

**RELATIONSHIPS BETWEEN SAVING AND INVESTMENTS ON WEALTH
CREATION: A CASE OF SALARIED ADMINISTRATION POLICE
HEADQUARTERS EMPLOYEES IN NAIROBI, KENYA**

BY

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DECLARATION

This research project is my original work and has not been presented for a degree in any other University

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CHAPTER ONE: INTRODUCTION

1.1 Back group of study

In recent times, interest towards personal finance is increasingly being geared towards wealth creation. Every individual's desire is to create wealth and one way through which wealth can be created is through having a well-planned savings and investment plan. The desire has been occasioned by individual's determination to secure their financial future either to achieve financial independence or ultimate goals towards financial freedom (Lipse, 2015). Total savings therefore consists of gathering unspent monetary incomes from a number of sources. In particular, poor individuals save for various purposes such as insurance against bad health, disability, investments, social obligations, and future consumption. An increase through investment enhances wellbeing of an individual. The increase is largely a subject of savings. (Pelrine & Kabatalya, 2015).

Three key theories will be referred to. The first being the life cycle theory which presumes that an individual seek to maximize their wellbeing or utility by balancing lifestyle steam with earnings in relation to life pattern of consumption .The second theory will be the financial theory for investment which was developed to improve the accelerator theory that ignored the role of the capital in investment decision .The reality according to the financial theory is that there is limited supply of funds at any time at the market rate interest. Finally, the behavioral theory of savings will also guide the research that emphasizes on facts of self-control where an individual is perceived as the doer and planner.

Globally, wealth creation is characterized by savings, enormous investments and other benefits that are tremendous for both public salaried employees and private practicing individuals (Scherer, 2000). Mauri (2013), showed that there had been neglected individual savings in many parts of Africa. Salaried employees in a given sector are required to create wealth for future survival as their fundamental right. As individual life change overtime there is need to ensure financial wellbeing and objectives are in line with needs (Goldmine media limited 2013). The high cost of living and the continued scarcity of resources to sustain the demands of life has to some extent motivated the paradigm shift about individual response to wealth creation. This, coupled with increasing financial literacy has led to individual's behavior on the need to enhance their earnings.

Kenya's economic policy is based on goals outlined in Vision 2030 economic pillar whose aim includes improving the overall livelihoods of salaried Kenyans through wealth creation initiatives like encouraging savings through Saccos and also investments in securities and assets which in turn contributes approximately 12% to the country's GDP (Kenya Vision, 2030). In spite of the important and visible role the savings and investment play to the salaried employees' especially in the administrative police service, not much research attention has been placed to allow the in-depth determinants of wealth creation thus prompting this study by seeking to explore how savings and investments can be well related to improve the creation of wealth. The study specifically focuses on salaried administrative police employees in Nairobi County headquarters, Kenya.

1.1.1 Savings

Savings is defined as a portion of or part of the income that is deliberately reserved out of normal income consumption process and which is safeguarded for a certain future or predetermined application (Richard and Blunder, 2015). Keynesian economics explains that savings is the excess of consumptions which can be applied for further income generation. The importance of this consumption surplus is intended for further growth of the income through investments. Sustainable growth in future incomes is the main objective of many employees today with aims of achieving certain specified goals like retirement plans (Fisher, 2010). In ordinary terms savings may be assumed to be money in bank accounts for financial security purpose.

According to Fisher (2010) the savings of an individual can be measured and operationalized on a number of factors which includes; the marginal propensities to save which may be influenced by an individual's status of education, age, sources of income like formal employment and self-employment. The most considered factor is the level of taxation levels by individuals. The most operationalizing of savings according to this study is the savings in Sacco's, and bank savings accounts. Therefore, it is expected that salaried individuals ought to make proportion of savings and create investment blocks as ground for wealth manifests.

1.1.2 Investment

Investments according to Rodrigues and Flore set al (2007) is the deployment of the accumulated savings into defined ventures and its purpose is to form the basis for the multiplication and growth of previously secured savings. The opportunities for investment are provided by the dynamics of economic activities. Investment can be

related to funds invested in various securities loans, debentures, shares of companies among others.

Unlike in the past when investing was viewed as an activity of the rich, today we find that investment has been embraced by many and in particular salaried people due to the convenience and reliability of income. Certain factors have contributed to investment decisions while making investment planning increasingly important. Among the most influential factors are increases in working population, availability of alternative investment vehicles, and increase in investment related publicity among others. Investments can therefore be conceptualized according to Rodrigues and Flore set al (2007) as buying shares, buying properties and assets and any other income generating activities.

1.1.3 Wealth creation

Wealth and wealth creation may mean different things to different people. The meaning depends with one's stage in life and desires of different groups of people. According to Robbins (2011) wealth is an act of mind set, the psychology that gets someone where he or she want to be without being distracted by fear, obstacles, or any of life's challenges.

Wealth creation can be operationalized along the process of careful allocation of the available assets into income generating vehicles. These are popularly referred to investment portfolios. The portfolios selected can take the form of securities which means assets placement in investments which are secure in nature. The return may not necessary large but done long enough the returns grows and grows. It is advisable as matter of priority the first investments should be placed in a security venture. This could be take the simple forms of insurance like life insurance or fixed income investments

with a guaranteed rate of return like Government bonds. Further wealth creation alternative would involve a process of growth investments. In this scenario, there is a much greater return if investment is successful with corresponding greater chances of loss if the investment fails. The bottom line is that there is no guarantee of return in a growth investment.

1.2 Problem Statement

Extant finance studies have demonstrated the existence of a relationship between savings, investments and wealth creation (Aron & Muellbauer, 2016)). Individuals need effective savings and investment plan to enable them create wealth as their future security (OuYang, 2014). Despite an increase in number of people having financial literacy, and desire for enhancing earning with subsequent creating wealth the art of wealth creation is not easy. Roberto Lanzillotti (2010) observed that less than 1% of people around the globe are wealthy. The general principle of wealth creation is that of savings and investment. This presumes a person's desire to check consumption or alternatively to enhance earnings.

A variety of wealth creation vehicles are at disposal for salaried employees. Given that the administration police service employs a good number of salaried employees, wealth creation efforts among these employees is necessary in increasing income such as creating economic offers to counter adverse circumstances. Overall, the salaried employees especially in administration police service face a number of challenges such as fewer salaries than the economic situations, more financial responsibilities amongst others that limit their savings and investment behavior which requires a lot of effort for them to engage in plans such as saving and credit societies, investment financing

retirement annuities or even a new business to enable them enhance earnings for further investment. There is therefore the need for further study to examine the relationship that exists between savings and investments on wealth creation by salaried individuals to fulfill the existing research gap. The focus would be aimed at selected salaried individuals in Nairobi central business district.

There has been various studies on savings, investment and how wealth is created (Carroll, 2010; Buera 2016; Benhabib, Bisin, & Zhu, 2015). For instance Carroll (2010) studied why do the rich save so much and found that income levels determines how an individual will save with the argument that those who earn more income are likely to save and invest more as compared to low income earners who use their income on basic commodities. Buera (2016) studied on persistency of poverty, financial frictions, and entrepreneurship and found that savings and investments will enable individual create more assets for future security and Benhabib, Bisin and Zhu (2015) in a study on the income spread outlined by Bewley models with associated risks establishing that savings and investment will reduce lifetime poverty risks. However most of existing empirical studies on savings and investments have focused in developed countries with business individuals and not in Kenyan context with salaried individuals. In addition, there are still very few studies which examine savings and wealth creation issues related to salaried employees (Pillania, 2006).

Despite the significant number of empirical studies that link savings and investments on wealth creation there are mixed and inconclusive results which may be due to different theoretical perspectives applied and variable measurements with others established a positive significant relationship, others have established a significant indirect relationship

and still others have found no direct relationship. Whereas previous studies have addressed variation in savings and wealth creation measurement, the influence of investments in this relationship has not been greatly determined. The outcomes of the study seek to establish the relationship between savings with regard to pertaining wealth creation among salaried employees in administration police service in Nairobi headquarters.

1.3 Research Objective.

The expected findings aim at assessing relationship between savings and investments on wealth creation among salaried employees in administration police service in Nairobi headquarters.

1.4 Value of the Study

The expected outcome would benefit employees and in particular those with regular stable incomes which provide the best vehicles for the accumulation of savings which can be applicable for the appropriate investments. The outcomes of the research would therefore be expected to provide the guidance and expectations about the requisites of the wealth creation processes.

Further, the finding of the research would be of importance to financial providers such as savings and credit societies, banks, housing finance among others. Those institutions would be able to make assessment about estimated levels of savings by the group under study. The information arising from the research would therefore be able to guide the financial providers to predict likely demand for credit and for appropriate projection.

The Government is also likely to benefit from the study on the relationship between savings and investments. Government is likely to apply these results for the purposes of

poverty reduction policies in which case it would be used as reference point. In addition to poverty reduction assessment, the Government would also apply the finding for taxation proposals. Finally, it is expected that the study would be useful to the general public. The findings of this study would enable the general public to be informed about the general view of the wealth creation.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

The chapter will look at other research work on the relationship between savings and investments in wealth creation. The main section covered in this chapter includes theoretical framework, a review of empirical studies and summary of literature.

2.2.0 Theoretical Review

The study reviewed theories relevant to the subject under study. The theories reviewed include the life cycle theory, Financial Theory for Investment and The Behavioral Theory of Saving. These theories are relevant in the explanation of phenomena and realities being discussed in the study.

2.2.1 The Life Cycle Theory

Life cycle theory is about saving and spending as was conceptualized through the works of (Modiglian and Brumberg 1954). The theory believes in determination about maximizing what people earn. In so doing, people are guided by self regulations as guided by the prevailing life styles.

Further, there is an attempt to show levels of consumption and income differ at different times within the life cycle. Lower age generation would for instance be tempted to spend more than they earn hence little opportunity for savings. Earning tend to increase with time. In retirement, income decline leading to little savings.

In addition, this theory explores the facts that the idea behind savings is to generate future sources of spending after working life. The concept of the life cycle is particularly important in this research. In particular, spending habits at different points in life will be explored in an attempt to establish levels of savings and investment.

2.2.2 Financial Theory for Investment

In the above scenario developed by James Duisenberg. The theory was developed to improve the accelerator theory that ignored the role of cost of capital in investment decision. The assumption under accelerator theory was that unlimited funds are available at the market rate. The reality according to the financial theory in that there is limited supply funds at any time at the market rate interest.

Becker (2015) examined investment in relation to gender. His findings discovered that women in general demonstrate lower saving and investment appetites. Inequality in access to resources and differing social responsibilities being considered as key handicaps (Bajtelsmit & Bernasek, 2016). The relevance of the financial belief as it affects gender is to ensure the accuracy of the findings in as much as possible while the research investigates gender as one of the demographics factor influencing savings and investment behavior of persons.

2.2.3 The Behavioral Theory of Saving

Beverly (2015) observes that the primary behavioral belief is the behavioral revolving analysis explained by Shefrin and Thaler (2011) that is grounded in self regulation an individual who is viewed as the sole decision maker. Planning is concerned with manipulation of consumption over long period of time. In order to check controls of the investor, preferences need be modified, incentives reviewed while the choices are monitored. Shefrin indicates, notwithstanding that behavioral action is rooted in economies, spending habits exercise flexibility. Assumptions are not made as to how persons would demand behavioral changes. According to Shefrin and Thaler individuals

voluntarily adopt rules which instinctively prohibit spending. These instincts can be either internal or external. (Beverly, 2013).

The ideas generated under the above thinking are that spending habits fluctuates and varies between persons. There are different influencers and circumstances that shifts spending and therefore saving levels Katona, 2015 (as cited in Beverly, 2013). Katona has posited that saving is driven by the desire to do so. As such, low income earners are limited as far as savings is concerned. The reverse occurs for those with abilities and those that ear more. The facts enumerated by beliefs contained in this theory would be referred to in the process of research facts finding.

2.3 Determinants of wealth creation.

2.3.1 Earnings

Today, various groups demonstrate various categories of wealth creating, largely depending with the characteristics of particular economies. Researchers have paid more have shown more attention towards income at the expense of wealth which otherwise would have demonstrated probabilities of consumption. Measures on incomes have been persistent due to quick understanding and application over time. (John and David 2010) the scarcity of the wealth data complicate the matter further. The valuation intricacies including timing procedure provides sufficient challenges in relation to wealth matters (Aron & Muellbauer, 2016). Third party holding of assets such as trusts, collateral or even acquisitions also provide special challenges in wealth measurement. It is worth to note that income and wealth are two distinct elements in that there are possibilities high incomes without corresponding wealth arising from factors such as excessive credit. It likely to notices wealth mostly during the times of economic insecurities or during

intergenerational transfers. In such scenarios, the alignment of the consumption ensues. The aspect of smoothing is also experienced with concern during market imperfection and at time of borrowing difficulties. (Davies & Shamrocks, 2009).

Inequalities in distribution of incomes where previous studies have been conducted. The effect is that there is likely unequal wealth distribution. This makes it difficult to deduce in quantitative terms levels of wealth concentrations on the basis of inequality in income. The idea is to establish suitable criterion on savings that would explain wealth generation resulting there from resulting from analyzed data

2.3.2 Savings

This is part of retained earnings out of available disposable income. The sole purpose being to apply the same at a future date. It enhances an individual's financial security in foreseeable future.

Several investment vehicles are available where savings can be channeled or retained as liquid reserves or investment accounts (Laurent, Calvet & Paolo 2015). The basis for sound wealth arising out of savings is investment which largely depends upon income levels.

As the income increases, so the possibilities for high savings. At this point, it is worth noting that the willingness to save is more important than the levels of income. Desire to save can be driven by background orientation and knowledge about financial dispensation.

It is the multiplication effects of savings arising from the selected investment that is of importance. Since savings alone cannot create wealth, investment avenues must be well considered. (Jesse, Krimmel & Alice 2015). An important aspect of investment is the risk associated with select investment option which limit or does not guarantee return.

The balancing aspect in the savings and investment processes should be determined as ideal. This would ensure that no harmful macro economic factors such as unemployment would arise in the cause of saving and investment realignment (Meta, scholz & Ananth 2011).

2.3.3 Investments

The act of conversion of the savings into other forms of income generation is said to be an investment process. The expectation of an investment process is return proceeds. Therefore the opportunity cost arising from foregone consumption is normally converted into future returns (Orazio, Harnish & Virginia 2015).

Capital growth and interest generations are the key drivers in the whole process behind the investment. The growth can take various status like dividends, capital gains or even profit share. These forms are based on a variety of investment options like securities in shares among others. (Marco, Maria Cristiana 2014).

The risk factor in investment depends on the nature of the selected investment vehicle and judgment is solely dependent on risk averseness of the investor. Knowledge in investment and finance in general plays an important role in the process of selection and investment decisions. (Lusard 2010).

2.3.4 Acquisitions and Inheritance.

In the process of investment decisions, an assumption that is made that investment yields accrue from personal savings alone. This may be misleading as certain aspects of investments arise from other sources like bequests. (Kotlik & Summers 2011). This may amount into a sizeable proportion of the total investment. Sources other than pure savings also drive wealth generation and therefore are needed in the determination of the actual savings of the personal income. (Gale and scholz 2014).

2.4 Empirical Review Studies

Studies by Samuelson and Nordhans (2011) looked into the primary determinants of income and savings of the U.S Department of commerce, personal savings and investments. The samples for the population were selected individuals in the US savings departments. Data was analyzed using descriptive statistics and the findings established the growth of income, distribution of income and the level of per capita income as the three key determinants of level of savings and income. The study concluded that a balance between the three components should be optimized so attain the desired economic value.

Thomas Cooley (2014) explored the factors influencing the mobilization of resources by undertaking a comparison between England and other poorer countries. A comparative approach across the selected countries was employed. The results revealed that England had a high resource mobilization capacity compared to other selected countries. The study concluded that increased capital injection exceeding accumulation by a particular investor must invest in every economy so as to pool the resources of a society and

allocate the same savings and investments towards the most productive ends in the economy.

Andreas Fagereng (2016) examined the effect of savings in determining the stages of economic growth in the UK. A time series analysis was undertaken through use of Panel data. The findings revealed that when the economy reflect favourable signs savings and investment rate appear to increase by between 5% to 10% (Andreas Fagereng 2016). Savings is therefore a key impetus that drives wealth and it's creation as discussed by classical fathers of economic studies Adam Smith and Ricardo. The system applied in an economy may humper the savings requirement levels desirable for investment. Excessive use of credit cards for instance discourages savings necessary for investment. This was the case witnessed during 2007 economic slowdown

World Neighbors in East Africa (2014) looked into the mobilizing assets for development in Kenya and Uganda. An exploratory research design was adopted. The study employed a comparative analysis and the findings revealed that individuals can mobilize savings and investments in order to make sound investment for wealth generation for sustainability and development. The outcome recommended that the different communities in these countries need to organize themselves into social groups and merry-go-rounds to ensure that they grow in size and make full utilization of their financial resources. To a large extent motivational stimulus and desires for better meaningful lives encourages continued wealth generation.

Carosso's (2010) looking at the backgrounds behind investments in America associated and explored various ways by which capital for investment purposes were raised. In the cause of resource mobilization, transaction and information costs are closely monitored from various stakeholders. Agreements and various contracts are usually entered into between saver and users of the mobilized resources.

According to a study by Sirri and Tufano (2015) on economizing and cost minimization arises suggestion that mobilization of resources be determined by way of various investment groups in enterprises. Investment groups must offer assurances about the security of the entrusted resources. These groups strive to establish sound reputations about the resources entrusted to them.

Farmer (2012) Established that whenever earners restricted their spending habits, extra funding available to borrowers was created where the money would be utilized to procure farm machinery and inputs. This raising of agricultural production would then be attributed to the general growth in wealth.

Hahn (2014) further concluded that savings as a culture promotes economic wellbeing not only to the more so the borrowers. He noted that the individuals who save merely transfers the excesses of the current earnings to future better prospects.

James & Anthony (2013) had a different option with regard to wealth accumulation. His views were that capital generation is a complex process that involves more than simple savings and subsequent investment. The sentiments were further supported by Wicksell (2015) that disputed the idea of financial sacrifices to create investment capital. Further suggestions were enumerated by Jason and (2013) that attempted Hein that attempted to

explain that foregone consumption meant that production would be expected to slow done.

According to the study conducted by Antonio D'iaz (2012) where data collection were made by way of Likert scale, it was established that various forms of savings and investment would apply in a given economy. Categories such as personal or household savings and investment yielded to significant wealth drive.

As was note by Mariacristinna and Fang (2015) the demand for application of savings set ups accumulation calls for enhanced household saving rates. There is therefore the need to understand the determinants of household savings and trends. The interesting feature of investment accruing out of the household savings is directly towards tangible assets. Intangible assets like capital gains may nevertheless form substantial form of the total wealth.

2.5 Conceptual Framework

This is an analytical diagrammatic representation directing the flow of major concepts. It is particularly useful as an organizing tool in empirical research. The pictorial illustrated in figure 2.1 demonstrate how variables relate. The major variables under this consideration are savings, investments plus wealth.

Independent Variables

Dependent Variable

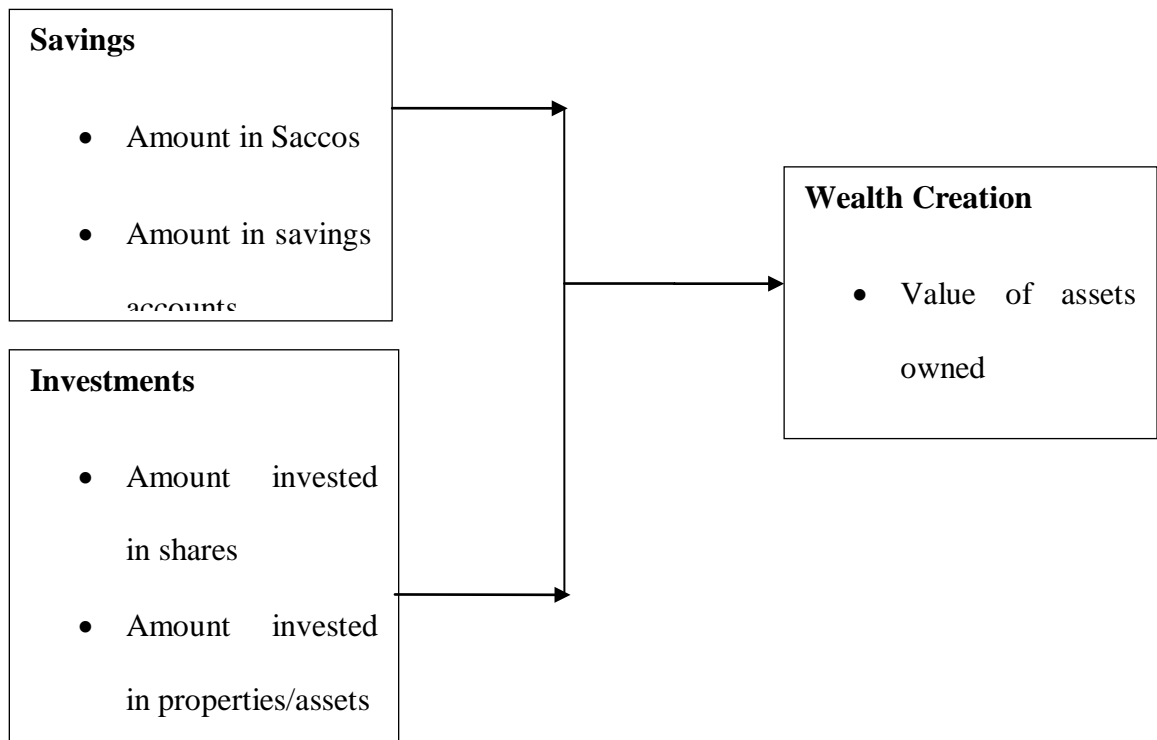


Figure 2.1: Conceptual Framework

Source: Author (2018)

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This part explains methods applied during the research work. The design, population sampling technique and instruments for data gathering.

3.2 Research Design

This is pre-determined protocol that ensures problem determination. The broad categories are exploratory, descriptive, and causal. (Mukerje, 2016). This research used the descriptive one. It involves assessment of various aspects involved. Determination of the relationship in present elements is possible in order to find if there exists common ties and if so to what extent. Nachmias and Nachmias (2004

3.3 Population

This refers to the general group of members upon which the research wishes to make conclusions upon findings (Lyon 2015). Mugenda and Mugenda (2003), considers it as a representation of such identities as people, services, events or other defined objects homogeneous in nature.

The study used a target population of salaried employees in administrative police service headquarters, Nairobi. According to the human resource register, there are a total of 720 salaried employees at administration police service headquarter Nairobi as at October 2018 (GoK Report, 2018). Administrative police service headquarters was purposively selected since it houses many salaried employees and therefore was to provide rich information for the study.

The following formula recommended by Zikmund et al. (2010) has been applied in determining the right sample. In this case, the target population is not more than 10,000

and therefore the size of sample for this study has been determined using the following formul:

$$nf = \frac{n}{1 + n/N}$$

Where

nf = Sample desired (population not exceeding 10,000).

n = Sample selected (population greater than 10,000).

N = estimated total population (i.e. 720 current state).

$$nf = \frac{138}{1.192}$$

$$= 115.80$$

From sampling formula, 116 employees were considered. Sampling frame of in this assessment was based on different cadres that employees are divided into. These included upper, middle, including lower cadres (KNBS, 2016).

3.5 Data Gathering

Primary data was applied which was obtained by way of selected questions. The requirement for the intended information is formulated from literature review and previous studies covering the various study variables. It was modified with the aim of addressing the specific research objectives and context of study. Kothari (2014) explains this method as a way of gathering data. Obtaining relevant information through a set of simplified questions.

Drop and pick method was used by trained research assistants. To enhance the completion, rate an email, phone call or text message reminder was sent after every five

days till the response rate is deemed satisfactory. The questionnaires were answered by each of the individual respondents independently.

3.6 Data Analysis

Both descriptive and inferential statistic was applied in the data analysis. Mugenda and Mugenda (2003) contend that descriptive statistics provide the basic features of the data collected. Descriptive statistics gave estimates of frequency distribution, mean scores, standard deviations and coefficient of variation measured relative variability. A bivariate regression analysis was used to establish link existing between the variables. Data capture and analysis used Statistical Package for the Social Sciences (SPSS). In addition the test of significance was done to determine whether the effect was significant.

Before regression analysis; the data was cleaned and subjected to suitable tests. This study used several test for normality, multicollinearity, linearity and homogeneity. Statistical analysis which use regression, correlation, t-tests and analysis of variance are based on the assumption that data set is normally distributed, there is no multicollinearity and the data is homoscedastic. Normality tests allow for inferences about the population since it establishes if a data set is well-modeled by a normal distribution, linearity establishes that the data to be used for analysis is sampled from a population that relates the variables of interest in a linear manner, lack of multicollinearity ensures stability of results, it is carried out primarily to avoid the problem of multiple counting, brought about when a researcher uses the same type of information more than once with different variables which is common in technical analysis whereas homogeneity which is carried out to establish the significance of the variance of the variables used in the study ensures that standard errors are not over or under-estimated.

In order to test for normality, histograms and Q-Q plots; skewness and kurtosis; Shapiro-Wilk test was applied. To test for multicollinearity, tolerance and Variance Inflation Factor (VIF) was used where tolerance of less than 1 indicates lack of multicollinearity, Variance Inflation Factor (VIF) greater or equal to 5 shows multicollinearity is a problem, over 15 indicates possible multicollinearity problems whereas over 30 indicates serious multicollinearity problems. Both graphical and Levene's test for homogeneity of variance was used to test for homogeneity. If the Levene's statistic is significant at the 0.05 levels, the null hypothesis that the groups have no equal variances was rejected.

The regression equation used was derived from the equation of a straight line which resulted in model given below;

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \varepsilon$$

Where

β_0 is a constant term,

Y represents wealth creation which is the depended variable, which is measured using value of Assets and securities owned

X_1 - Savings which is measured using amounts in Saccos and in savings account.

X_2 - Investments which is measured using amount invested in shares, amount invested in properties/assets and other income generating businesses

The study used the p-values of the F-test statistic to measure statistical significance. If p-values are very small (<0.05), there is strong statistical evidence in support of the alternative hypothesis. If p-values are large, there is insignificant statistical evidence. When large, you fail to reject the null hypothesis.

CHAPTER FOUR: DATA ANALYSIS AND FINDINGS

4.1 Introduction

The research is geared towards assessing the relationship between savings and investments on wealth creation among salaried employees in administration police service in Nairobi headquarters, Kenya. The analyzed data is based on five point likert type questionnaire for structured questions. There was descriptive research statement for each respondent. The statement were with reference to savings, investments and wealth creation undertaking.

Reliability and validity gives a clear direction about the data viability in measuring the intended objectives. The results provide analysis of description by way of tables and statistics such as standard deviation, coefficient of variation as explained. Finally, procedure carried out to find significance levels of factors involved

4.2 Response Rate

The study was a descriptive cross-sectional survey of salaried employees in administrative police service headquarters, Nairobi. The questionnaire was administered by trained research assistants to the respective firms. The study targeted all the one hundred and sixteen (116) respondents of which 110 questionnaires were filled and returned. Further scrutiny established that 6 questionnaires were poorly filled and hence

excluded from analysis. The effective response rate dropped to 104 respondents forming 89.65% response rate, which was considered adequate for analysis. Table 4.1 below demonstrates result outcomes.

Table 4.1: Response Rate

Respondents	Questionnaire Distributed	Questionnaire Returned	Response Rate
	116	104	89.65%

Source: Researcher, (2018)

It is clear that the rate of the acquired information was good. Saunders, Lewis and Thornhill (2016) provided that a return of 80 per cent is adequate and indicated an effective data collection methodology, whereas Mugenda and Mugenda (1999) suggest a 50% is enough 60% fair, above 70% good. On his part, Fowler (1984) as cited in Njeru, (2013) suggests that a response rate of 60% is representative of the population of the study.

4.3 Test of Reliability

This refers to a measure of degree to which results from an instrument are consistent on repeated measurements. Its goal is the estimation of measurement errors which are normally random. It is a measure of an instrument's internal consistency. The measurement instrument should be reliable for it to measure consistently (Mugenda & Mugenda, 2003; Saunders, 2007; Cooper & Schindler, 2011).

Reliability of the survey instrument was thus established by carrying out a pilot study on employees who were required to respond to the questionnaire and report any ambiguous questions, identify any defects in the questions or lack of clarity in the instructions as well as suggest any changes. Hair et al., (2007) suggests that a pretest of 5 to 10 respondents selected from the targeted population is sufficient enough to allow validation of a questionnaire. These employees were excluded from participating in the main survey.

The test items internal consistency or average correlation was assessed using cronbach's alpha. The alpha coefficient value ranging from 0 to 1 were used. This study adopted the alpha coefficients ranges to describe reliability factors extracted from formatted questionnaires on likert scale (rating from scale 1 to 5). The study used a cut off Cronbach alpha coefficient of 0.7. Table 4.2 below presents the test of reliability results.

Different authors recommend different cut off points for reliability, for instance Nunally (1978) and Gliem and Gliem, (2003) indicate that Cronbach value of 0.7 and above is considered reliable whereas Cooper and Schindler (2006) suggest a range of 0.7 to 0.9 Cronbach's alpha coefficient to be good for reliability test, while Asikhia (2009) recommends a reliability cut off point of 0.6. On their part, Hair et al., (2006) and Bagozzi and Yi (2012) instead recommend a value of 0.5 to be the reliability cut off point necessary for further analysis. This study adopted a cut off Cronbach value of 0.7 which is considered a strong measure of reliability consistency as suggested by Gliem and Gliem, (2003) and Cooper and Schindler (2006). After the pilot study, the necessary

modifications were made to the questionnaire. The results of the reliability tests are summarized in Table 4.2 below.

Table 4.2: Summary of Cronbach’s Alpha Reliability Coefficients

Variable	Cronbach’s Alpha	Number of items	Decision
Savings	.774	6	Reliable
Investments	.866	6	Reliable
Wealth creation	.766	6	Reliable

Source: Primary Data, (2018)

As shown in Table 4.2, the alpha coefficients for all the variables are above the 0.7 threshold. This was confirmation of reliability of the data used to draw conclusions from theoretical concepts. Cronbach’s alpha coefficient ranged from 0.766 (wealth creation) to 0.866 (investments) revealing a high degree of reliability of the instrument. This thus implies that all the variables had a reliable index measure indicating that the instrument was reliable in collecting data.

4.4 Test of Validity

Validity refers to the questionnaire’s ability to measure what is intended meaningfully and describe the construct accurately (Cooper & Schindler, 2011). It is used in science as evaluation criteria on whether conclusions made in a study explain what happened accurately. It is whether the research instrument is able to produce the expected measurement (Aiken & West, 1991).

Piloting was randomly institute for number of employees from different departments of the organization who were not considered under the final survey of the study to establish if the respondents could answer the responses with ease. Questions that were unclear, inadequate or sensitive were cleaned, sorted or dropped. The study incorporated views of content experts consisting of a few lecturers from Nairobi University

4.5 Tests of Statistical Assumptions

Prior to performing the descriptive and inferential analyses, statistical assumptions were tested for to establish if the data met the normality, linearity, independence, homogeneity and collinearity assumptions, and it was on the basis of these results, that the measures of central tendency, dispersion, tests of significance, tests of associations and prediction were performed.

4.5.1 Test of Normality

The Shapiro-Wilk test was employed to test for normality. The technique attempts to look at the movement from the mean between 0 to 0.05 (Razali and Wah, 2011).

Table 4.3: Test of Normality

	Tests of Normality					
	Kolmogorov-Smirnov ^a			Shapiro-Wilk		
	Statistic	Df	Sig.	Statistic	df	Sig.
Savings	.094	116	.013	.978	116	.054
Investments	.074	116	.166	.980	116	.081
Wealth creation	.082	116	.051	.979	116	.062

a. Lilliefors Significance Correction

Source: Primary Data, (2018)

Normality was tested using the Shapiro-Wilk test and the results showed that all the variables were above 0.05 ($p > 0.05$) hence ascertaining confirming data normality. As shown in Table 4.2, p-values for the Shapiro-Wilk tests were 0.054 for savings, 0.081 for investments and 0.062 for wealth creation. Since all the p-values were greater than the cutoff point of 0.05 at 95% confidence level, this confirms the hypothesis that data was collected from a population which is normally distributed.

4.5.2 Test of Multicollinearity

Multicollinearity is a phenomenon whereby high correlation exists between the independent variables. It occurs in a multiple regression model when high correlation exists between these predictor variables leads to unacceptable results when attempts are made to determine the extent to which pertinent elements contribute to the appreciation of dependent variable (Creswell, 2014).

The effects relating to multicollinearity are those raising beta error. This affects expected reliability. Multicollinearity was carried out to check whether high correlation existed between one or more variables in the study with one or more of the other independent variables. Variable Inflation Factor (VIF) measured correlation level between the predictor variables and estimated the inflated variances due to linear dependence with other explanatory variables Table 4.3 outline the outcome.

Table 4.4: Tests for Multicollinearity

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	Savings	.492	2.031
	Investments	.492	2.031

Source: Primary Data, (2018)

In the current study tolerance ranged 0.492 for all the variables and therefore its reciprocal, the VIF was 2.031, which is below the maximum threshold value of 10. A common rule of thumb is that VIFs of 10 or higher (conservatively over 5) points to severe multi-collinearity that affects the study (Newbert, 2008). A tolerance threshold value of below 0.2 indicates that collinearity is present (Menard, 2000). As shown in Table 4.3 the results revealed no problem with multicollinearity. This indicated that the data set displayed no multicollinearity.

4.5.3 Test of Homoscedasticity

Furthermore, homoscedasticity was tested to establish similarity. The Levene’s test of homogeneity of variances was thus used and according to Gastwirth et al., (2009) It is significant at $\alpha= 0.05$, which implies the data lack equal variances.

Table 4.5: Homogeneity of Variances

Test of Homogeneity of Variances				
	Levene Statistic	df1	df2	Sig.
Savings	3.256	17	95	.070
Investments	1.621	17	95	.074

Source: Primary Data, (2018)

From the results in Table 4.4, P-values of Levene’s test of homogeneity of variances were greater than 0.05. The test therefore was not significant at $\alpha= 0.05$ confirming homogeneity. The significant values for the Lavene’s test were 0.070 for saving and

0.074 for investments. From the results in Table 4.4, P-values of Levene’s test for homogeneity of variances were all greater than 0.05. The test therefore was not significant at $\alpha= 0.05$ confirming homogeneity.

4.5.4 Test of Linearity

To test for linearity, the ANOVA test was used to determine elements of linear as well as as non-linear According to Zhang *et al.*, (2011), linearity is valid if the significance value for the linear component is less than 0.05. It assumes that there is link between independent and dependent variable in a given study. In this study it is assumed that savings and investments have a linear relationship with wealth creation. In a nutshell, it implies that these variables are key determinants of wealth creation. The results are presented in Table 4.5

Table 4.6: Tests for Linearity

	F	Sig.
Savings	24.469	.020 ^a
Investments	12.466	.026 ^a

a. Predictors: (Constant), Savings, Investments

b. Dependent Variable: Wealth creation

The results of the ANOVA test of linearity showed figures below 0.05 hence concluding linearity.

4.6 Demographic Information

An attempt was made seeking to establish the demographic profile of responding persons and hence respondents were requested to indicate their gender, highest literacy, age distribution and period served in the organization.

4.6.1 Gender

Gender diversity in an organization can influence shared ideas on savings and investments and thus creation of wealth.

They are stipulated in Figure 4.1

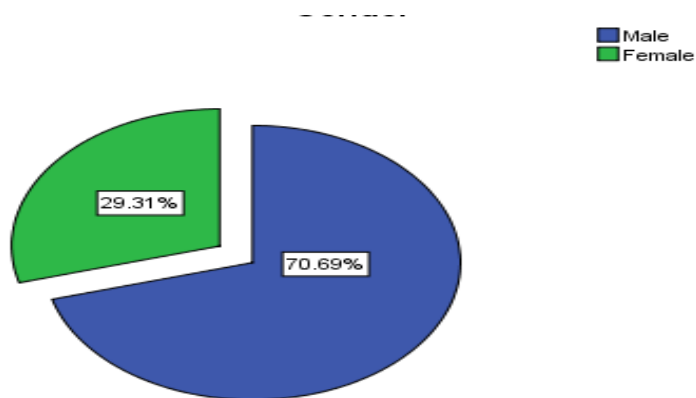


Figure 2.2: Gender

The results in Figure 4.1 indicate that majority of employees sampled represented male (70.69%) with female being (29.31%). This shows that there are more males than females. Gender diversity in an organization could improve decision making

4.6.2 Education Level

The study determined the respondent's highest education achieved. This was to determine if they are well educated to make decisions concerning savings, investments and wealth creation and the general budget for future life. The results are presented in Figure 4.2.

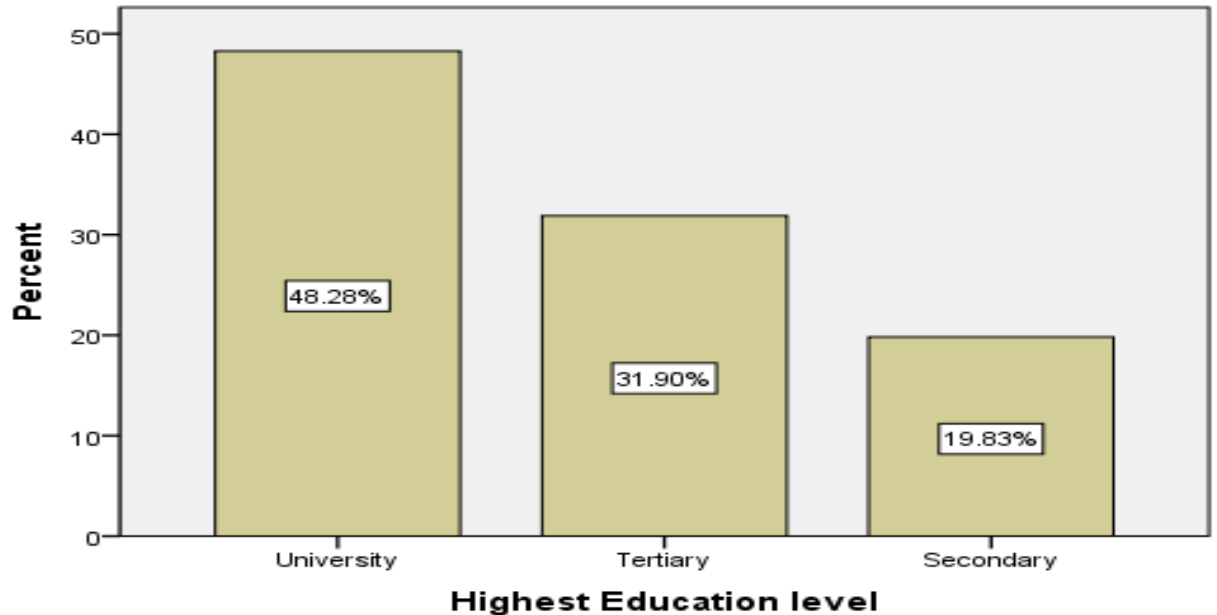


Figure 2.3: Education Level

Results shows that 48.28% have university degree closely followed by 31.90% indicating tertiary college and 19.83% indicating secondary education. This implies that the employees are well educated to make optimal decisions concerning savings, investments and wealth creation. Education is the level of academic and professional qualifications that is possessed by employees. (Horwitz, 2005). Education can influence decisions made in respect to the need for savings, investments and wealth creation.

4.6.3 Age Distribution

The status of level wealth creation differs according to age. To avoid apparent bias, a look at age difference among respondents was put into consideration to assess knowledge in savings, investments as well as created wealth. Figure 4.3 represents age gaps obtained.

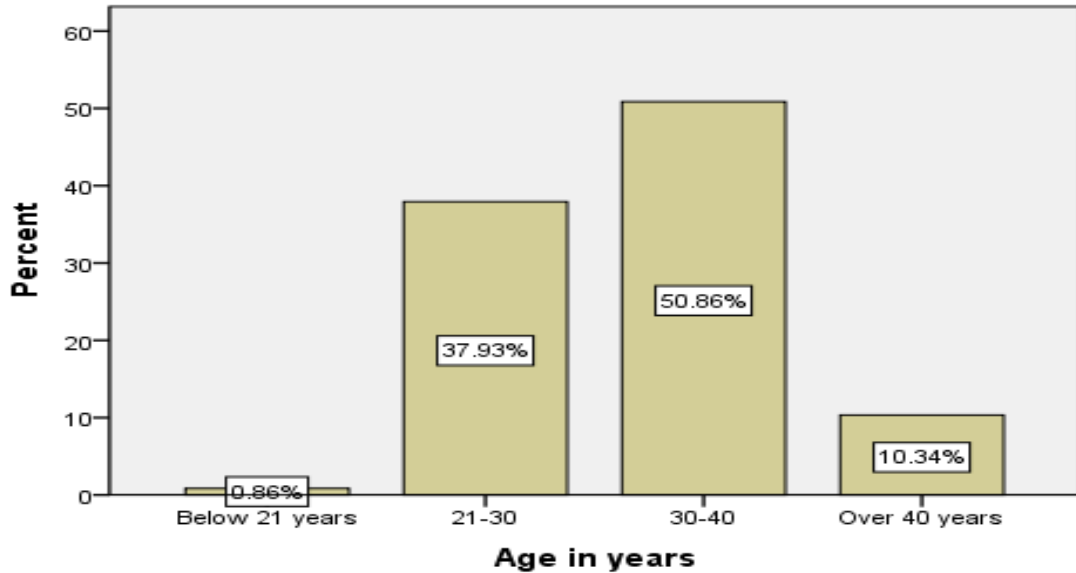


Figure 2.4: Age

The results indicates that 50.86% ranged between 30-40 years, 37.93% ranged between 21-30 years and 10.34% indicated being above 40 years. The age of the employees in organizations is an important factor because it determines how well they can interpret the environment (Miles and Snow, 1978) therefore adapt to changes from the environment (Bourgeois and Elsenhardt, 1988) and consequently make decisions concerning their savings and investments that will eventually influence wealth creation.

4.6.4 Work Experience

The period of time that the employees had provided service in the selected organization would enable provision of the correct responses. The research emphasized on duration of stay in the establishment. This would provide assurances about the information provided.

The outcome was provided in Figure 4.4 length

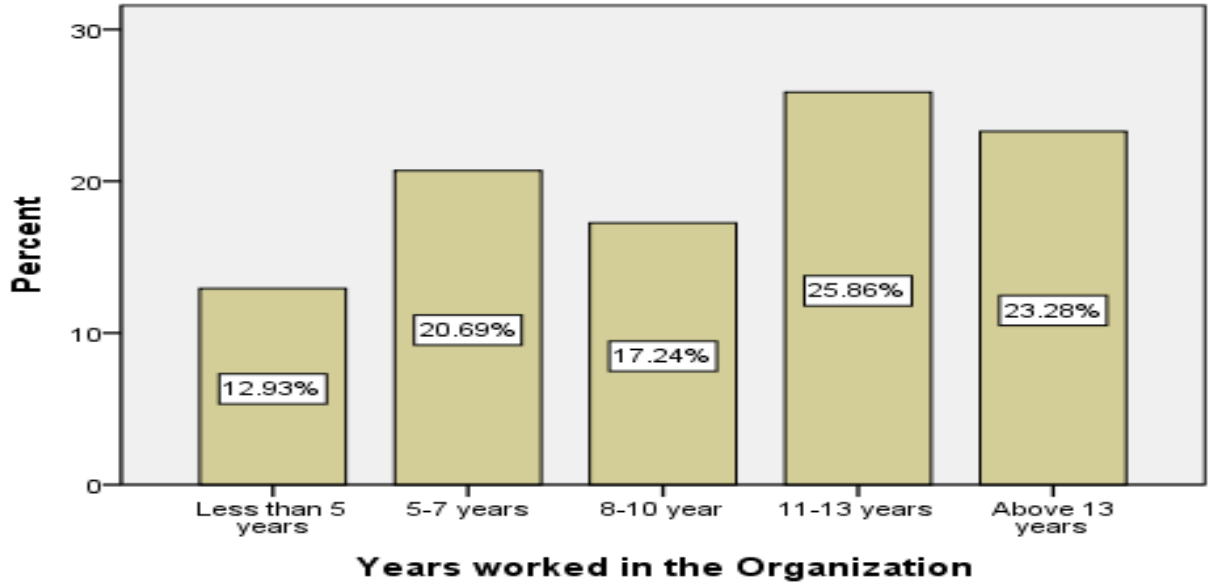


Figure 2.5: Work Experience

The results shows that majority (25.86%) have worked in the organization between 11-13 years, 23.28% above 13.years, 20.69% between 5-7 years, 17.24% between 8-10 years with few (12.93%) having worked for only less than 5 years. Years of service was also an important factor because it was necessary to establish how long the employees of the organization have been working because when employees in a company move, savings and investments programs undergo changes as well.

4.7 Manifestations of Savings

The study determined the extent to which savings attributes are manifested among the surveyed salaried employees in the administration police service in Nairobi. The importance of savings is intended for further growth of the income through investments. Sustainable growth in future incomes is the main objective of many employees today with aims of achieving certain specified goals like retirement plans which can be achieved through a workable savings plan To capture these data, the respondents were asked to indicate the rating to which they view which statements relating to savings

manifest among themselves. The findings are presented in Table 4.6 and were measured in terms of mean scores, standard deviation and coefficient of variation.

Table 4.7: Savings Attributes

	N	Mean	Std. Deviation	Coefficient of variation
My income allow me to save in a sacco	116	3.198	1.273	0.39
I have always set aside part of my salary to a savings account in the bank	116	2.991	1.261	0.42
I do not exhaust my salary on my current account every month	116	2.810	1.244	0.44
I have had a culture of savings since I started working	116	2.828	1.144	0.41
My savings are adequate for future planning	116	2.828	1.049	0.37
I depend entirely on my salary for my savings	116	3.138	1.156	0.37
Average Mean Score	116	2.966	1.188	0.40

The results shows an average mean score of 2.966, standard deviation of 1.188 and coefficient of variation of 0.40. This is a moderate mean score depicting low level of savings among the salaried employees in administration police service headquarters Nairobi. The statement with the highest mean score is that their income allow me to save in a sacco (Mean=3.198, SD=1.273 and CV=0.39) and that they depend entirely on my salary for my savings (Mean=3.138, SD=1.156 and CV=0.37). This implies that as much

as they do not have enough income to save, majority save a certain portion of their income in Saccos.

The findings therefore depicts that salaried employees in administration police service do not have enough salary for savings. According to Hahn (2014) most salaried people do not have a savings plan and therefore being affected in the long run with an argument showing that consumption check is an important aspect of investment with substantial benefits to the general citizen. In particular the person who adopts the culture of saving improves his/her own wealth status to suit changing lifestyles.

4.8 Manifestations of Investments

The study established the extent to which investments are manifested among salaried employees in administration police service. The goal for which investment is geared toward is to enhance assets for better values and increase. Where this is successful, the wealth growth spiral effects ensue and wealth may increase at an increasing rate.

The statements depicting how investment manifests were presented to respondents and the findings are presented in Table 4.7. The results are presented in terms of mean scores, standard deviation and coefficient of variation.

Table 4.8: Investments Attributes

	N	Mean	Std. Deviation	Coefficient of variation
I use my savings to invest in other income generating businesses	116	2.879	1.056	0.367
I use my savings to trade in company shares	116	2.453	1.148	0.397

Savings have helped me purchase property	116	2.888	1.185	0.410
I have had a culture of savings since I started working	116	2.845	1.139	0.400
All my investments are as a result of my savings from the salary	116	2.759	1.044	0.378
Am satisfied with the investment I have had so far	116	2.785	1.045	0.375
Average Mean Score	116	2.840	1.103	0.388

The results shows an average mean score of 2.840, standard deviation of 1.103 and coefficient of variation of 0.388. This is a moderate mean score implying that investment manifests moderately among the salaried employees in administration police service. With low savings as reported in Table 4.6, no much investment can be expected. However for those who save, they indicated that much of their savings goes to property purchasing with some also indicating that they buy company shares as an investment plan from their savings.

Despite the fact that most respondents demonstrated awareness about prevailing investment instruments, the progressive steps toward investment initiatives was still lacking. The observation was made to both financially literate and those with little knowledge on finance. Financial information is crucial to make meaningful investment judgment that would result into expected wealth. (Lusard, 2010).

4.9 Manifestations of Wealth Creation

Wealth creation was the dependent variable in this study which is presumed to be influenced by savings and investments behavior among salaried employees. To capture

data on the various wealth creation dimensions, descriptive statements derived from literature were presented to respondents on a 5- point Likert-type scale. The 5- point Likert-type scale was from 1(not at all) to 5 (very large extent). They were presented to respondents and were requested to indicate the extent to which the statements applied in their savings and investments plan. The findings are presented in Table 4.8

Table 4.9: Wealth Creation Attributes

	N	Mean	Std. Deviation	Coefficient of variation
I own substantial assets from my savings and investments	116	3.155	1.177	0.37
My shares traded in different companies are adequate for my current and future financial obligations	116	3.191	1.342	0.45
All my wealth created is as a result of a good savings and investment plan	116	3.267	1.211	0.37
My savings and investments have been enough to create wealth	116	3.172	1.280	0.40
I use other income apart from salary savings to create wealth	116	3.741	1.166	0.31
The salary I earn has enabled me to save, invest and create wealth without any struggle	116	3.002	1.049	0.28
Average Mean Score	116	3.355	1.204	0.37

The average mean score for wealth creation is 3.355, standard deviation of 1.204 and coefficient of variation of 0.37. This is a moderate mean score implying that salaried employees consider wealth creation on average. The statement with the lowest mean score was that the salary they earn has enabled them to save, invest and create wealth without any struggle (Mean=3.002, SD=1.049 and CV=0.28). However all statements were above 3.0 implying that wealth creation manifests above average which means that

salaried employees sees it as a positive initiative although their salaries could not make them save enough, invest and create wealth.

4.10 Inferential Analysis

This is carried out to find if there exist major connections. It aims at arising at better conclusions as it seeks further information than the one in use. The key determinant in this case is the coefficient of determination

4.10.1 Correlation Analysis

To establish the extent of the variable association, Pearson measure was used coefficients varies between -1 to +1. Negative values indicates negative correlation and positive values indicates positive correlation where Pearson coefficient <0.3 indicates weak correlation, Pearson coefficient >0.3<0.5 indicates moderate correlation and Pearson coefficient>0.5 indicates strong correlation. Table 4.9 provide the outcome.

Table 4.10: Correlation Analysis Results

		Correlations		
		Savings	Investments	Wealth creation
Savings	Pearson Correlation	1	.712**	-.103
	Sig. (2-tailed)		.000	.273
	N	116	116	116
Investments	Pearson Correlation	.712**	1	-.216*
	Sig. (2-tailed)	.000		.020
	N	116	116	116
Wealth creation	Pearson Correlation	.303	.416*	1
	Sig. (2-tailed)	.023	.020	
	N	116	116	116

** . Correlation is significant at the 0.01 level (2-tailed).

* . Correlation is significant at the 0.05 level (2-tailed).

The results obtained above reveal that both savings and investments have moderate and

positive influence on wealth creation (Pearson correlation coefficient =.303 and $P < 0.05$) and (Pearson correlation coefficient =.416 and $P < 0.05$) respectively. However investments appeared to influence wealth creation higher than savings as shown by a higher p-value (.416). Both have a relationship that is statistically significant. The results therefore show that savings and investments are key in determining how salaried employees create wealth.

4.10.2 Regression Analysis

An analysis on the basis of regression of the multiple natures was conducted on variables as would affect wealth creation. Previously applied package (SPSS version 22) to code, enter and compute the measurements. Regression analyses yielded various values including R, R^2 , F ratio, t-values and p-values. The R-value reflects the strength of the relationship between the variables while R^2 values depict the extent to which variations in indicators are explained. The F-value shows the statistical significance of the overall model, while t-values represent the significance of individual variables. Further, beta values show the positive or negative effect of the independent variable on the dependent variable. Finally, p-values represented the significance of the model parameters. This study tested the relationships at 95 percent confidence level ($\alpha = 0.05$) at which point a decision to confirm the relationship was made. Results that yielded p values < 0.05 led to significant relationships while, results with $p > 0.05$ resulted in insignificant relationships.

4.10.3 Model Summary

Regression model describes how the significant of the dependent variable changes with changing number of variables in the model. Regression Analysis was carried out for savings and investments on wealth creation. To test for the relationship that the

independent variables have on wealth creation, the study did the multiple regression analysis.

Table 4.11: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.228 ^a	.052	.035	.80533

a. Predictors: (Constant), Investments, Savings

The results shows that savings and investments explain 5.2% of the wealth creation among salaried employees in administration police service headquarters in Kenya as represented by the coefficient of determination ($R^2=0.052$). This therefore means that other factors not studied in this research contribute 94.8% of the wealth creation among salaried employees. The study therefore implies that as far as salaried employees are willing to create wealth, their salaries may not allow them to save and invest to their satisfaction.

The study further determined if the model is significant in predicting how the variables relate that is if the model has a significant value. The results are presented in Table 4.10

Table 4.12: ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	4.020	2	2.010	3.099	.049 ^b
	Residual	73.288	113	.649		
	Total	77.307	115			

a. Dependent Variable: Wealth creation

b. Predictors: (Constant), Investments, Savings

The significance value is 0.049 which is less than 0.05 thus the model is statistically significant in predicting how savings and investments influence wealth creation. The F critical at 5% level of significance was 3.099. This shows that the overall model was significant. Table 4.11. provides finding

Table 4.13: Coefficient Results

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.835	.294		13.053	.000
	Savings	.105	.131	.104	.799	.036
	Investments	.278	.125	-.290	-2.224	.028

a. Dependent Variable: Wealth creation

Assessment as to relationship between Savings and investments and also wealth creation created was performed per the SPSS generated table above, the equation ($Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \epsilon$) becomes:

$$Y = 3.835 + 0.105X_1 + 0.278X_2 + \epsilon$$

Referring to the stated regression equation, and holding other factors constant (savings and investments) constant at zero wealth creation was 3.835. The data findings analyzed also shows that taking all other independent variables at zero, a unit increase in savings will lead to a 0.105 increase in wealth creation and a unit increase in investments will lead to a 0.278 increase in wealth creation. At 5% level of significance and 95% level of confidence, savings had a 0.036 level of significance and investments had a 0.028 level of significance. This implies that investments influences wealth creation more than

savings. All the significance values were less than 0.05 ($p < 0.05$) implying that they were statistically significant in explaining wealth creation.

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This is a summary of the research findings, conclusions leading thereafter the recommendations of the study and areas for further exploits are also presented.

5.2 Summary of Findings

The outcomes established demographic profile for respondents that is; gender, highest level of education, age distribution and years of service in the organization. The results showed that majority of employees sampled were males than females. This shows that there are more males than females. The results further showed that majority have university degree and tertiary college respectively. This implies that the employees are well educated to make optimal decisions concerning savings, investments and wealth creation. The results further showed that majority of employees ranged between 30-40 years and finally majority has worked for the organization between 11-13 years.

The study determined the extent to which savings attributes are manifested among the surveyed salaried employees in the administration police service in Nairobi. The importance of savings is intended for further growth of the income through investments. Sustainable growth in future incomes is the main objective of many employees today with aims of achieving certain specified goals like retirement plans which can be achieved through a workable savings plan. The findings therefore depicts that salaried employees in administration police service do not have enough salary for savings. According to the findings most salaried people do not have a savings plan and therefore

being affected in the long run with an argument suggesting that savings is important for improvement of the general standards of living.

The study further established the extent to which investments are manifested among salaried employees in administration police service. The ideal investment argument for salaried employees should be such that the right proportion of earnings should be well approximated and investment benefits properly determined. The subsequent result should be capable of producing better and desirable outcomes. The results show an average mean score.

A moderate mean score implies that investment manifests moderately among the salaried employees in administration police service. With low savings therefore, no much investment can be expected. However, for those who save, they indicated that much of their savings goes to property purchasing with some also indicating that they buy company shares as an investment plan from their savings. Wealth creation was the dependent variable in this study which is presumed to be influenced by savings and investments behavior among salaried employees. The study found a moderate mean score implying that salaried employees consider wealth creation on average. The statement with the lowest mean score was that the salary they earn has enabled them to save, invest and create wealth without any struggle. However, all statements were above 3.0 implying that wealth creation manifests above average which means that salaried employees sees it as a positive initiative although their salaries could not make them save enough, invest and create wealth.

According to the arguments of the findings any amount that accrues out of consumption failure is assumed to be channeled towards investment prospects. This enhances further growth in terms of wealth development.

5.3 Conclusions

The analysis showed that both savings and investments have moderate and positive influence on wealth creation. However, investments appeared to influence wealth creation higher than savings as shown by a higher p-value. Both have a relationship that is statistically significant. The results therefore show that savings and investments are key in determining how salaried employees create wealth.

Regression Analysis was carried out for savings and investments on wealth creation. The results show that savings and investments significantly but lowly explain the wealth creation among salaried employees in administration police service headquarters in Kenya. This therefore means that other factors not studied in this research contribute highly of the wealth creation among salaried employees. The study therefore implies that as far as salaried employees are willing to create wealth, their salaries may not allow them to save and invest to their satisfaction.

The study further determined if the model is significant in predicting how the variables relate that is if the model has a significant value. The model showed significance level thus the model is statistically significant in predicting how savings and investments influence wealth creation. The running of coefficient was carried out. Considering savings and investment at zero, wealth creation was 3.835. Hence one unit rise in savings to investment leads to an increase in wealth creation by the stated figure. However, the

results shows that investments influences wealth creation more than savings though all of them had the significance values less than 0.05 ($p < 0.05$) implying that they were statistically significant in explaining wealth creation.

5.4 Recommendations

The findings from the study lead to a number of recommendations. First, it was found that savings influence wealth creation but salaried employees have no capacity to effectively save to small salaries. The study recommends that government policies should be developed to require both employers and employees to save for an employee's investment plan. For instance, an employee should come up with investment plan and share with the employer and both jointly raise the money through savings towards the plan at a given period in time as outlined in the plan. The study also recommends that employees should develop a savings culture where part of their salary is put aside on a savings account which eventually will enable them to invest in an effort to create wealth for future use.

The study further recommends that in order for the savings to have a meaningful orientation, salaried employees should also have an investment plan where each saved fund are well invested to create profit and wealth in the long term. The study suggests that salaried employees to involve investment experts to guide them through the best possible available investment plans. These investment experts may include insurance investment officers, bankers and securities exchange brokers. The study further recommends that salaried employees should engage in short term causes on investments to equip themselves with necessary investment knowledge to help them create wealth for future use. The study finally recommends that salaried employees should consider

investing in long term projects like properties, shares and even investment plans that will accrue profits towards realizing the creation of wealth in the long run.

5.5 Suggestions for Further Research

This study used savings and investments as independent variable and wealth creation as dependent variable. Future studies should consider using investments as a moderating variable to determine how it can influence wealth creation through savings. Future research efforts should also extend the scope of this study by including important contextual variables such as, inflation to the research framework, which may help explain some of the insignificant findings in this study. One direction for future research is to investigate the barriers that hinder salaried employees' commitment to saving and investment culture. Future research studies should also focus on organizations outside the salaried employees' spectrum and across other self-employed category in order to determine what factors make self-employed do well in investment as opposed to salaried individuals.

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APPENDICES

Appendix I: Questionnaire

Dear Respondent,

This questionnaire is designed to collect data from administration police service on the relationship between savings and investments on wealth creation among salaried employees. The data collected shall solely be used for academic research and will be treated with strict confidence. Your participation in facilitating the study is highly appreciated. I would therefore urge you to freely answer the questions as only the researcher will have access to the raw data and the development of the final report.

SECTION A: GENERAL INFORMATION

1. Gender

Male

Female

2. Highest Education level

University

Tertiary

Secondary

Primary

3. Age in years

Below 21 years

21-30

30-40

Over 40 years

4. Years worked in the Organization

Less than 5 years

5-7 years

8-10 year

11-13 years []

Above 13 years []

SECTION B: SAVINGS

5. Please indicate the extent to which each of the following statements match savings in your daily financial usage where 1=strongly disagree 2= disagree 3=neither disagree nor agree 4=agree 5=strongly agree

Items	Strongly disagree (1)	Disagree (2)	Neither disagree nor agree (3)	Agree (4)	Strongly agree (5)
Savings Statements					
My income allow me to save in a sacco					
I have always set aside part of my salary to a savings account in the bank					
I do not exhaust my salary on my current account every month					
I have had a culture of savings since I started working					
My savings are adequate for future planning					
I depend entirely on my salary for my savings					

SECTION C: INVESTMENTS

6. Please indicate the extent to which each of the following statements match investments from your savings where 1=strongly disagree 2= disagree 3=neither disagree nor agree 4=agree 5=strongly agree

Items	Strongly disagree (1)	Disagree (2)	Neither disagree nor agree (3)	Agree (4)	Strongly agree (5)
Investments Statements					
I use my savings to invest in other income generating businesses					
I use my savings to trade in company shares					
Savings have helped me purchase property					
I have had a culture of savings since I started working					
All my investments are as a result of my savings from the salary					
Am satisfied with the investment I have had so far					

SECTION D: WEALTH CREATION

7. Please indicate the extent to which each of the following statements match wealth creation from your savings and investments where 1=strongly disagree 2= disagree 3=neither disagree nor agree 4=agree 5=strongly agree

Items	Strongly disagree (1)	Disagree (2)	Neither disagree nor agree (3)	Agree (4)	Strongly agree (5)
Wealth Creation Statements					
I own substantial assets from my savings and investments					
My shares traded in different companies are adequate for my current and future financial obligations					

All my wealth created is as a result of a good savings and investment plan					
My savings and investments have been enough to create wealth					
I use other income apart from salary savings to create wealth					
The salary I earn has enabled me to save, invest and create wealth without any struggle					

End

Thank you

Appendix II: Work Plan

	<i>Month 1</i>	<i>Month 2</i>	<i>Month 3</i>	<i>Month 4</i>	<i>Month 5</i>
<i>Establish research topic and problem.</i>					
<i>Draft research proposal</i>					
<i>Data collection.</i>					
<i>Report compilation</i>					
<i>Report submission.</i>					

Appendix III: Budget

<i>ITEM</i>	<i>NEEDED</i>	<i>DESCRIPTION</i>	<i>COST/UNIT Kshs.</i>	<i>TOTAL COST Kshs.</i>
<i>Proposal</i>	<i>8 copies</i>	<i>Printing/photocopy 70 pages</i>	<i>3.00</i>	<i>2,800.00</i>
	<i>8 copies</i>	<i>Spiral binding</i>	<i>60.00</i>	<i>480.00</i>
<i>Sub Total</i>				<i>3,280.00</i>
<i>Questionnaires</i>	<i>237 Copies</i>	<i>Printing 4 page set document.</i>	<i>10.00</i>	<i>2,370.00</i>
<i>Sub Total</i>				<i>2,370.00</i>
<i>Stationery</i>	<i>Note book</i>	<i>1</i>	<i>300.00</i>	<i>300.00</i>
	<i>Pen</i>	<i>5</i>	<i>25.00</i>	<i>125.00</i>
	<i>Pencil</i>	<i>5</i>	<i>30.00</i>	<i>150.00</i>
	<i>Highlighter</i>	<i>3</i>	<i>40.00</i>	<i>120.00</i>
<i>Sub Total</i>				<i>695.00</i>
<i>Data collection preliminary costs</i>		<i>Introductory letters and questionnaires</i>		<i>1,500.00</i>
<i>Research assistant</i>		<i>Allowance and transport</i>	<i>1,200</i>	<i>4,800.00</i>

<i>Sub Total</i>				6,300.00
<i>Final report</i>	<i>8 copies</i>	<i>Printing/Photocopy</i> 80 <i>pages</i>	3.00	3,200.00
<i>Publishing</i>				40,000.00
	<i>6 Copies</i>	<i>Hard cover Binding</i>	500.00	3,000.00
<i>Sub Total</i>				46,200.00
<i>Total project cost</i>				58,845.00