



A STUDY ON IDENTIFICATION OF MOTIVATIONAL FACTORS FOR INVESTMENT AMONG GOVERNMENT EMPLOYEES IN BANGALORE CITY

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Abstract

Traditional finance theory believes on the principle that investors are rational and they process all the available information and take rational decisions. Investment, in the broadest sense, means the sacrifice of current money for the future income. But, due to an increased complexity of financial products and services, individuals find it difficult and cumbersome to take financial decisions. The exploratory factor analysis reveals that wealth enhancement, affordability, risk and awareness are the motivational factors for investment among Government employees. The results show that there is a significant difference between socio-economic profile of Government employees and motivational factors for investment. The regression analysis indicates that wealth enhancement, affordable and awareness are positively and significantly influencing the investment decision of employees at one per cent level, while, risk is negatively and significantly influencing the investment decision of employees at one per cent level. The Government employees need to analyze the investment factors carefully using the reasonable business knowledge before making an investment decision. The Government employees do also need to diversify their investment in different avenues by developing a range of investments to minimize risks and maximize returns.

Key Words: Exploratory Factor Analysis, Government Employees, Motivational Factors, Regression.

1. INTRODUCTION

Financial markets play a vital role in the economic development of a country. They facilitate the allocation of scarce resources by transferring them from savers to borrowers, thereby accelerating investment activities in the country. Traditional finance theory believes on the principle that investors are rational and they process all the available information and take rational decisions. Investment, in the broadest sense, means the sacrifice of current money for the future income.

The increase in disposable income has resulted in the expansion of investable surplus, which in turn propels the earning individuals to look out for various savings and investment options. When the flood gates of economy are opened along with the realization of rapid reforms, the investment opportunities available for the investors also multiplied to a large extent.

These days, a plethora of new age financial products are available in the market. Each of these financial products offer a range of benefits and varying options with respect to interest rates, exposure to risk, time period of the contract and fees. Due to this increased complexity of financial products and services, individuals find it difficult and cumbersome to take financial decisions. In order to understand the features and characteristics of these products, an individual must be financially literate. Financially literate individuals can make effective use of these financial products and services by evaluating associated risks and returns and finally choosing those products which are best suited to them.

Usually lack of confidence and professional competence to make a better investment decision so that they might take the market signs or the opinions of professional investors for the foundation of making investment decision. Based on this, the impacts concern of individual investors should be the most concern of individual investors (Scharfstein and Stein 1990). With this back ground, the present study is made to identify the motivational factors for investment among Government employees in Bangalore city.

2. METHODOLOGY

Among different cities in Karnataka, Bangalore city has been purposively selected for the present study. The 900 Government employees have been selected for the present study by adopting random sampling technique and the data and information pertain to the year 2014-2015. In order to examine the socio-economic profile of Government employees, the frequency and percentage analysis have been worked out. In order to identify the motivational factors for investment among Government employees, the exploratory factor analysis has been employed. In order to examine the difference between socio-economic profile of Government employees and motivational factors for investment, the ANOVA (Analysis of



Variance) has been applied. In order to examine the influence of motivational factors on investment decision of Government employees, the multiple linear regression has been employed.

3. RESULTS AND DISCUSSION

3.1. Socio-Economic Profile of Government Employees

The socio-economic profile of Government employees was analyzed and the results are presented in Table-1. The results show that about 58.56 per cent of Government employees are males, while, the rest of 41.44 per cent of Government employees are females. It is observed that about 31.33 per cent of Government employees belong to the age group of 31 – 40 years followed by 41 – 50 years (30.44 per cent), 21 – 30 years (21.56 per cent) and 51 – 60 years (16.67 per cent).

The results indicate that that about 23.78 per cent of Government employees have the educational qualification graduation followed by higher secondary (20.45 per cent), post-graduation (20.11 per cent), professional (13.22 per cent), diploma (12.33 per cent) and secondary (10.11 per cent). It is clear that about 45.67 per cent of Government employees are middle level employees followed by low level (31.44 per cent) and top level (22.89 per cent).

The results reveal that about 31.56 per cent of Government employees belong to the annual income group of Rs.3,01,000 – Rs.4,00,000 followed by Rs.2,01,000 – Rs.3,00,000 (21.67 per cent), Rs.4,01,000 – Rs.5,00,000 (17.55 per cent), less than Rs.2,00,000 (16.22 per cent) and more than Rs.5,00,000 (13.00 per cent). It is apparent that about 32.89 per cent of Government employees belong to the annual investment group of Rs.50,001 – Rs.75,000 followed by Rs.25,001 – Rs.50,000 (20.33 per cent), Rs.75,001 – Rs.1,00,000 (18.89 per cent), less than Rs.25,000 (17.67 per cent) and more than Rs.1,00,000 (10.22 per cent).

Table-1, Socio-Economic Profile of Government Employees

Socio-Economic Profile	Frequency	Percentage
Gender		
Male	527	58.56
Female	373	41.44
Age Group		
21 – 30 years	194	21.56
31 – 40 years	282	31.33
41 – 50 years	274	30.44
51 – 60 years	150	16.67
Educational Qualification		
Secondary	91	10.11
Higher Secondary	184	20.45
Diploma	111	12.33
Graduation	214	23.78
Post-Graduation	181	20.11
Professional	119	13.22
Job Level		
Low Level	283	31.44
Middle Level	411	45.67
Top Level	206	22.89
Annual Income		
Less than Rs.2,00,000	146	16.22
Rs.2,01,000 – Rs.3,00,000	195	21.67
Rs.3,01,000 – Rs.4,00,000	284	31.56
Rs.4,01,000 – Rs.5,00,000	158	17.55
More than Rs.5,00,000	117	13.00
Annual Investment		



Less than Rs.25,000	159	17.67
Rs.25,001 – Rs.50,000	183	20.33
Rs.50,001 – Rs.75,000	296	32.89
Rs.75,001 – Rs.1,00,000	170	18.89
More than Rs.1,00,000	92	10.22

3.2 Identification of Motivational Factors for Investment

In order to identify the motivational factors for investment among Government employees, the exploratory factor analysis has been employed. The principal component method of factor analysis has been carried out with Eigen values greater than one through varimax rotation and the results obtained through rotated component matrix are presented in Table-2. The results of Kaiser-Meyer-Olkin (KMO test) measure of sampling adequacy (KMO = 0.884) and Bartlett's test of Sphericity (Chi-square value = 0.0010; Significance = 0.000) indicates that the factor analysis method is appropriate.

There are four factors which are extracted accounting for a total of 70.97 per cent of variations on 20 variables. The each of the four factors contributes to 24.93 per cent, 18.69 per cent, 15.54 per cent and 11.81 per cent respectively.

Table -2. Identification of Motivational Factors for Investment-Exploratory Factor Analysis

Factor	Item	Rotated Factor Loadings	Eigen Value	% of Variation	Factor Name
I	Safety of money	0.76	2.16	24.93	Wealth Enhancement
	Best expected returns	0.72			
	Acquire wealth	0.69			
	Prestige value	0.75			
	Family enrichment	0.68			
	Meeting unexpected expenses	0.70			
II	Affordability	0.67	1.58	18.69	Affordableness
	Simplicity	0.72			
	Spouse employment	0.75			
	Credit availability	0.69			
	Nature of job	0.73			
III	Liquidity	0.77	1.19	15.54	Risk
	Risk bearing ability	0.66			
	Easy marketability	0.63			
	Risk coverage	0.64			
	Media exposure	0.70			
IV	Belief in astrology	0.63	1.03	11.81	Awareness
	Friends' compulsion	0.69			
	Suggestions from peers	0.79			
	Self-awareness	0.72			
	Cumulative % of Variation	-	-	70.97	-
	Cronbach's Alpha	-	-	-	0.86

Extraction Method: Principal Component Analysis

Rotation Method: Varimax with Kaiser Normalization

Rotation converged in 10 iterations

Factor-I: From the results, it is inferred that out of 20 variables, six variables have their high, relatively tightly grouped factor loadings on factor-I.

This factor consists of:

- Safety of money (0.76)
- Best expected returns (0.72)
- Acquire wealth (0.69)



- Prestige value (0.75)
- Family enrichment (0.68)
- Meeting unexpected expenses (0.70)

Hence, this factor is named as **“Wealth Enhancement”**.

Factor-II: is formed with:

- Affordability (0.67)
- Simplicity (0.72)
- Spouse employment (0.75)
- Credit availability (0.69)
- Nature of job (0.73)

These variables are named as **“Affordableness”**.

Factor-III: This factor includes:

- Liquidity (0.77)
- Risk bearing ability (0.66)
- Easy marketability (0.63)
- Risk coverage (0.64)
- Media exposure (0.70)

These variables are named as **“Risk”**.

Factor-IV: This factor is formed with:

- Belief in astrology (0.63)
- Friends’ compulsion (0.69)
- Suggestions from peers (0.79)
- Self-awareness (0.72)

This factor is named as **“Awareness”**.

The Cronbach’s Alpha of the scale was 0.86 indicating that each measure demonstrated acceptable internal consistency. It is inferred that wealth enhancement, affordableness, risk and awareness are the motivational factors for investment among Government employees.

3.3 Socio-Economic Profile of Government Employees and Motivational Factors for Investment

In order to examine the difference between socio-economic profile of Government employees and motivational factors for investment, the ANOVA (Analysis of Variance) has been applied and the results are presented in Table-3.

Table - 3. Difference between Socio-Economic Profile of Government Employees and Motivational Factors for Investment

Particulars	F-Value	Sig.
Gender and Motivational Factors for Investment	68.534	.000
Age Group and Motivational Factors for Investment	12.834	.000
Educational Qualification and Motivational Factors for Investment	35.325	.000
Job Level and Motivational Factors for Investment	81.631	.000
Annual Income and Motivational Factors for Investment	5.570	.000
Annual Investment and Motivational Factors for Investment	8.703	.000

The results indicate that the F-values are significant at one per cent level indicating that there is a significant difference between socio-economic profile of Government employees and motivational factors for investment. Hence, the null hypothesis of there is no significant difference between socio-economic profile of Government employees and motivational factors for investment is rejected.



3.4 Influence of Motivational Factors on Investment Decision of Government Employees

In order to examine the influence of motivational factors on investment decision of Government employees, the multiple linear regressions has been employed and the results are presented in Table-4. The motivational factors are considered as independent variables and the investment decision is considered as dependent variable.

The results show that the coefficient of multiple determinations (R^2) is 0.68 and adjusted R^2 is 0.66 indicating the regression model is good fit. It is inferred that about 66.00 per cent of the variation in dependent variable (Investment Decision) is explained by the independent variables (Motivational Factors). The F-value of 19.794 is statistically significant at one per cent level indicating that the model is significant.

Table - 4. Influence of Motivational Factors on Investment Decision of Government Employees

Motivational Factors	Regression Coefficients	t-value	Sig.
Intercept	5.253**	7.561	.000
Wealth Enhancement (X_1)	.752**	10.096	.000
Affordableness (X_2)	.565**	9.420	.000
Risk (X_3)	-.447**	7.365	.000
Awareness (X_4)	.613**	9.982	.000
R^2	0.68	-	-
Adjusted R^2	0.66	-	-
F	19.794	-	.000
N	900	-	-

Note: ** Significance at one per cent level

The results indicate that wealth enhancement, affordableness and awareness are positively and significantly influencing the investment decision of employees at one per cent level, while, risk is negatively and significantly influencing the investment decision of employees at one per cent level. Hence, the null hypothesis of there is no significant influence of motivational factors on investment decision of Government employees is rejected.

4. CONCLUSION

The study reveals that majority of the Government employees are males and most of the Government employees belong to the age group of 31 – 40 years. Majority of the Government employees have the educational qualification of graduation and most of the Government employees are middle level employees. Majority of the Government employees belong to the annual income group of Rs.3, 01,000 – Rs.4, 00,000 and Most of the Government employees belong to the annual investment group of Rs.50,001 – Rs.75,000.

The exploratory factor analysis reveals that wealth enhancement, affordableness, risk and awareness are the motivational factors for investment among Government employees. The results show that there is a significant difference between socio-economic profile of Government employees and motivational factors for investment.

The regression analysis indicates that wealth enhancement, affordableness and awareness are positively and significantly influencing the investment decision of employees at one per cent level, while, and risk is negatively and significantly influencing the investment decision of employees at one per cent level.

Since, wealth enhancement, affordableness, risk and awareness are the motivational factors for investment; the Government employee should consider these factors while preferring investment avenues and quantum of investment.

In order to choose the best investment avenue, the Government employees should have to lean a complete knowledge about various investment avenues and their rate of return and degree of risk associated with them.



The Government employees need to analyze the investment factors carefully using the reasonable business knowledge before making an investment decision. The Government employees do also need to diversify their investment in different avenues by developing a range of investments to minimize risks and maximize returns.

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