



## **IMPACT OF DEMOCRATIC SOCIO AND ECONOMIC FACTORS ON SAVINGS AND INVESTMENT OF IT BASED EMPLOYEES IN SARAVANAMPATTI**

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### **Abstract:**

Savings and Investment will be differ from each and every person to identify the habit among IT based Employees this study has been made. To do the study 310 respondents were selected in Saravanampatti. This study has been done by using statistical tools Percentage Analysis, Factor Analysis, Chi – Square Test and Rank Correlation. The researcher has found that most of the savings are made by the factors receiving regular income through savings, savings giving more safety and savings dependent on family size and the investments are made by the factors predicting future price by seeing historical price movement, seeing company's annual report, seeing companies dividend ratio's and seeing companies debt equity ratio's.

**Key Words:** Savings, Investment, Factors, Income, Safety, Future Price

### **Savings:**

Savings are the sum which are not been spent from the wage. Savings can be made in the accompanying ways: Bank stores, Post office plans, Pension accounts and so on. Savings are been made by diminishing costs moreover. Savings are been made with the end goal of youngsters' training, to meet the questionable needs, buy of an advantage, kids' marriage, and for the utilization of post retirement period. Savings can be changed over into investment by connecting with some measure of cash in buy of offer, securities, gold, and so forth. Savings are been considered as one of the vital perspective for the financial development of the nation. Savings are extremely helpful for each person at the season of subsidence period. Savings should be possible through getting back the arrival as far as intrigue.

### **Investment:**

Investment implies designation of cash in various courses for the future utilizes and the pay or benefit which we acquire from it is called return. The arrival will be gotten as profit, intrigue, rental salary, and so forth. As a rule investment is said to be a gaining of advantage. Speculator will get back their arrival as indicated by the sum they have put resources into it. On the off chance that the speculator will confront the hazard as per their investments on the off chance that they are prepared to confront the most extreme hazard then they will make their investment at high hazard investment. On the off chance that they are not willing to confront high hazard they will make the okay investment.

### **Statement of the Problem:**

Indians are having a traditional habit on savings and investment when compared to the other countries. But IT employees will make high expenses for living a luxurious life than the other professionals. So their savings and investments will be at low level. To know how they are managing their uncertain needs and other expenses during the emergency period. In what way their amounts are been saved or invested and how much percentage of their salary are been taken for this purpose. So to know how much importance are they giving for their savings and investment? To find what will be the impact on Socio Demographic and Economic Factors on their Savings and Investment. What will be their preference (safety, liquidity, return) and in which avenue their savings and investment will be done. The study will be done with the following questions:

- ✓ Whether the IT employees have regular saving and investment habit?
- ✓ What is the percentage of their salary taken for the purpose of saving and investment?
- ✓ How they are making the savings and investment?
- ✓ What is the purpose of their savings and investment?
- ✓ What is the impact on Socio Demographic and Economic Factors on their Savings and Investment?

### **Objectives of the Study:**

- ✓ To analyse the factors determining Savings and Investment of Respondents.
- ✓ To find the inconveniences faced by employees in making Savings and Investment.
- ✓ To analyse the employee's perception towards Savings and Investment.

**Research Methodology:**

Source of Data:

The study is made with collection of primary data and secondary data.

Primary Data:

The primary data's are been collected through the questionnaire among IT based employees in Saravanampatti.

Secondary Data:

The secondary data's are collected through the various Websites, Journals and Books.

Sampling Technique:

For the study Purposive Random Sampling has been used.

Tools to be Applied:

Percentage Analysis, Factor Analysis, Chi – Square Test and Rank Correlation.

Area of the Study:

The study has been done in the area of Saravanampatti Corporation based IT employees.

Period of the Study:

Study was done in the time period of November 2016 to November 2017.

**Limitations of the Study:**

- ✓ The study has been conducted only in Saravanampatti Corporation.
- ✓ The study has been done among the employees working in IT based companies who all are been staying in Saravanampatti.
- ✓ The study has been done with the 310 respondents only.

**Review of Literature:**

Hafeez Ur Rehman, Muhammad ZahirFaridi, Furrukh Bashir (2010)<sup>1</sup> in their examination "Households Saving Behaviour in Pakistan: A case of Multan District" Savings are most essential for the financial development of the nation. Savings and utilizations contrast from house to house. The examination found that age has positive relationship and square of age is adversely elated to family unit savings. Instructions of family unit head, family estimate, youngsters' training, and estimation of house are fundamentally influencing the family unit savings.

HarunaIsshaku (2011)<sup>2</sup> in her investigation "Determinants of savings and investment in deprived district capitals in Ghana – A case study of Nadowli in the Upper West region of Ghana" In Nadowli if the pay is low then additionally the general population are keen on savings and investment of their cash. Variables like level of salary, training, occupation has a positive impact and reliance number affects sparing. In Nadowli the administration, monetary and non-money related organizations and other corporate bodies have a decent play in possibilities and openings on savings.

S. Uma Maheswari, M. Ashok Kumar (2014)<sup>3</sup> in their examination "A special study on Coimbatore based salaried investors awareness, attitude, expectation and satisfaction over their investment" Investments are made to have a customary salary and for charge lessening, for some time later, and so forth 1/3rd of salaried individuals are not having a privilege monetary arrangement and half of them are not having an appropriate money related arrangement of savings for their future. The investigation has discovered that the speculators on budgetary resources are making their investments on premise of exchanging it from one individual to the next.

**Data Analysis and Interpretation:**

**Factor Analysis for Factors Related to Factors Affecting Investment Decisions:**

Total of 10 variables were acknowledged for the purpose of collecting acceptance towards factors affecting investment decisions. In order to reduce the number of variables and to identify the key factors contributing towards the level of acceptance, factor analysis is performed. Kaiser-Meyer-Olkin (KMO) and Bartlett's test is conducted to identify the sampling adequacy.

Table 3.1

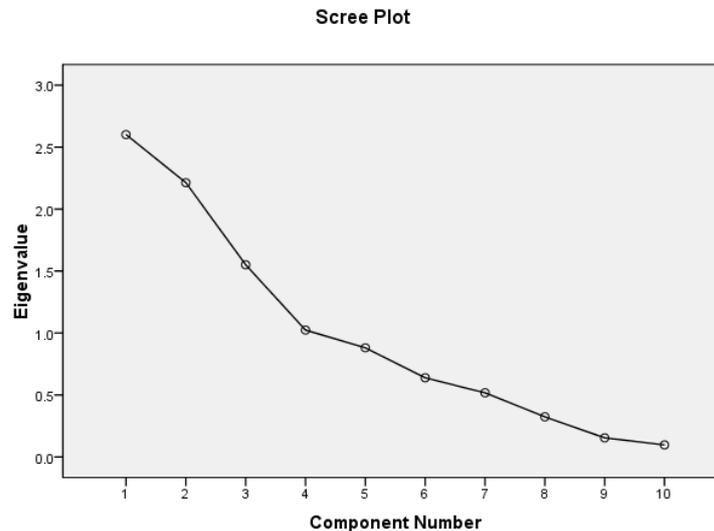
| KMO and Bartlett's Test                         |                    |        |
|---|--------------------|--------|
| Kaiser-Meyer-Olkin Measure of Sampling Adequacy |                    | 0.875  |
| Bartlett's Test of Sphericity                   | Approx. Chi-Square | 1328E3 |
|   | Df                 | 45     |
|   | Sig.               | 0      |

| KMO and Bartlett's Test                         |                    |         |
|---|--------------------|---------|
| Kaiser-Meyer-Olkin Measure of Sampling Adequacy |                    | .875    |
| Bartlett's Test of Sphericity                   | Approx. Chi-Square | 1.328E3 |
|   | Df                 | 45      |
|   | Sig.               | .000    |

Source: Primary Data

KMO of sampling adequacy value for the level of acceptance is 0.875 and it indicates that the sample is adequate to consider the data as normally distributed. The number of factors as identified by performing the screen plot. The results are shown below,

Chart 3.1



Screen plot shown above gives a figure of pictorial view of the number of components to be shortlisted and to become factors based on Eigen value. So from the above chart become four factors have been shortlisted. Rotated component matrix is used to identify the factors after data reduction. The results are shown below,

Table 3.2

| Rotated Component Matrix <sup>a</sup>   |           |       |       |       |
|---|-----------|-------|-------|-------|
|   | Component |       |       |       |
|   | 1         | 2     | 3     | 4     |
| Predicting future price by seeing historical price movement   | .824      | .002  | -.007 | -.002 |
| Analysing day to day price fluctuation  | .122      | .087  | -.078 | .920  |
| Comparing charts, trends and patterns   | .717      | .045  | .130  | .424  |
| Regularly following trading volume and return   | .646      | .490  | -.163 | -.110 |
| Seeing company's annual report  | .044      | .855  | .003  | .212  |
| Seeing company's price to earnings ratio  | .053      | .831  | .174  | .023  |
| Seeing company's dividend ratio's   | -.266     | .344  | .823  | .073  |
| Seeing company's debt equity ratio's  | .264      | -.178 | .899  | -.107 |
| News provided by various media  | .730      | -.413 | .073  | .288  |
| Advices given by professional brokers   | .185      | -.452 | .089  | .308  |
| Extraction Method: Principal Component Analysis.<br>Rotation Method: Varimax with Kaiser Normalization. |           |       |       |       |
| a. Rotation converged in 5 iterations.  |           |       |       |       |

Source: Primary Data

**Interpretation:**

The above table shows about rotated component matrix for factors related to factors determining investment. The common factors above 0.5 adequacy level of taken for decision making process of the study. The factors are predicting future price by seeing historical price movement, seeing company's annual report, seeing companies dividend ratio's and seeing companies debt equity ratio's.

Table 3.3: Rank Correlation for Inconveniences and Discomforts Having in Investments

| S.No | Ranking Factors                                    | X  | Y  | R1  | R2  | D | D <sup>2</sup> |
|------|--|----|----|-----|-----|---|----------------|
| 1    | Long term investment are preferred at high level   | 9  | 47 | 9   | 2   | 7 | 49.00          |
| 2    | Investors have less awareness on their investments | 10 | 31 | 7.5 | 5.5 | 2 | 4.00           |
| 3    | Investors will get low return only                 | 20 | 97 | 5   | 1   | 4 | 16.00          |

|    |  |     |    |     |     |      |        |
|----|--|-----|----|-----|-----|------|--------|
| 4  | Some investors will provide poor service from the agents       | 22  | 43 | 4   | 3   | 1    | 1.00   |
| 5  | Investors will feel inconvenient in operating their activities | 113 | 30 | 1   | 7   | -6   | 36.00  |
| 6  | Liquidity is at very low level                                 | 99  | 40 | 2   | 4   | -2   | 4.00   |
| 7  | Inefficiency of cash reserves                                  | 4   | 12 | 10  | 8   | 2    | 4.00   |
| 8  | Too many choice of investment avenue                           | 48  | 31 | 3   | 5.5 | -2.5 | 6.25   |
| 9  | Trading limitation in investment avenue                        | 16  | 6  | 6   | 9   | -3   | 9.00   |
| 10 | Past performance is not guarantee of future results            | 10  | 3  | 7.5 | 10  | -2.5 | 6.25   |
|    |  |     |    |     |     |      | 114.00 |
| N  | 10   |     |    |     |     | 1-R  | 0.69   |
|    |  |     |    |     |     | R    | 0.31   |

Source: Primary Data

**Interpretation:**

The above table shows about the rank correlation for factors related to respondents inconveniences and discomforts having in investments were the correlation value is at 0.47. The Correlation value shows that the given ranks are moderately correlated. It reveals that investors will feel inconvenient in operating their activities investors are the main inconvenience and discomforts towards investments.

**Findings:**

**Objective 1: To analyse the factors determining Savings and Investment of Respondents**

To find the investor's factor on their investment company's annual report has been taken as a factor and it has been found that 25.2per cent very strongly agrees, 68.7per cent agree, and 6.1per cent strongly agree. It shows that most of the respondents agree towards seeing company's annual report.

To find the investor's factor on their investment company's price to earnings ratio has been taken as a factor and it has been found that 37.7per cent very strongly agrees, 50per cent agree, and 12.3per cent strongly agree. It shows that most of the respondents agree towards seeing company's price to earnings ratio.

To find the investor's factor on their investment seeing to company's dividend ratios has been taken as a factor and it has been found that 46.5per cent very strongly agrees, 44.2per cent agree, and 9.4per cent strongly agree. It shows that most of the respondents very strongly agree towards seeing company's dividend ratios.

To find the investor's factor on their investment company's debt equity ratios has been taken as a factor and it has been found that 31.6per cent very strongly agree, 51.9per cent agree, 13.5per cent strongly agree and 2.9per cent disagree. It shows that most of the respondents agree towards seeing company's debt equity ratios.

**Factor Analysis:**

While analysing the factors related to factors determining savings the factors receiving regular income through savings, savings giving more safety and savings dependent on family size are taken for the decision making process of the study.

While analysing the factors related to factors affecting investment decisions the factors predicting future price by seeing historical price movement, seeing company's annual report, seeing company's dividend ratio's and seeing company's debt equity ratios are taken for decision making process of the study.

**Chi-Square Analysis:**

There is relationship between age, Gender, Educational qualification, No. of respondents in the family, annual income and factors determining savings.

There is relationship between Gender, Marital status, Educational qualification, No. of dependents in the family, annual income and factors affecting investment decision.

**Rank Correlation:**

In analysing the ranks of objective towards savings the first priority was given to saving for children's education. It reveals that the purpose of savings is to save for children's education.

In analysing the ranks of objective towards investments the first rank was given to future needs. It reveals that future needs of the investors are the purpose of making investments.

**Objective 2: To find the inconveniences faced by employees in making Savings and Investment**

**Rank Correlation:**

In analysing the ranks of inconveniences and discomforts having in investments the first priority was given to inconvenient in operating their activities by the investors.

**Objective 3: To analyse the employee's perception towards Savings and Investment**

**Percentage Analysis:**

Investors attracted by the service provided by the agents has taken and found 10per cent very strongly agree, 58.7per cent agree, and 31.3per cent strongly agree. It shows that most of the respondents agree towards investor's attraction with the service provided by the agents.

Agents/brokers having a vital role in mobilising the savings of investors has taken and found 12.9per cent very strongly agree, 29.7 percent agree, 45.2per cent strongly agree and 12.3per cent disagree. It shows that most of the respondents strongly agree towards agents/brokers having a vital role in mobilizing the savings of investors.

Post office playing a vital role in middle and low class people's savings has taken and found 19.7per cent very strongly agree, 37.1 percent agree, 36.5per cent strongly agree and 6.8per cent disagree. It shows that most of the respondents agree that post office is playing a vital role in middle and low class people's savings.

Decide the return on investment period has taken and found 16.8per cent very strongly agree, 58.7per cent agree and 24.5per cent strongly agree. It shows that majority of the respondents agree towards taking decision on investment period.

Most investors preferring bank deposits where they get high safety has taken and found 39.7per cent very strongly agree, 44.8 percent agree and 15.5per cent strongly agree. It shows that most of the respondents agree towards preferring bank deposits where they high safety.

Savings help to calculate the economic development of the country has taken and found 44.2per cent very strongly agree, 42.6 percent agree, and 13.2per cent strongly agree. It shows that most of the respondents very strongly agree that savings helping them to calculate the economic development of the country.

Long term investments receiving tax concession from government has taken and found 3.2per cent very strongly agree, 33.5 percent agree, 47.7per cent strongly agree and 15.5per cent disagree towards long term investments receiving tax concession from government. It shows that most of the respondents strongly agree that long term investments are receiving tax concession from government.

Investments are made with the purpose of tax exemption has taken and found 3.2per cent very strongly agree, 31per cent agree, 45.2 percent strongly agree and 20.6per cent disagree. It shows that most of the respondents strongly agree towards investments made with the purpose of tax exemption.

Savings and investments are made for the purpose of present and future needs have taken and found that 36.5per cent very strongly agree, 38.1per cent agree, 18.7per cent strongly agree and 6.8per cent disagree. It shows that most of the respondents agree that savings and investments are made for the purpose of present and future needs.

Investments are not pledged for the purpose of borrowings are taken and found 6.5per cent very strongly agree, 3.2 percent agree, 32.6per cent strongly agree 42.3per cent disagree and 15.5per cent strongly disagree. It shows that most of the respondents agree that the investments are pledged for borrowings.

Receiving regular income through savings has taken and found 31.9per cent very strongly agree, 54.2per cent agree and 13.9per cent strongly agree. It shows that most of the respondents agree towards receiving regular income through savings.

Savings gives more safety has taken and found 7per cent very strongly agree, 55.5per cent agree and 24.8per cent strongly agree. It shows that most of the respondents agree that savings gives more safety.

Savings dependent on family size has taken and found 49.7per cent very strongly agree, 37.4per cent agree and 12.9 percent strongly agree. It shows that most of the respondents very strongly agree that savings made by them are dependent on family size.

Predicting future price by seeing historical price movement has taken and found 18.1per cent very strongly agree, 50.3 percent agree, 23.9per cent strongly agree and 7.7per cent disagree. It shows that most of the respondents agree that they predict future price by seeing historical price movement.

#### **Suggestions:**

The investors must choose the correct investment avenue for their available finance and they must have a proper monitoring on their investment.

Investor must compare the charts, trends and patterns of company while making investment on the financial products to know the financial growth level of the company.

Investor must get proper advice from the financial advisors before making investments. While a person makes saving they must choose the proper agent from whom they are getting savings information.

#### **Conclusion:**

Indians are having a traditional habit on savings and investment when compared to the other countries. Savings are the sum which are not been spent from the wage. Savings can be made in the accompanying ways: Bank, Post office plans, Pension accounts and so on. Savings are been made for easy liquidity and safety. It is made by diminishing costs and making with the end goal of youngsters' training to meet the questionable needs, kids' marriage and for the utilization of post retirement period. Savings can be changed over into investment by connecting with some measure of cash in securities, gold, and so forth. Savings are considered as one of the vital perspective for the financial development of the nation. It is extremely helpful for each person at the season of subsidence period. Savings should be possible through getting back the arrival as far as intrigue.

Most of the savings are been made for their children's education and to get out of the debt. There is no relationship between marital status and factors determining savings and there is no relationship between age and factors determining investment decision. There is no relationship between age and no. of dependents in the

family and investor perception towards savings and investment. The factors determining the savings are regular income through savings, more safety and number of dependent on the family. Predicting future price by seeing to company's dividend ratio and seeing to company's debt equity ratio are the factors determining investment.

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