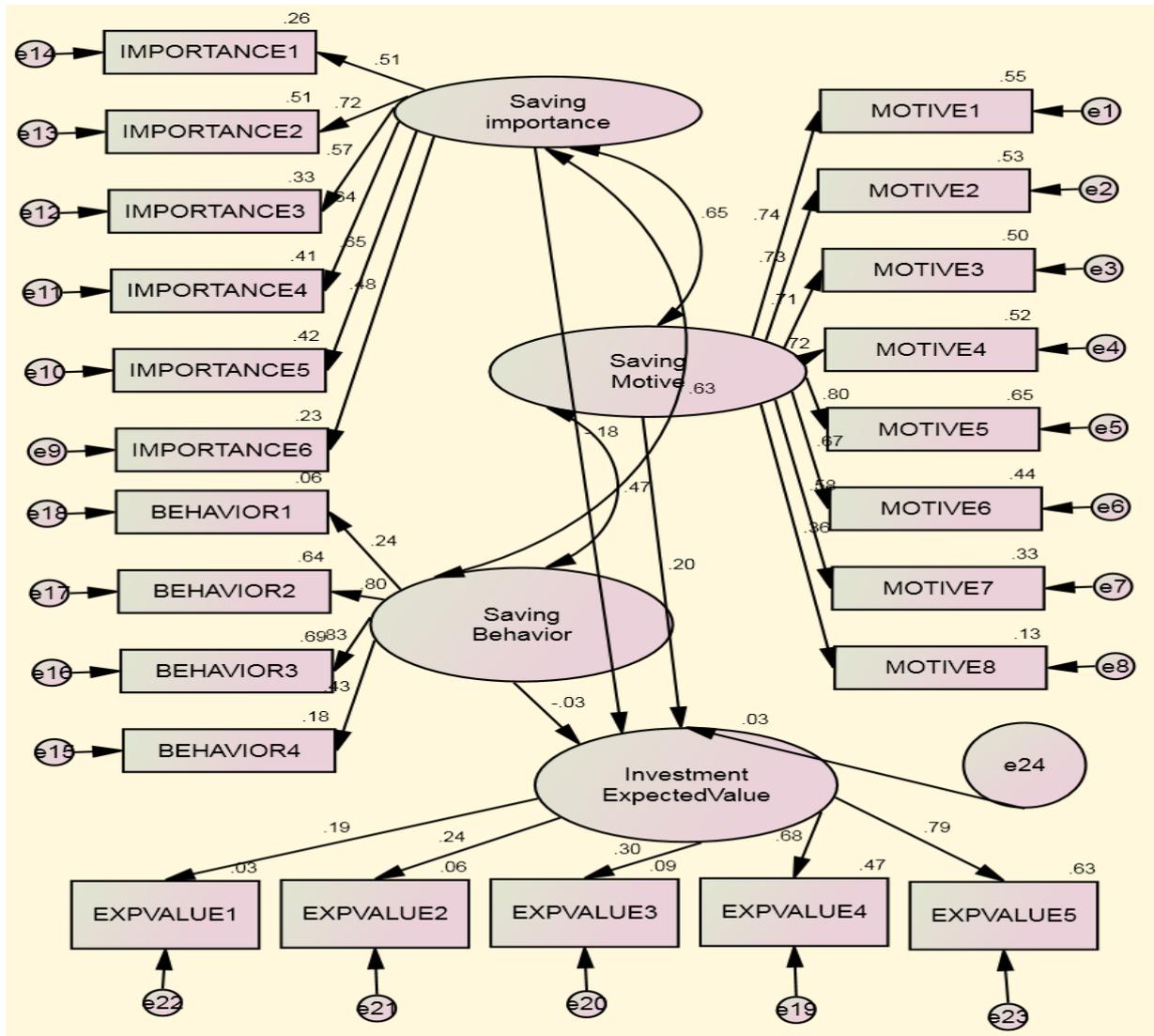


Figure No. 2. Standardaized Estimate Of Core Factors

Table No.2 Variables Entered In The Structural Analysis

Factor Name	Indicators (Name)	Indicators (Label)
Behavi or	Save regularly, put money aside each month	BEHAVIOR1
	Spend regular income and save other income	BEHAVIOR2
	Spend one portion of income and save the remaining portion.	BEHAVIOR3
	Spend regularly and save the residual income only	BEHAVIOR4
Saving Motive	Desire to build reserve for to meet immediate future needs	MOTIVE1
	Desire to provide for probable expected need like old age	MOTIVE2
	Desire to anticipated future income like interest and appreciation	MOTIVE3
	Desire to enjoy a sense of independence and power to do things	MOTIVE4
	Desire to improve the standard of living	MOTIVE5
	desire to spend less	MOTIVE6

Impact of Investors Saving Motive, Importance and Behaviour on Underlying Investment Value

Saving Importance	desire to pass the fortune to next generation	MOTIVE7
	desire to carry out speculation business	MOTIVE8
	Retirement	IMPORTANCE1
	Educating children	IMPORTANCE2
	Purchasing a home or major home improvement	IMPORTANCE3
	A "big-ticket" purchase, such as a car or vacation	IMPORTANCE4
	Building a "rainy day" emergency fund	IMPORTANCE5
	Reducing debt to an affordable level	IMPORTANCE6
Investment Expected value	could tolerate a significant decline in the short-term value of my investments	EXPVALUE1
	Declaim in short-term value of my investments would not be upsetting,	EXPVALUE2
	modest decline in the short-term value of my investments would not be upsetting	EXPVALUE3
	drop in the value of my investments would make me uncomfortable	EXPVALUE4
	primary concern is the security of my investment	EXPVALUE5

VI RESULTS AND DISCUSSION

Table No.3 Regression weights and estimate of saving motive on investment value

Predictor	Response	Estimate	S.E.	C.R.	P	Standardized regression Estimate
MOTIVE1	Saving Motive	1.000	Reference Point			.738
MOTIVE2	Saving Motive	.958	.063	15.251	***	.731
MOTIVE3	Saving Motive	1.002	.068	14.741	***	.708
MOTIVE4	Saving Motive	1.032	.069	15.013	***	.720
MOTIVE5	Saving Motive	1.226	.073	16.793	***	.804
MOTIVE6	Saving Motive	.946	.068	13.834	***	.666
MOTIVE7	Saving Motive	.767	.064	11.895	***	.575
MOTIVE8	Saving Motive	.518	.070	7.411	***	.362

The probability of getting a critical ratio as large as 16.793 in absolute value is less than 0.001. In other words, the regression weight for Saving Motive in the prediction of MOTIVE5 "Desire to improve the standard of living" is significantly different from zero at the 0.001 level (two-tailed). When Saving Motive goes up by 1, MOTIVE5 "Desire to improve the standard of living" goes up by 1.226. When Saving Motive goes up by 1 standard deviation, MOTIVE5 "Desire to improve the standard of living" goes up by 0.804 standard deviations.

p<0.001

Table No.4 Regression weights and estimate of saving importance on investment value

Predictor	Response	Estimate	S.E.	C.R.	P	Standardized regression Estimate
IMPORTANCE 6	Saving importance	.883	.114	7.764	**	.479
IMPORTANCE 5	Saving importance	1.306	.140	9.322	**	.645
IMPORTANCE 4	Saving importance	1.224	.132	9.274	**	.639
IMPORTANCE 3	Saving importance	1.160	.133	8.708	**	.572
IMPORTANCE 2	Saving importance	1.321	.135	9.819	**	.717

IMPORTANCE 1	Saving importance	1.000	Reference Point	.514
--------------	-------------------	-------	-----------------	------

*** p<0.001

The probability of getting a critical ratio as large as 9.819 in absolute value is less than 0.001. The regression weight for Saving importance in the prediction of IMPORTANCE2 "Educating children" is significantly different from zero at the 0.001 level (two-tailed). It is revealed that when saving importance goes up by 1 standard deviation, IMPORTANCE2 "Educating children" goes up by 0.717 standard deviations.

Table No.5 Regression weights and estimate of saving Behavior on investment value

Predictor	Response	Estimate	S.E.	C.R.	P	Standardized regression Estimate
BEHAVIOR 4	Saving Behavior	1.707	.398	4.292	***	.429
BEHAVIOR 3	Saving Behavior	3.539	.747	4.736	***	.829
BEHAVIOR 2	Saving Behavior	3.541	.748	4.734	***	.800
BEHAVIOR 1	Saving Behavior	1.000	Reference Point			.241

*** p<0.001

The probability of getting a critical ratio as large as 4.736 in absolute value is less than 0.001. The regression weight for saving Behavior in the prediction of BEHAVIOR3 “Spend one portion of income and save the remaining portion” is significantly different from zero at the 0.001 level (two-tailed). It is observed that when Saving Behavior goes up by 1 standard deviation, BEHAVIOR3 “Spend one portion of income and save the remaining portion” goes up by 0.829 standard deviations.

Table No.6 Regression weights and estimate of Investors Expected investment value

Predictor	Response	Estimate	S.E.	C.R.	P	Standardized regression Estimate
EXPVALUE4	Investment Expected Value	3.334	.987	3.380	***	.684
EXPVALUE3	Investment Expected Value	1.553	.522	2.973	.003	.295
EXPVALUE2	Investment Expected Value	1.313	.475	2.765	.006	.239
EXPVALUE1	Investment Expected Value	1.000	Reference Point			.186
EXPVALUE5	Investment Expected Value	4.259	1.286	3.312	***	.795

*** p<0.001

The probability of getting a critical ratio as large as 3.38 in absolute value is less than 0.001. The regression weight for EXPVALUE4 “drop in the value of my investments would make me uncomfortable” is significantly different from zero at the 0.001 level (two-tailed). It is predicted that when Investment Expected Value goes up by 1 standard deviation, EXPVALUE4 “drop in the value of my investments would make me uncomfortable” goes up by 0.684 standard deviations.

Table No.7 Hypothesis test result

Predictor	Response	Standardized regression Weights	S.E.	C.R.	P	Hypothesis Result
Investment Value	Saving importance	-.176	.041	-1.459	.145*	H _{a1} : No Cause Effect
	Saving Motive	.201	.024	1.962	.050**	H _{a2} : Cause Effect prevailed
	Saving Behavior	-.033	.056	-.373	.709*	H _{a3} : No Cause Effect

*p>0.05; **p<0.05

Saving important on investment Value: The likelihood of getting a t-value as large as 1.459 in absolute value is .145. The standardized regression weight for Saving importance in the prediction of Investment Expected Value is not significantly different from zero at the 0.05 level (two-tailed). It is found that when saving importance goes up by 1 standard deviation, Investors Expected Value over the Investment goes down by 0.176 standard deviations.

Saving Motive on Investment value: The likelihood of getting a t-value as large as 1.962 in absolute value is .050. The standardized regression weight for Saving Motive in the prediction of Investment Expected Value is significantly different from zero at the 0.05 level (two-tailed). It is

revealed that when Saving Motive goes up by 1 standard deviation, Investment Expected Value goes up by 0.201 standard deviations.

Saving Behaviour on Investment Value: The likelihood of getting a critical ratio as large as 0.373 in absolute value is .709. The standardized regression weight for Saving Behavior in the prediction of Investment Expected Value is not significantly different from zero at the 0.05 level (two-tailed). It is revealed that when Saving Behavior goes up by 1 standard deviation, Investors Expected Investment value goes down by 0.033 standard deviations.

Table No.8 Covariance and correlation between saving motive, importance, behavior and investment Value

		Covariates Estimate	S.E.	C.R.	P	Correlation Estimate
Saving Motive	Saving importance	.264	.036	7.418	***	.648
Saving importance	Saving Behavior	.095	.023	4.098	***	.634
Saving Motive	Saving Behavior	.102	.025	4.094	***	.470

*** P<0.001

The probability of getting a critical ratio as large as 7.418 in absolute value is less than 0.001. In other words, the covariance between Saving Motive and saving importance is significantly different from zero at the 0.001 level (two-tailed). The covariance between Saving Motive and saving importance is estimated to be .264. The estimated correlation between Saving Motive and saving importance is 64.8 percent. The covariance between Saving importance and Saving Behavior is estimated to be .095. The estimated correlation between Saving importance and Saving Behavior is 64.3 percent. The covariance between Saving Motive and Saving Behavior is estimated to be .102. The estimated correlation between Saving Motive and Saving Behavior is 47 percent.

VI. FINDINGS

1. The regression weight for overall investors saving motive in the prediction of “Desire to improve the standard of living” is significantly different from zero at the 0.001 level (two-tailed). It is found that when the overall investors saving motive goes up by 1 standard deviation, the indicator namely “Desire to improve the standard of living” goes up by 0.804 standard deviations.
2. It is found that among the six indicators of importance of investment made by the investors were influenced the “Children education”. It is found that when overall importance of saving goes up by 1 standard deviation, the “Educating children” goes up by 0.717 standard deviations.
3. It is revealed that when the overall investor’s behaviour goes up by 1 standard deviation, the indicator namely “Spend one portion of income and save the remaining portion” goes up by 0.829 standard deviations.



4. There is no direct causal effect of importance of saving on expected value on investment and investors saving behaviour. However, there is a direct causal effect of investors saving motive on their expected value on investment.

*Theory in Cost accounting(2009), Fundaments of Cost accounting (Theory, Problems and Solution-2011), and Strategic Management (2018)*Published by Atlantic Publishers & Distributors (P) ltd, New Delhi, *Fundaments of Research in Social Science* Published by Scitext Publishsing Company, Chennai and Co-author of the book titled *Computer in Business*.

VII. CONCLUSION AND FUTURE RESEARCH

It is stated that the present government economic policy have pay the way to improve the peoples standards of living. it is evidence that the international monetary agency was stated that large number of people in Indian come out from the poverty and improve their standard of living. in addition, because of increasing the saving among the people, the investment also considerable increased. More over the investor's motive for made a preferred underlying investment was based on their importance of the future requirement. The future study may be carriedout by comparing salaried and non-salaried class people's saving motive on various underlying investment.

REFERENCE:

1. B. B. S. Parihar & K. K. Sharma (2012) have pursued "An Empirical Study of the Investment Preferences of Salaried Employees".
2. De Vita, G and Abbott, A. (2002) Are saving and investment cointegrated? An ARDL bounds testing approach, *Economics Letters*, 77, pp. 293–299
3. Jansen, W.J. (1998) Interpreting saving and investment correlations, *OPEN ECONOMIES REVIEW*, 9, 205-217
4. Nayak Subashree, (May 2013) Thesis on Determinants and pattern of saving behavior of rural households of western Odhisha, National Institute of Technology, Rourkela, India.
5. Sree Priya. R & Gurusamy. P, Investment Pattern of Salaried People – A Study in Coimbatore District, vol. 2, iss. 1, ISSN No: 2277-8179, *International Journal of Scientific Research*
6. Syed Tabaasumsultan (2010) A Empirical study of Indian Investors behaviour, *Global Journal of Finance and Management* Vol2, 1(20), pp 19-33.
7. Tirupathi T (2012) A study on salaried class investors attitude towards Tax planning in Vellore, *Global Management Review*. Vol 6, issue 2 pp 66-81

AUTHORS PROFILE



Mrs. M. RENUKA, MBA is an assistant professor in Thanthai Hans Roever College, Perambalur, Tamilnadu. She obtained her Post graduate in MBA from Shrimati Indira Gandhi College, Trichy, Tamilnadu, also she secured "best outgoing student" in MBA. She has been teaching Managerial Economics, Financial Management, Marketing Management ing for more than 6 years. She has got "Best Teacher award in

Management studies in Thanthai Hans Roever College. She has got UGC sponsored minor research project.



Dr I NARSIS, E-mail: drnarsis01@gmail.com Mobile: 9443131230

Dr.I.NARSIS, M.Com., M.Phil., M.B.A., M.A., M.Ed., PGDCA., Ph.D. is a Assistant Professor & Research Advisor, PG Department of commerce in Government Arts College, Tiruchy 22, Tamil Nadu. He obtained his PG Degree in commerce from Loyola College, Chennai and M.Phil. in Commerce from Madurai Kamaraj University. Besides, he has a Ph.D. in Commerce. He has been teaching cost accounting, Management accounting and Marketing Management to the students for over twenty years. He has also been engaged in guiding Research Scholars of various universities in Tami Nadu. Dr.I.Narsis has presented many papers in national level and international level seminars and conferences and published various research articles in different commerce and economics journals and magazines. He is the author of the book titled