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**DETERMINANTS OF SAVING BEHAVIOUR OF DAILY LABORERS:**  
**A CASE STUDY OF SEBETA TOWN, OROMIA ETHIOPIA**

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**DETERMINANTS OF SAVING BEHAVIOUR OF DAILY LABORERS:**

**A CASE STUDY IN SEBETA TOWN, OROMIA, ETHIOPIA**

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**ADDIS ABABA ETHIOPIA**

## DECLARATION

I, the cosignatories, declare that this study entitled “*The Determinants of Saving Behavior of Daily Laborer, the case of Sebeta Town, Oromia Ethiopia*” is my own work. I have undertaken the research work independently with the guidance and support of the research advisor. This study has not been submitted for any degree or diploma program in this or any other institutions and that all sources of materials used for the thesis have been duly acknowledged.

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## ENDORSEMENT

This is to certify that **TEWODROS SEIFU** has done the study on the topic “*The Determinants of Saving Behavior of Daily Laborer, the case of Sebeta Town, Oromia Ethiopia*” This study is authentic and has not been done before by any other researcher.

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This is to certify that the thesis prepared by **TEWODROS SEIFU** entitled: “*The Determinants of Saving Behavior of Daily Laborer, the case of Sebeta Town, Oromia Ethiopia*” and submitted in partial fulfillment of the requirements for the Degree of Master of Development Economics complies with the regulations of the University and meets the accepted standards with respect to originality and quality.

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## Table of Contents

DECLARATION .....	i
ENDORSEMENT .....	ii
BOARD OF EXAMINERS .....	iii
ACKNOWLEDGMENTS .....	vi
LIST OF TABLE .....	vii
LIST OF FIGURE.....	viii
LIST OF ACRONYMS AND ABBREVIATIONS .....	ix
ABSTRACT.....	x
CHAPTER ONE .....	1
1. INTRODUCTION .....	1
1.1 Background of the study .....	1
1.2 Statement of problem .....	3
1.3 Objectives of the Study.....	5
1.4 Significance of the study.....	5
1.5 Scope and Limitation of the study .....	5
1.6 Organization of the Thesis .....	6
CHAPTER TWO .....	7
2. LITERATURE REVIEW .....	7
2.1 The concept of saving behavior .....	7
2.1.1 Definition of saving .....	7
2.1.2 Benefit of saving .....	7
2.1.3 Types of savings .....	8
2.1.4 Nature of Saving .....	9
2.1.5 Forms of Saving.....	9
2.1.6 Determinants of Saving.....	10
2.2 Empirical Literature Review.....	13
2.3. Conceptual Framework of the Study .....	17
CHAPTER THREE .....	18
3. RESEARCH METHODOLOGY .....	18
3.1 Description of the study Area .....	18

3.2 Research Design and Approach .....	18
3.2.1 Research Approach .....	18
3.2.2. Research Design.....	19
3.3 Types and Sources of Data .....	19
3.4 Target Population.....	20
3.5 Sample size Determination .....	20
3.6 Sampling Technique .....	21
3.7 Validity and Reliability.....	21
3.8 Method of Data Analysis .....	21
3.8.1 Econometric Model specification .....	21
3.9 Definitions of Variables, Measurements and Expected sign (Hypothesis).....	22
3.10 Ethical Considerations .....	25
CHAPTER FOUR.....	26
4. RESULTS AND DISCUSSIONS.....	26
4.1 INTRODUCTION .....	26
4.2 Characteristics of Respondents .....	27
4.3 Result of Descriptive Statistics .....	29
4.3.1 Descriptive Statistics of Dummy Variable .....	30
4.3.2 Descriptive Statistics of Continuous Variable .....	33
4.4. Result of Econometric Model .....	34
4.4.1 Double- hurdle model test result.....	34
SUMMARY, CONCLUSION AND RECOMMENDATIONS.....	39
5.1 Introduction.....	39
5.2. Summary of Findings.....	39
5.3. Conclusions and Recommendation.....	41
References.....	43
Annex .....	46

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## LIST OF TABLE

<b>Table 4.4 1 Determinants of Saving</b> .....	33
Table 4.4 2 Test of Double hurdle estimation.....	35
Table 4.4.3Estimations of Double hurdle model .....	36
Table 4.4 4 Marginal Effect Analysis .....	38

**LIST OF FIGURE**

**Figure 1 Place to Prefer to Save Money ..... 32**  
**Figure 2 Money Management Plan ..... 32**

## **LIST OF ACRONYMS AND ABBREVIATIONS**

GDI	Gross Domestic Investment
GDP	Gross Domestic Product
GDS	Gross Domestic Savings
GNDI	Gross National disposable income
MFI	Micro finance Institutions
EPRDF	Ethiopian People republic Democratic front
MOFED	Ministry of financial Economic development
MPC	Marginal propensity to consume
MPS	Marginal Propensity to Saving
NNS	Net National Saving
OECD	Organization for Economic Cooperation & Development
SSAC	Sub Saharan African country
UNDP	United National Development Program

## **ABSTRACT**

*The general objective of the study was to identify the determinants of the saving behavior of daily laborers in Sebeta Town. More specifically, the study aims to identify the effect of family size, daily incomes, financial literacy, peer influence, education level, and socialization as factors of saving behavior of daily laborers in Sebeta town. Primary data have been collected from 208 daily laborer working in Sebeta town drawn using a convenience sampling method and the data collection was self-administered using structured questionnaires. The findings revealed that there is positive and significant causal relationship between amount of saving and income, financial literacy, level of education, and socialization of the respondents. Variables such as family size, and peer influence were found to have negative influences on respondent's decision to save. With regards to the extent of saving; the determinant factors of saving has a positive significant impact on amount of saving. The findings implied the need for designing strategies that could improve the saving behavior, mobilization and diversification of saving by daily laborer. Moreover, the need for government involvement in building the capacity of daily laborer in terms of education and information systems with regards to savings as well as encouraging financial institutions to implement door-to-door service provisions so as to enhance saving behavior of daily laborer are desirable.*

**Key words:** *Savings, Double hurdle, Daily Laborer, Sebeta, Ethiopia*

# CHAPTER ONE

## 1. INTRODUCTION

This chapter describes the overview of the research topics. The background of the study is stated initially and followed by clarification of problem statement, defining research, objectives and research scope and limitation of the study and discussion of the significance of study and organization of the paper respectively.

### 1.1 Background of the study

Keynesian perspective discusses the investments as a factor of only influence on generating income. This perspective ignore that the investment is a substantial factor for increasing productive capacity. Considering this dual structure of investment together, it can be said that investment could increase productive capacity and generates income (Domar, 1946). Domar puts the propensity for saving on the one side of equality, and he puts growth of labor, discovery of natural resources, technological achievements on the other side of equality. In a stable economy, instable circumstances may occur by the imbalances between saving and other conditions. In Domar's approach, savings are substantial factor for economic growth. Solow suggests that the propensity for saving represents how much current output can be saved and invested. Consequently, the accumulation of capital can be recognized during the current period. This accumulation of capital leads how much capital would be available for the following period. Hence, increase in capital accumulation rises to the level of output and subsequently affects the growth (Solow, 1956).

The economic situation for the households is present throughout most of the determining factor. Income level affects how households and individuals behave, being dependent on the economic situation to sustain their standard of living. So notable changes in income will most likely influence individuals saving behavior. The most basic is the level of individuals income level and where they fall on Maslow's hierarchy. How far up they are on the latter will determine their consumption and their saving behavior.

The saving motivators present in countries studied are those on higher hierarchy levels. The basic need is covered as we move up the income levels. The rate of return on the consumption that household steps down from and put into saving in the current period might be an important measure, the rate of return measured as the real interest rate. The overall findings from this measure

are that the rate of return as an ambiguous effect on household saving, due to the income and substitution effects (Loayza, et.al, 2000)

Saving rates around the world vary widely: on average East Asia saves more than 30 percent of gross national disposable income (GNDI), while Sub-Saharan Africa saves less than 15 percent. Regional differences have been rising: over the past three decades, saving rates have doubled in East Asia and stagnated in Sub Saharan Africa and in Latin America and the Caribbean. Ethiopia is among the developing countries that needs fast and sustainable investment growth. However, its domestic saving rate was on the lowest for the past several decades. The average domestic saving rate was only 7.9% of the GDP during the past four decades (1970/71 to 2012/13).

Saving level differs across countries and regions of the world. Even within the same region / countries, saving is very different for different classes of income groups, age groups and gender. In Ethiopia the gross domestic saving and gross national saving as a percentage of GDP is still below the Sub Saharan average which is 9.7% and 18.7% respectively, which is less than 10.6% and 24.7% for the Sub Saharan Average in 2013.

According to National Bank of Ethiopia survey study, Ethiopian's saving culture is still regarded as poor despite the performance improvement from 6% in 1998 to 9.5% in 2003 E.C. Currently in Ethiopia from the total population only six millions household saves money in financial institutions on average 875 Birr per year. Saving rate of Ethiopia to GDP is 9.5%, which is, the worst saving rate in the world as compared to China, Bangladesh & South Africa which have a better saving rate in the world. (Douglas et al, 2014)

In many developing economies particularly Africa, saving and investment are necessary engines for capital formation hence economic growth. It has been argued that saving constitutes the basis for capital formation and capital formation constitutes a critical factor of economic growth. Available statistics however indicate low saving mobilization base and investment in this part of the world (Kinde, 2018)

What drives daily laborers in making those fundamental decisions between consumption and saving, Additionally, if saving is a goal which is being positively pursued, how do individuals decide, how much to save. These and other issues, which are of great importance and concern to policy makers and interest groups in Sebeta Town forms the basis of this paper.

## **1.2 Statement of problem**

Improving mobilization of daily laborers saving could free up significant amounts of resources for investments that could promote economic growth. Indeed, domestic savings in Africa are dominated by household savings that are not sufficiently channeled into productive use (UNDP, 2014). Understanding why and how daily laborers save, what determines their saving behavior can help identify appropriate policies that increase the amount of resources available for development? According to Attanasio (2001) given the differences in the economic environment of the developing and industrial countries there should be substantial variation in the saving behavior. The close relation between savings and growth makes the analysis of savings behavior naturally important for policy analysis. Saving behavior shows considerable variation across countries depending upon level of development and socio-economic structure and so one cannot be sure whether the results of a region or country under study may be applicable to a particular country or region of interest.

The accumulation of non-financial assets such as livestock, real estate or jewelry carry symbolic value or are indicators of status and/or wealth that serve as saving instruments. However, they also reflect high risk, uncertain financial environment and lack of access to adequate financial instrument (UNDP, 2014). An improved access, adequacy and reliability on the part of the financial sector could trigger an increase in savings held in a financial form through substitution from non-financial to financial saving instruments. Moreover, the credit and insurance markets are mostly unproductive and underdeveloped in all poor countries making saving as the prime source of raising wealth and assets of the society

The critical economic factors that affect saving culture include low interest rate of saving, lack of incentives to savers and high inflation rates prevailing in the country. The single most determinant of poor saving habit is attitude of the societies towards consumption than saving (Mariam et al , 2017)

There is a lack of adequate domestic savings in most developing countries and as a result, more reliance is placed on foreign savings in the form of capital flows into the country. The issue of low levels of domestic savings is a major problem in developing states due to high levels of unemployment, low wages, the engagement of a large proportion of the population in the informal sector, and poor performance of the economy. States that, the low level of domestic saving limits

the country's rate of investment; restrain the rate of economic growth and make the country more vulnerable to international capital shifts.

In Ethiopia, saving is low and saving-investment gap is high. During the last eleven years of the Derg regime (1981-1991), GDS as a percentage of GDP was nearly 10 % while GDI as a percentage of GDP was on average 15%. The resource gap was, therefore, 5%. The GDS for Ethiopia during 1981-2009 was on average 8.6% while the GDI was 18.4% and hence the resource gap was nearly 9.8%. During the first eighteen years of Ethiopian People's Revolutionary Democratic Front (EPRDF), 1992-2009, GDS was on average 7.7% while GDI was 20.4% widening the gap to 12.7%. The gap is even worse when compared to the average resource gap for the Sub-Saharan African (SSA) countries, 2%, during the same period (Alema, 2015)

Most of the daily laborers in Sebta town has poor saving experience and low rate of saving behavior, so that improving saving behavior is the primary goal for individuals those who are daily labor in the town is important. However knowing the determinant factors of saving behavior in the town takes the first step to go forward. So, saving is more of meant for meeting contingencies but sometimes it also acts as a form of investment for households. However, daily laborers are not inclined towards saving due to a very delicate reason for lack of awareness and other socio culture factors. The saving culture of the society in general is poor despite the performance improvement of saving rate from 6 percent in 2006 to 9.5 percent in 2011, which is the poorest saving rate in the world and even in the Sub-Saharan countries the cause of which are many and diversified. (Yadeta et al, 2017).

Sebeta town is a town which far 24 Km from a capital city Addis Ababa, Recently the town is growing very fast in industry and service sector; like Hotel, bakery, petty trading, construction activities too expanding that contribute to large number of daily laborers from nearby rural areas and small town that may increase the number of daily laborers .In the above fact, the town has important income generation potentials but their contribution to daily laborers is limited. Most income generation activities are geared towards satisfying daily needs.

The researcher fined that there is contextual gap in which earlier studies were not conducted in the study area in title with daily laborers saving impact on their country's economic growth. So this gap calls for studying daily laborers saving which will increase saving and hence the gap shall be reduced. Thus, this study goes to fill this knowledge gap to know the reason of not saving and if saving occurs then what are the central issues make it determinants and the likelihood to make it



succeed in the future, which are basic for saving to the daily laborers of Sebeta Town as the case study.

### **1.3 Objectives of the Study**

The study has a general objective and a specific objective that are emanate from the research topic, and research gap identified in the study area/context.

#### **1.3.1. General Objective**

The general objective of this study is to identify the determinants of the saving behavior of daily laborers by taking Sebeta Town as a case study.

#### **1.3.2. Specific Objectives**

The specific objectives of the study are emanated from the research gap and the general objectives of the study. Therefore, the specific objectives of the study are: -

- 1) To Estimate the status and extents of saving in daily laborers in sebeta town
- 2) To identify the determinates of saving in sebeta town daily laborer
- 3) To assess the factors of saving that influence saving behavior of daily laborer
- 4) To identify the challenges of saving behavior in daily laborer.

### **1.4 Significance of the study**

The findings of the study will benefit the government of Ethiopia in general and the Sebeta town administration in particular to promote daily laborers saving. It will also benefit non-governmental organizations and institutions, which work in the areas of saving and credit and micro-financing institutions. It will help policy makers to design macroeconomic policies especially on saving or domestic resource mobilization.

### **1.5 Scope and Limitation of the study**

The study were conduct in Sebeta Town. As indicated in the objective, the study was primarily to identify the determinants of saving behavior of daily laborers in the Sebeta town. Therefore the study were delimited in Sebeta Town. The study only used non-probability sampling technique in which the probability of the selection of the respondent is unknown. As a result respondents were

selected due to their convenient accessibility during the data collection. Furthermore the study were face shortage of time to gather data, insufficient finance, lack of sufficient material sources, lack of sufficient data, unavailability of respondents, and unreliable data by respondent, the respondents were reluctant to give their consent. Furthermore the study was delimited only six determinates of saving behavior, and cross sectional study.

## **1.6 Organization of the Thesis**

The paper has organized as follows, chapter one is an introduction of the study, which contain Background of the study, statement of the problem, objective of the study, significance of the study, scope and limitation of the study, and organization of the study. Chapter two contain theoretical literature and empirical literature review of saving behavior. Chapter three deals with the methodology of the study which contains description of the study area, type and data source sampling technique and sampling size. Chapter four results and discussion .Chapter five summary, conclusion and recommendation.

## **CHAPTER TWO**

### **2. LITERATURE REVIEW**

#### **2.1 The concept of saving behavior**

##### **2.1.1 Definition of saving**

The word “saving”, according to Warneryd (1999), contained broad-based meaning and numerous explanations. In economic contexts, saving is defined as the residual income after deducting current consumption over a certain period of time. Conversely, saving in psychological context is referred to the process of not spending money for current period in order to be used in future. In other word, saving behavior is the combination of perceptions of future needs, a saving decision and a saving action. On the other hand, people are likely to define saving as investing, putting money in a bank account, speculating and paying off mortgages. (Warneryd, 1999)

In developing countries, saving is difficult to capture as it can be raised on an informal basis and as a result, it cannot be completely assessed by the national accounts. On the other hand, in OECD countries saving is largely made up of property investments, monetary and financial investments. In Ethiopia, precious or semi-precious materials are accumulated on a regular basis and are exchanged against liquidities in order to meet lifecycle (education, marriage, immigrations, etc.) or urgent spending. The non-financial household saving also consists on housing properties and other forms of ownership (land, livestock, machines, etc.)

##### **2.1.2 Benefit of saving**

Saving has a multidimensional benefit both for the saver himself, and for the nation at large. Individuals get benefited from saving in case of emergency funds, retirement benefits, payment for house, buying new car, entitlements of sinking funds, and education. Also states that savings not only allow for growth in income and increases in consumption, but also for the smoothing of consumption in the presence of various uncertainties. Saving behavior can only be understood fully after the sources of uncertainty facing decision-makers and their opportunities for responding to them are specified (Melaku, 2017)

In general, according to Delafrooz and Laily (2012) summarized that saving is crucial to a growing economy because it makes resources available for the production of physical capital, for the research and development needed to fuel economic growth, and enhance our standard of living.

Coupling this important role of saving with the anxiety of policymakers, it is not surprising that legislators have backed tax reforms aimed at eliminating perceived anti-saving biases in the code. Based on the definition of saving as a behavior or a practice different author's use the term saving behavior, saving propensity, saving practice, saving likelihood and saving habit interchangeably. For instance, (Fisher et al, 2012) used the term saving likelihood to indicate savers the intensity where people are willing to save some portion of income; used the term propensity to save to refer the intensity of setting aside a portion of income as saving, or an inclination to save, use saving habit to express the regularity of saving over periods.

**Demography and saving habit;** the saving can be most often determined by the demographic features like the sex ratio, the age distribution, and the rate of dependent population. Saving is highly determined by whether the female's contribution towards saving is more or the male is contributing to its highest level and again if the problem of the age distribution in the family contributing to the saving is optimum then the saving rate is determined in a different perspective. Aggregate savings is exaggerated by the age distribution of the population if the curve up of dependent population is high than the income earning groups, the savings ratio will be low (Nayak, 2013)

### **2.1.3 Types of savings**

The types of saving are mainly based on the income available to the household, firm and corporate bodies. The saving type can be classified on the basis of the sectors accounting for the saving distribution. It can be broadly classified under three headings namely, (a) household sector saving, (b) private sector saving and (c) public sector saving. The categories of savings are discussed below (Nayak, 2013)

**Household Sector saving;** the savings done or accrued by the individual members in a household consists of household sector saving. The household saving contributes to a larger share in the Indian economy which comprises of the individuals saving behavior at a larger scale including the financial as well as the financial assets. The individuals at the household level make a share to the national income computation of a country (Nyhus, 2012)

**Private Corporate Sector saving;** the savings made in the privately owned corporations are called as the private sector corporations' savings. The private corporate sector comprises of (i) non-governmental and non-financial companies, (ii) commercial banks and insurance companies

working in private sector, (iii) co-operative banks, credit societies and non-credit societies, and (iv) non-banking financial companies in the private sector (Nyhus, 2012).

**Public Sector saving;** the public sector's savings are constituted into (i) government savings, and (ii) savings generated by the public sector undertaking in the form of internal resources. One process of estimating public sector saving is to scrutinize the relationship between public savings and the consolidated returns shortage of government which is an alternative measure of government savings (Nyhus, 2012)

#### **2.1.4 Nature of Saving**

According to Nayak (2013) the Micro Finance Institutions (MFIs) and micro-enterprises are playing a major role in recent years in urban region by encouraging the people to save more. MFIs need to inject capital or funds which may be the owners of money or loan. When a loan is used, it is someone else who has done the saving. Micro enterprises, like other businesses, convert savings (of the owners and of others) into investment, in the creation of wealth. Variations in the saving pattern is mostly found in different societies, as there exists, a difference in environmental, social, economic and cultural contexts. In low-income communities, the ability to save is low and often is in cash or kind. Saving in cash is cheap and convenient. Variations in saving is visible in different communities as there exists difference in income levels, consumption pattern, awareness of the saving benefits, family size, investment opportunities, etc. Human attitude towards saving has been changed through decades as in the remarkable growth in the society (Nayak, 2013).

#### **2.1.5 Forms of Saving**

**Formal Savings;** formal savings occur when individuals or families keep their money with formal financial institutions such as commercial banks or other non-bank financial institutions such as insurance companies, credit unions or savings and loans companies (Boating, 1994)

**Informal Savings Institutions;** informal savings are any savings that occur within the informal sector of the economy (Grockel et al, 1991)observed that the informal financial sector participates in all commercial savings and lending that take place outside the formal sector in the developing economy. In Ethiopia various types of informal saving these include private sector rotating saving and credit groups such as “ Edir ” and “Iqub” that are initiated and organized by the people themselves,

**Saving Account;** saving accounts are accounts maintained by retail financial institutions that pay interest but cannot be used directly as money in the narrow sense of a medium of exchange (for

example, by writing a cheque). These accounts let customers set aside a portion of their liquid assets while earning a monetary return (Yamane, 2015)

### 2.1.6 Determinants of Saving

There are several hypotheses of saving that are implied from consumption theories (hypothesis) as the amount of income not consumed is saved. These include the Keynesian Absolute Income Hypothesis, the Duensberry's Relative Income Hypothesis, Friedman's Permanent Income Hypothesis, and Modigliani Life Cycle Hypothesis. These hypotheses are discussed briefly as part of theoretical literature.

#### A. Absolute Income Hypothesis (AIH)

The Keynesian Absolute Income Hypothesis asserts that individuals save out of their current income to smooth the expected consumption over time. The effect of the precautionary savings is realized through its impact on current consumption, as individuals postpone their current consumption in order to maintain the utility level of consumption in the future if income drops (Njunge', 2013). Thus saving is only possible if someone has more than enough to meet the basic needs and can only save what is left after paying for such basic needs (Bogale et al , 2017) According to AIH, consumption is assumed to be partly autonomous and partly related to current (disposable) income with a marginal propensity to consume out of current income which is positive but less than unity (Alema, 2015) In algebraic terms, AIH says that

$$C = a + bY, 0 < b < 1 \dots \dots \dots (1)$$

Where C and Y are real consumption and real income respectively, a is autonomous consumption and b is the marginal propensity to consume (MPC) which is assumed to be less than one. The average propensity to consume (APC=C/Y) declines as income rises due to the existence of autonomous consumption as income increases. Algebraically,

$$\frac{c}{y} = a + \frac{bY}{Y} = \frac{a}{Y} + b \dots \dots \dots (2)$$

#### B. Relative Income Hypothesis (RIH)

According to Relative Income Hypothesis of Duesenberry higher growth rates lead to higher saving rates, which is inconsistent with the lifecycle or permanent-income theory, since the lifetime resources of an individual increases as growth rate increases (Nayak, 2013).

Aggregate saving rate did not grow over time as aggregate income grew. Duessenberry argued that relative income hypothesis could account for both the cross- sectional and time series evidence.

Duessenberry claimed that an individual's utility index depended on the ratio of his or her consumption to a weighted average of the consumption of the others. From this he drew two conclusions: (1) aggregate saving rate is independent of aggregate income, which is consistent with the time series evidence; and (2) the propensity to save of an individual is an increasing function of his or her percentile position in the income distribution, which is consistent with the cross sectional evidence. Relative income hypothesis has also found some rationale from indirect macroeconomic evidence. The RIH is formulated as:

$$\frac{C_t}{Y_t} = a - b \left( \frac{Y_t}{Y_0} \right) \dots \dots \dots (3)$$

**C. Permanent Income Hypothesis (PIH)**

The Friedman's permanent income hypothesis on the other hand states that people will spend money at a level consistent with their expected long term average income. The permanent income hypothesis, by contrast, pays more careful attention to the way in which individuals form expectation about their future income than the original life cycle hypothesis does. A simplified version of a modern consumption is proportion to permanent income:

$$C = cYP \dots \dots \dots (4)$$

$$C = \alpha WR + b\theta YD + b(1 - \theta)YD - 1 \dots \dots \dots (5)$$

Where YP is permanent (disposable) income, YD is disposable labor income (Dornbusch and Fischer, 1977) A household will save only if his or her current income is higher than the anticipated level of permanent income, in order to guard against future declines in income. According to this hypothesis, income growth is one of the primary determinants of domestic saving through its effect on the lifetime income of working population. This is because, higher rate of income growth raises the aggregate income of active workers relative to those not earning labor incomes and this will raise the lifetime resources of workers on which consumption and saving depends (Nayak, 2013)

**D. Life Cycle Hypothesis (LCH)**

The life-cycle hypothesis (LCH) is theory that describes the spending and saving habits of individuals over the course of a lifetime. The concept was developed by Franco Modigliani and his student Richard Brumberg within the first 1950s. The theory is that individuals seek to smooth consumption throughout their lifetime by borrowing when their income is low and saving when their income is high.

The LCH assumes that individuals plan their spending over their lifetimes, taking under consideration their future income. Accordingly, they combat debt once they're young, assuming future income will enable them to pay it off. They then save during time of life so as to take care of their level of consumption once they retire. A graph of a person's spending overtime thus shows a hump-shaped pattern during which wealth accumulation is low during youth and adulthood and high during time of life.

Franco Modigliani and Richard Brumberg's Life-cycle Hypothesis presume that individuals base consumption on a constant percentage of their anticipated life income. With population growth, there are more young people than old, more people are saving than are not saving, so that the total not saving of the old will be less than the total saving of the young, and there will be net positive saving. If incomes are growing, the young will be saving on a larger scale than the old are not saving so that economic growth, like population growth, causes positive saving, and the faster the growth, the higher the saving rate (Nayak, 2013)

The consumption and saving life cycle theory function assumes that individuals' consumption & saving behavior in a given period is related to their income in that period. The life cycle hypothesis views individuals, instead, as planning their consumption and saving behavior over long period with the intention of allocation their consumption in the best possible way over their entire lifetimes. The cycle hypothesis views saving as resulting mainly from individuals' desire to provide for consumption in old age, to anticipate:

$$C = aWR + cYL \dots \dots \dots (6)$$

Where WR is real Wealth, a is the marginal propensity to consume out of wealth, YL is labor income, and c is the marginal propensity to consume out of labor income- income earned by current work, rather than other incomes such as rents and profits (Dornbushch and Fischer, 1977)

The life cycle hypothesis identifies growth in per capita income as one of the important determinants of saving rates, because people are forward looking and base their savings decisions on lifetime income. But in reality the current level of income also plays a significant role in explaining saving behavior (Yadeta et al, 2017)

Saving rate around the Worlds are Gross national saving is derived by deducting final consumption expenditure from GNDI (Gross National Disposable Income and consists of personal saving, Plus business saving, plus government saving, but excludes foreign saving.



In this study, attitude towards behavior and perceive behavioral control are used to explain how financial literacy predicts daily laborers saving behavior. Typically, daily laborers with greater financial knowledge will perceive the beneficial of saving and problems encounter if savings account is not maintained. Hence this behavioral belief will drive the daily laborers to form a positive attitude towards saving behavior.

Meanwhile, daily laborers are intending to save if they possess better cognitive ability pertaining to financial management as they believe they can save appropriately. Furthermore, perceive behavioral control can be used to explain self-control as daily laborers with high level of self-control will perceive the ease of saving because they have the ability to regulate their desires, self-disciplined and delay gratification. Meanwhile, subjective norm is applied in explaining how parents and peer affecting the daily laborers saving behavior.

## **2.2 Empirical Literature Review**

Econometric research on the determinants of household saving based on micro data drawn from the less developed countries has lagged far behind the pace set in advanced nations. It would appear that there has been limited hypothesis testing in the least developed countries beyond macro formulations of the consumption function. Furthermore, very little of the development literature attempts to isolate the impact of structural change on aggregate personal saving, since few studies provide meaningful disaggregation (Kelley, and Williamson, 2010). This state of affairs seems paradoxical, given the currency of W. A. Lewis's remark that the central problem in development theory is to explain an increase in domestic saving from 4 or 5 percent of national income to 12 or 15 percent.

Niguse (2013) conducted Assessment of Saving Culture; Household composition, individual characteristics, demographic, economic and social features of households affect saving pattern and behavior of households in a given society. The variations in such factors lead to variations in national saving rate over time. In Ethiopia reports indicated that about six million households save money in financial institutions with average of 875 Birr per year. The saving rate as percentage of GDP is 9.5 which are very low as compared to that of China, Bangladesh and South Africa (Niguse et al, 2013)

Family structure and composition is another important factor at influencing saving of households. Families with higher number of active working members involved in economic activities save much more than others. The sex parameter of the household head indicated that male headed households are more likely to save money more as they are more frequently involved in different occupations (Nayak, 2013) the dependence ratio is another important factor influencing saving in many empirical studies. The elderly and young are expected to consume out of post saving while those within the working age are expected to accumulate saving (Quartey and Blankson, 2008). Moreover, the study by (Melaku, 2017) on the behavior of farm household saving in Ethiopia (South East) showed that the dependence ratio is highly significant in determining the saving rate of farmers.

According to Birhanu (2015) Formal financial institutions that were engaged in saving and credit/loan service deliveries for both rural and urban communities include private and government banks and Micro finance Institutions. Such institutions are formal in that they possess modern accounting and reporting systems that could help evaluate their performances every time. The banks have been considered as main type of formal institutions that have involved in saving mobilization in Africa. However, the main problems of such institutions to handle the poorer households' saving needs and mobilizing issues particularly that of the poor in rural areas of developing countries is constrained by limited access to the rural poor, lack of trust due to awareness problems by households and inadequacy of formal institutions.

Amsalu Bedemo conducts most people in Ethiopia make little or no use of the formal savings and lending institutions. Some use informal institutions that occur within the informal sector of the economy. We know that saving in the informal institutions did not yield interest for the depositors and so could not help for mobilizing resource. As a result it is not used for investment to yield income and, of course, most of the time depositors have expected to pay for saving service to their changing financial needs. In developing countries we observe a variety of informal institutions that enable transactions which are particular to the poor.

According to Woldemichael (2010) access to deposit services in financial institutions enables the poor to efficiently manage their financial resources. It helps in consumption smoothing during

economic shocks and provide an opportunity to accumulate large sums of money for future investment and household outlays. In Ethiopia, for centuries, partly due to inaccessibility of commercial bank branches, absence of postal saving services and lack of strong cooperative movement, deposit services to the poor has been largely dominated by widely accepted and practiced informal mechanisms such as '*Equb*', '*Idir*', buying livestock and jewelry and hiding cash at home. The aim of the financial institutions during the GTP period has been establishing an accessible, efficient and competitive financial system. In relation to this, emphasis has been given to strengthening modern payment and settlement system, developing access to financial services, supporting the bank system with modern technology and extending the information exchange system to microfinance institutions, among others (MoFED, 2014)

(Abdelkhaek, 2009) Studied, a micro econometric analysis of household saving determinants in Morocco. According to their findings, an increase in income by 1 dirham will access to credit services, age and dependency ratio negatively influenced HH saving behavior. Age was found to have negative effect on HH saving. Saving by the adult population (for ages above 30 years) would diminish with ages as they grow towards and beyond retirement age. Interest rates was found to have some positive impact on savings of farmers, transport cost found to have some negative effect on savings of teachers and service charge is found to have some positive correlation with saving as it is related to security of the saved money (Alema, 2015)

According Webley and Nyhus (2013) conducted two studies; Dutch study and Norwegian study to understand the economic socialization of the European young adults. Parental teaching about budgets and encouragement affected the future orientation of young adults. Individuals having encouragement preferred to save than spend, had better orientation for future, more conscientious and saved more. Norwegian evidence showed that parental affluence or education didn't impact the economic socialization practices. Parental practices had no association with income and education. Children had piggy banks and had access to saving accounts in bank. They were more likely to have bank accounts and received pocket money.

Karunaanithy (2017) explored the determinants of youth saving behavior in war torn areas of the Northern and Eastern part of Sri Lanka. The psychological factors that influence the saving behavior were parental socialization, peer influence and financial literacy and self-control. Parental

socialization, peer influence and financial literacy contributed for the variance in the saving behavior by 31.5%, 10% and 6.5% respectively.

Delafrooz (2011) Examined the effects of demographic characteristics (gender, marital status, ethnic, age, level of education, income) on saving behavior and to determine factors (demographic variables, financial management practice and financial literacy) affecting the saving behavior among Malaysian employees. Results of the study indicated significant differences of saving behavior according to age, level of education and income. Furthermore, income, age, financial management and financial literacy were found to be the most influential predictors of saving behavior.

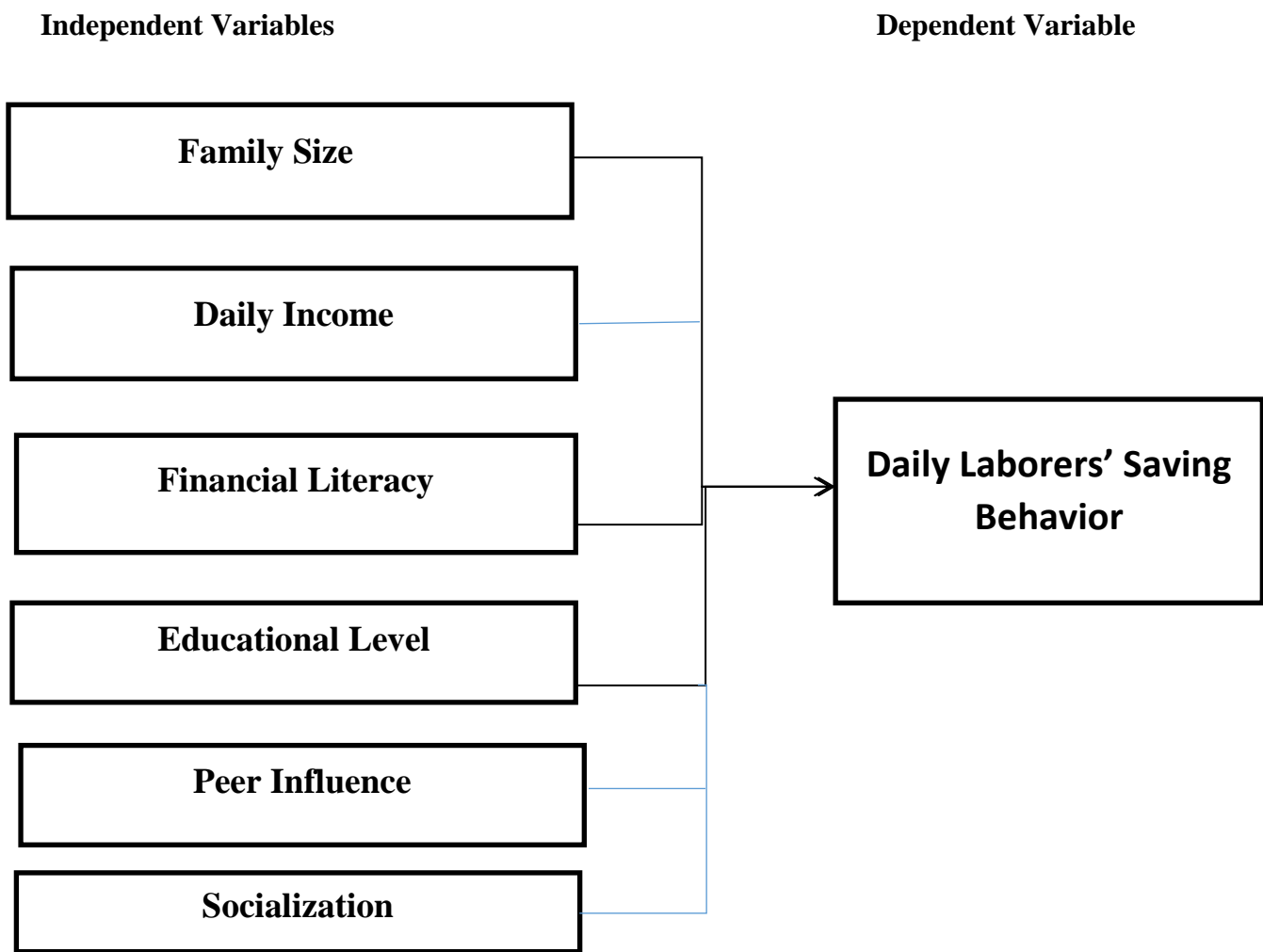
According to Guiso (2010) empirical study focuses on the estimation of the effect of religiosity on a household's saving decision in the USA. The US religious market is a very interesting one for studying the effect of religion on the individual decision-making process, for mainly two reasons. First, despite the ongoing secularization trend and the growing tendency of private forms of religiosity since the beginning of the 1990's in the USA, the majority of the population is still religious affiliated. Moreover, the American religious market is very dynamic and people often change their religion. According to the Pew Forum on Religion & Public Life (2008), 51.3% of the American population is Protestant. However, their composition is not uniform at all. Taken together, Evangelical Protestants account for 26.3% of all Protestants. Mainline Protestants make up 18.1%, whereas 6.9% are Black Protestants. The second largest denomination is the Roman Catholic Church. 23.9% of the interviewed people claim to be Catholic. Jews, who are already widely considered in the literature, count for 1, 7% of the population Muslims, Hindus and Buddhists, to which we refer as Non-Christian religions, make up about 1.7% of the population in 2008. Almost 5% of the population belongs to another religion. The other 16% of the population in the USA does not formally belong to a specific religion.

The empirical literature review revealed that there are different factors that affect daily laborers savings. Most of these empirical studies focus on aggregate national savings using macro data. Besides, there is no study conducted on microeconomic level on the determinants of daily laborers saving in Sebeta town and limited studies are found in the other county. Therefore, this paper

attempt objectively to identify major micro level determinants of savings at daily laborers level focusing on the effects of the socio-economic characteristics of the daily laborers on saving behaviors and their view on income, expenditure and credit institutions. So I intend to contribute to the existing research gap through a better exploration of its determinants.

### 2.3. Conceptual Framework of the Study

The framework is formulated to explain the relationship of the independent variables (family size, daily income, financial literacy, educational level, parental socialization, and peer influence) and dependent variable (saving behavior).



**Source:** Own design & review literature

## **CHAPTER THREE**

### **3. RESEARCH METHODOLOGY**

In this chapter, researcher were discussed about the data that researcher use for this research. Research methodology were discussed the Research Design, Data Collection Method, and Interpretation that researcher used to conduct this study.

#### **3.1 Description of the study Area**

Sebeta city is one of the urban centers in Oromia special zone surrounding Addis Ababa situated at about 24km on the south western direction of the capital city of Ethiopia along Addis-Jimma road. The area is dominated by different chains of mountains including Wechecha, Mogale, and Furi Mountains. According to local elders, Sebeta and Alemgena had emerged before the Italian invasion in 1935 and it has got municipal status in 1954. Formerly Sebeta (the current 01 kebele and 07 kebele), Alemgena (the seat of the current 02 kebele) and Woletie (the current 03 kebele and part of 04 kebele) had been developed separately following the road from Addis Ababa – Jimma.

Geographically, Sebeta City is located within an approximate geographical coordinates of 8053'38.50''N\_8059'58.17''N latitude and 38035'11.91''E\_38039'33.75''E longitude on the globe and its average elevation is 2365 meters above sea level (OUPI, 2008). With regard to relative location, it shares common boundaries with Addis Ababa in the North, North east and east, Burayu City in the North and rural villages of Sebeta was district in the south and western directions. Climate of the area is classified under woinadega (sub-tropical) zone that has the same general characteristics of climatology as that of Addis Ababa. Globally it is a part of tropical humid climatic region, which is characterized by warm temperature and high rainfall (OUPI, 2008). Due to its fast growing, currently the City is administratively subdivided into nine local administrative kebeles as 01 kebele (Sebeta), 02 kebele (Alemgena), 03 kebele (Woletie), 04 kebele (Furi), 05 kebele (Dima), 06 kebele (Daleti), 07 kebele(Sebeta 2), 08 kebele (Kerabu) and 09 kebele (Furi Gara Bollo).

#### **3.2 Research Design and Approach**

##### **3.2.1 Research Approach**

Based on the type of data it was employs, a research can follow quantitative, qualitative and mixed approaches. A quantitative research uses in research that have measuring and counting attributes

which largely depends on the measurement device or instrument used. The approach involves the generation of data in quantitative form which can be subjected to rigorous quantitative analysis in a formal and rigid fashion (Kothari., 2004). It is also often concerned with finding evidences to either support or contradict a hypothesis that contains concepts to be measured. Hence, this study applied quantitative approach which is appropriate to investigate the determinants of saving on daily laborers behavior. Since it is appropriate for this study because it is the easiest and economical method of obtaining information through different mechanism. This approach is upon values of reason, truths and validity, and there is a focus purely on facts measured empirically on variables using quantitative methods survey, and qualitative method key informant interview and statistical analysis of the data (Thorpe & Jackson, 2008).

### **3.2.2. Research Design**

Research design is the blueprint for fulfilling research objectives and answering research questions (John Adams,et al,2007). In other words, it is a master plan specifying the methods and procedures for collecting and analyzing the needed information. It ensures that the study would be relevant to the problem and that it uses economical procedures. The same authors discuss three types of research design, namely exploratory (emphasizes discovery of ideas and insights), descriptive (concerned with determining the frequency with which an event occurs or relationship between variables) and explanatory (concerned with determining the cause and effect relationships). The study used an explanatory research design that explains the underlying causal relationship between independent and dependent variables that pertains to the research problem. Since the intention of this study is to identify the effect of independent variables over the dependent variable, the method is suitable and helpful in examining the relationship and conclude from the findings.

Moreover, the study utilized cross-sectional in the sense that all relevant data was collected at a single point in time. The reason for preferring a cross-sectional study is due to the vast nature of the study and the limitation of time, and obtaining information from a cross-section of a population at a single point in time is a reasonable strategy for pursuing many researches (Janet, 2006).

### **3.3 Types and Sources of Data**

The study used both primary and secondary sources of data. Various methods uses to collect primary data. The primary data were gathered from daily laborers' in the town using, survey, focus

group discussion, interview, to explore and analyze the situation of saving behavior of daily laborers in the study area.

Whereas the secondary data were gathered from official documents such as, office of employment and social affairs statistics, reports from Sebeta town saving and credit micro finance, Banks Statistics, and Report from Sebeta Town Industry & Development office were used. The secondary sources of data provide useful background of the study, knowledge, and help to focus on the research problem at hand.

### 3.4 Target Population

The target population for this study is the daily laborers of Sebeta Town, Oromia Regional State, were chosen for the study because it has densely populated urban centers with a high rate of informal economic activities taking place as well as places where daily laborers are found taking an active role in the formal and informal sector. The total population of the study area is 49,331 during 2007 census (CSA, 2007). To select samples for the study, sampling frame is required for selection of different sampling units. However due to the highly mobile nature of daily laborers lack of permanent work place or many of them, it was not possible to develop a sampling frame. However, 9 Kebele has estimated 456 daily laborers are found.

### 3.5 Sample size Determination

Then the sample size were determined by using following formula (Kothari 2004)

$$n = \frac{Z^2 \cdot p \cdot q \cdot N}{e^2(N-1) + Z^2 \cdot p \cdot q}$$

Where; n is the desired sample size, z<sup>2</sup> value of standard variety given confidence (1.96), p is proportion of the population to be include in sample and N is the size of population .The desired margin of error (also called confidence) was set equal to 5%. The error in sampling is calculated to check whether the sample taken is representative. This margin of error ensures representativeness from the selected population (it is important to decide how many questionnaires need to be completed to be representative of the overall population using or benefiting from the saving), because the general accepted margin of error for representative samples is 10% or less (Hosking 2003)

$$n = \frac{(1.96)^2 * 0.5 * 0.5 * 456}{(0.05)^2(456-1) + (1.96)^2 * 0.5 * 0.5} = 208$$

Therefore the sample size of this study were become **208**.



### **3.6 Sampling Technique**

Non-probability sampling technique is employed in the research since it is so faster and more cost effective and the respondent respond quickly as compared to the randomly selected people. The researchers adopt convenience sampling method to obtain data. This is the easiest non-probability sampling technique as the sample is select randomly until the required sample size were met. Therefore, the questionnaires was distributed to the daily laborers to the amount equal to the sample size.

### **3.7 Validity and Reliability**

The validity and reliability of the data and the tests were tested check by using Kaiser-Meyer-Olkin (KMO) and Cronbach's Alpha.

### **3.8 Method of Data Analysis**

The study were used both descriptive and econometrics method of data analysis by using STATA and SPSS. Descriptive statistics such as mean, and percentages and the Double Hurrdle econometric model were employed. Some empirical studies used single equation Tobit model to analyze the determinants of saving (Girma et al., 2013). However, Tobit specification has its own drawbacks; first it is actually used in cases where the dependent variable is not observed for some sample resondents due to censoring and not due to individual decision. This means Tobit specification can assume negative values, but will actually take zero for some censored observations. Therefore, all zero amounts of saving are interpreted as corner solutions. Second Tobit specification is based on a restrictive assumption that both the decision to save and level (amount) of saving given that decision are determined by the same set of variables which implies that a variable that increases the likelihood of respondents to save will also increase the extent of saving. Therefore, double hurdle model is used as better alternative over Tobit modeling in such type of settings Amsalu et al (2013).

#### **3.8.1 Econometric Model specification**

This study used Double Hurrdle Model, A double-hurdle model is used to solve simultaneously the daily laborer decisions whether to save and how much. Some empirical studies used single equation Tobit model to analyze the determinants of household saving (Girma et al., 2013; Obayelu, 2012). However, Tobit specification has its own drawbacks; first it is actually used in cases where the dependent variable is not observed for some sample households due to censoring

and not due to individual decision. This means Tobit specification can assume negative values, but will actually take zero for some censored observations. Therefore, all zero amounts of saving are interpreted as corner solutions. Second Tobit specification is based on a restrictive assumption that both the decision to save and level (amount) of saving given that decision are determined by the same set of variables which implies that a variable that increases the likelihood of household to save will also increase the extent of saving. Therefore, double hurdle model is used as better alternative over Tobit specification. In a double-hurdle model the determinants of daily laborer decision to save and the extent (amount of) saving are estimated independently. In the first hurdle, the decision whether or not to save is identified, and if she/he decides to save, hurdle two considered the level of daily laborer savings.

Given as,

$$D_i = 1 \text{ if } Z_i\delta + u_i > 0$$

$$D_i = 0 \text{ if } Z_i\delta + u_i \leq 0$$

Quantity sold model

$$Y_i^* = X_i\beta + \varepsilon_i$$

$$Y_i = Y_i^* \text{ if } D_i = 1 \text{ and } Y_i^* > 0$$

$$u_i \approx N(0, 1); \varepsilon_i \approx N(0, \sigma^2)$$

$$D_i = \beta_0 + \beta_1 X_{i1} + \dots + \beta_n X_{in} + u_i \quad \text{Where } n=1, 2, 3, \dots$$

Following,

$$D_i = \beta_1 \text{FAMS} + \beta_2 \text{INCOM} + \beta_3 \text{FALI} + \beta_4 \text{Educ} + \beta_5 \text{PEIN} + \beta_6 \text{FASOC} + U_i$$

Where,

FAMS= Family size of daily laborers

INCOM=Income of daily laborers per day

FALI= Financial Literacy of daily Laborers

EDUC=Education Level of daily laborers

PEIN= Peer Influence of Daily Laborers

FASOC= Family Socialization

### 3.9 Definitions of Variables, Measurements and Expected sign (Hypothesis)

#### Dependent Variable

**Savings:** - Savings means withholding something valuable for future use instead of consuming it immediately. This simple phrase describes two key elements of any saving activity which is discipline and sacrifice and planning for future.

**Independent Variables:** Based on theories of saving and consumption and previous studies, 6 explanatory variables were identified and included in the model. The variables include, family size of the daily laborers, financial Literacy of the daily laborers, daily income, education level of daily laborers, peer influence, and family socialization

**Family Size of the household (FAMS):** This is a continuous variable measured by numbers and it refers to the total number of family members of the daily laborers. A daily laborers with high number of dependents in the family have fewer saving. Rehman *et al.* (2010) found that family size significantly and inversely affecting household saving. The expected effect of family size on rural household saving was negative for households who have large family size. This implies that daily laborers with high number of family save less than that of low family size. So the expecting daily laborers relation with saving is negative.

**Daily Income (INCOM):** This refers to the value of the output of the daily laborers in terms of the current market price from working daily and sometime income from other work. Saving is generally assumed to come from what is left from consumption. Daily laborers income is expect to have positive relationship with saving. Income has significant and positive effect on saving (Bersales and Mapa, 2006).

**Financial Literacy** This refers to sufficient knowledge of personal finance facts and terms for successful personal financial management (Delafrooz, 2011). This shows that saving behavior is significantly influenced by the financial literacy whereby individuals with low level of financial literacy are not intended to save and eventually encounter financial problems in future.

**Education Level (EDU):** This refers to the number of years of schooling of the sampled. Education affects saving performance by influencing the level of saving and the options for asset accumulation available to the daily laborers. Kulikov *et al.* (2007) found that education as a human wealth promotes rural household saving. It was expected; therefore, daily laborers who are literate more have a higher probability of saving it have positive effect for literate.

**Peer Influence** This refers to individuals who have common understanding and share a common environment. Peer effects play an important role in retirement savings decisions. Studies suggested that members of the same group share a common environment, which may influence their behavior. The reason is people with similar preferences tend to belong to the same group. Both of these factors generate a correlation between group behavior and individual behavior which consequently affect their saving behavior.

**Socialization** This refers to the family orientation during early age about saving and future income reservation. This indicates that those who come from well oriented family about the purpose and importance of saving will have a positive attitude towards saving where as those who have a poor saving orientation will have a negative attitude towards saving.

**Table 3.1 Explanatory variables and direction of influence on dependent variables**

No	Variables	Measurements (units)	Expected sign (Hypothesis)
1	Daily Laborers Saving Behavior (Dummy)	1 if saving 0 not saving	
2	Amount of saving	In Ethiopian Birr	
1	Family size	Number	Either negative nor positive
2	Daily income	Ethiopian Birr	Positive
3	Financial literacy	Dummy where 1 stands for Know how and 0, otherwise	Either positive or negative
4	Educational level (continues)	Years	Positive
5	Number of Daily Laborers friends (continuous)	Number	Negative for having many friends
6	Parental socialization	Dummy where 1 stands for 'Good socialization' and 0 otherwise	Positive

### **3.10 Ethical Considerations**

In conducting a research following the research ethics is essential. Therefore the researcher required to be abide by the ethical research principles. Thus the respondents were transparently informed about the objectives of the study were clearly stated for them. Then respondents were informed about the objectives of the study and that whole processes of questionnaire administration was kept confidential and the study is only for an academic purpose.

## **CHAPTER FOUR**

### **4. RESULTS AND DISCUSSIONS**

#### **4.1 INTRODUCTION**

In this chapter the researcher presented the main findings from which the analysis was made. The researcher analyzed the results with respect to research objectives and research hypothesis from chapter one. For this purpose, statistical instruments called descriptive statistics such as: frequency, mean, and standard deviation to perform data analysis is used. Besides the descriptive analysis econometrics model is applied to find out the relationship. The determinants of saving behavior of daily laborers were hypothesized in the research model. In order to make the data analysis data was collected using questionnaire designed and prepared.

The chapter presents the study findings, starting with descriptive statistics. Data analysis for descriptive statistics was made possible with the help of Statistical Package for Social Science (SPSS-23) software followed by the correlation and regression results respectively. Furthermore econometric model were test using STATA.

A total of 208 respondents from Sebeta Town were targeted to represent the daily laborer of the town. Unfortunately, out of that 208 respondents given the questionnaires only, 193 respondents those who returned and answered questionnaires and 15 of the respondents did not return questionnaires completely.

As indicated earlier, this study attempts to assess the determinants of saving behavior of daily laborer on Sebeta town in which considers the six independent factors under considerations as per the conceptual framework. A total of 208 questionnaires were distributed among these 193 usable were obtained and used for analysis. Even though, a total of 208 questionnaires were distributed to respondents those who are currently working in daily labor in the town, however 193 (92.7%) of them were returned with full information successfully and 15 (7.3%) of them were not returned. Hence, the questionnaire, which is coded and analyzed, had represented 92.7% response rate. This high response rate increases confidence for the generalization of the study findings.

## 4.2 Characteristics of Respondents

The samples of this study have been classified according to five demographic background information collected during survey. The purpose of the demographic analysis in this research is to describe the characteristics of the sample such as the number of respondents“ proportion of males and females” in the sample, range of age, academic qualification of respondents, the marital Status of the respondent, head of the household, and the existence of dependent (under 15 and over 65) in the household. The demographic composition of the respondents is summarized. The following tables summarized the demographic compositions of the respondents.

Accordingly, the respondents were asked to indicate their sex, age and educational level. Thus, the sex distribution shows that 166 of the respondents were male which 86 percent of the respondents and 27 of the respondents were female that is 14 percent of the total respondents. This implies that majority of the respondents those who engaged in daily laborer are male which is 86 percent in Sebeta town. However, 14percent of the respondents were female which implies that female also engaged in daily labor work.

According to the survey result the age of respondents, 73percent which is 142 respondents fall under the age interval between18-35 and the remaining 51 respondents those who are 27 percent were above 35. This implies that the majority of the respondents were under the working age category.

On the other hand the respondent were asked to indicate their educational background in the survey. The result showed that majority of the respondents were never attended a school followed by primary school and secondary school respectively. This indicates that 87 of them are illiterate, 66 of them were primary school and the remaining 40 of them were attended secondary school. This implies that 79.27 percent of the respondents were attended primary school and none. Whereas only 20.73 percent of them were attended secondary school only. Thus majority of the daily laborer in Sebeta town are those who attended secondary school and below.

According to the survey the respondent were asked to indicate their marital status. The result showed that majority of the respondents were unmarried and only few of them were married. This indicated by majority of the respondents 168 (87%) were unmarried and the remaining 25 (13%) were married. This indicates that majority of the daily laborer in Sebeta town were unmarried.

Regarding the head of the household the survey result showed that majority of the respondents are not head of the household. This is indicated by 157 which is 81% of respondents were not head of the household, whereas the remaining 36 of them which is 19% of the respondents were head of the household. This implies majority of the respondents those who are a daily laborer in Sebeta town are unmarried and not the head of the household.

The respondents were asked to indicate whether there is dependent person (age below 15 and above 65) in their income. The respondents indicated that majority of the respondent have dependent in their income. This is indicated by 126 of them which is 65.28 % of the respondents have dependent on their daily income whereas 64 of the respondents which is 34.72% of them did not have dependent on their daily income. Thus majority of the respondents have three- five dependents on their daily income.

The following table summarized the demographic data of the respondents which is gathered from daily laborer in Sebeta Town during the survey time.

**Table 4.1 Characteristics of the Respondents**

<b>Personal Data</b>	<b>Category</b>	<b>Frequency</b>	<b>Percent</b>
<b>Sex</b>	Male	166	86%
	Female	27	14%
	Total	193	100%
<b>Age of the Respondents</b>	18 -35	142	73%
	+35	51	27%
	Total	193	100%
<b>Education Level of Respondents</b>	Illiterate	87	45.07 %
	Primary Education	66	34.19 %
	Secondary Education	40	20.73 %
	Total	193	100%
<b>Marital Status of the Respondents</b>	Married	25	13%
	Unmarried	168	87%
	Total	193	100%
<b>Are you head of the household</b>	Yes	36	19%
	No	157	81%
	Total	193	100%
<b>Are their dependent( Below 15 and above 65 in your daily Income)</b>	yes	126	65.28%
	No	67	34.72%
	Total	193	100%



### 4.3 Result of Descriptive Statistics

The data for this study contains 193 conveniently selected daily labor of which 161(83.4%) involved in saving and the remaining did not participate in saving practice of any type. The summary statistics of data is given in table 4.3.1 As shown in the table the average amount of the daily labor saving annually is birr 3500 and almost 83.4 percent of households were involved in saving (saving be it the formal or informal institutions). The respondents were seen to have medium family size and relatively more illiterate. About eighty six percent of the respondents are male headed households. The average annual household income is Birr 36,000 with the maximum ranging up to 54,000 birr per year and the average annual saving rate of the respondents is 3500. The table below showed that the mean and the standard deviation value of the respondents data in which Age, Education, Number household, and Monthly earning of the respondent and their average savings.

Majority of the respondents are primary school and illiterate in which they are under the age of 18-35 with a family of three to five.

Accordingly the table confirms that the respondents those who are engaged in daily work earns a mean of 2.89 per month. This indicates that the respondents monthly earning is an average of 3500-4500. As such their respective average saving from their earning per annum is a mean of 2.76, 3500 birr.

**Table 4.4. Income and Saving of the Respondents**

	Mean	Std. Deviation
Age	1.2642	.44208
Education	1.7565	.77579
No. Household	1.8135	.39055
monthly earnings	2.8964	1.06538
How much you Save	2.7632	1.23851

Source:- Survey 2021

Furthermore the above table showed that the analysis age educational level, number of household, monthly earnings, and rate of savings of respondents. Accordingly, majority of the respondents were those are under the age category of 18-35, which is indicated with a mean of 1.26 and the SD of .442. Regarding with the educational classification of the respondents the mean is 1.75, and the SD is .775 which implies that the majority respondents those who engaged in daily labor works

are primary school and below. The family size and the respective monthly earnings of the respondents are with a mean of 1.81, SD .390 and a mean of 2.89, and SD 1.065 respectively. These imply that majority of the respondent have 3-5 family size with 4500-6000 birr monthly earnings per individual worker engaged in daily labor work. Concerning their saving the respondent has a mean of 2.76, and SD of 1.238 of saving from their monthly earnings.

### 4.3.1 Descriptive Statistics of Dummy Variable

#### 4.3.1.1 Daily Income and saving Habit of the Respondents

The respondents were asked to indicate their daily income and their saving habit in sebeta town. Regarding their daily income the respondent were asked three questions such as what their source of income is, how much birr they earn per month on average and whether they save or not from their earnings?

The respondent indicated that their source of income is their daily work in the town. This indicates that they do not have any other source of income for those who engaged in daily labor work in the town. All of the respondents agreed that their daily work is their source of income as well their means of survival.

Regarding their average monthly earnings of the respondents the survey showed that majority of the respondents monthly average earning is between 4500-6000. This indicates that respondents' average daily income is maximum 150 per day and minimum of 100 birr per day. As all the respondent agreed that sometimes their daily income may increase more than the specified amount and also there may be nothing at all in some other days.

Although the inconsistency of their daily as well as monthly income, majority of the respondents have daily and weekly saving from their earnings. As they indicate in the survey some of the respondents have a daily saving, some others have a weekly and monthly saving but majority of the respondents do not have saving habit at all.

**Table 4.3. 1Income and Saving of the Respondents**

Income Category	Average Income of the respondents (In Birr)		Saving of the Respondents(In Birr)		Average Saving (Monthly)
	Minimum	Maximum	Minimum	Maximum	
Daily	100	150	30	50	30
Monthly	3000	4500	780	1300	500
Annual	36000	54000	9360	15600	3500
Total	36,000	54,000			

Source; Survey 2021

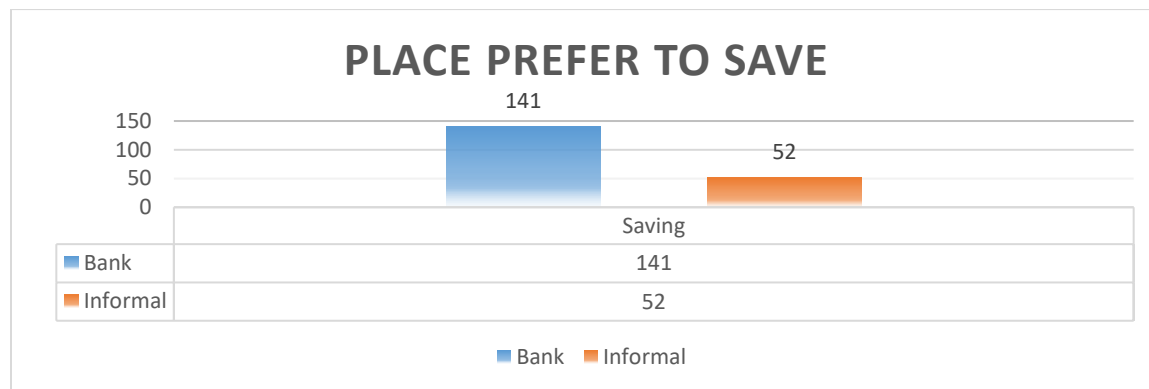
As the table above showed that t-test result which is used to compare the means of income difference of the respondents those who decides to save and those who are not. Accordingly the t-test result showed that the mean monthly income of the respondent is three thousand Ethiopian birr of which those who are willing to save from their monthly income is a mean of 2.896 and SD of 1.06. This implies that the respondents those who earn average of 3000 Birr are willing to save 300-500 birr per month from their monthly earnings irrespective of their spending. Furthermore this also implies that the income of the respondents affects their level of saving as well as the decision to save or not. As different literature indicates that those who have a better income have a better decision to save than those who have less income. Similarly the decision to save also depends on the level of the average income of the respondent they earn per day, month or year.

**Group Statistics**

	Decision to Save	N	Mean	Std. Deviation	Std. Error Mean
Monthly Earnings	3000		.	.	.
	4500	193	2.896.	1.06538.	.07669

#### 4.3.1.2 Awareness of Bank Service

The most frequently observed category where the respondent preferred to save their money was at the bank (n=141, 73%). This indicates the respondents have the knowhow about the importance of a bank service regarding saving. The remaining (n = 52, 27%) did not prefer to save at bank rather in the informal institution (Equb) or at home. The reason is that they believed that the bank and other formal institutions are hard to use them with their capabilities, but the informal institution like daily, and weekly Equb are easy to use, and saving at home is easy to access any time. Therefore a very significant number of the daily labor worker prefer to save their money at the bank.

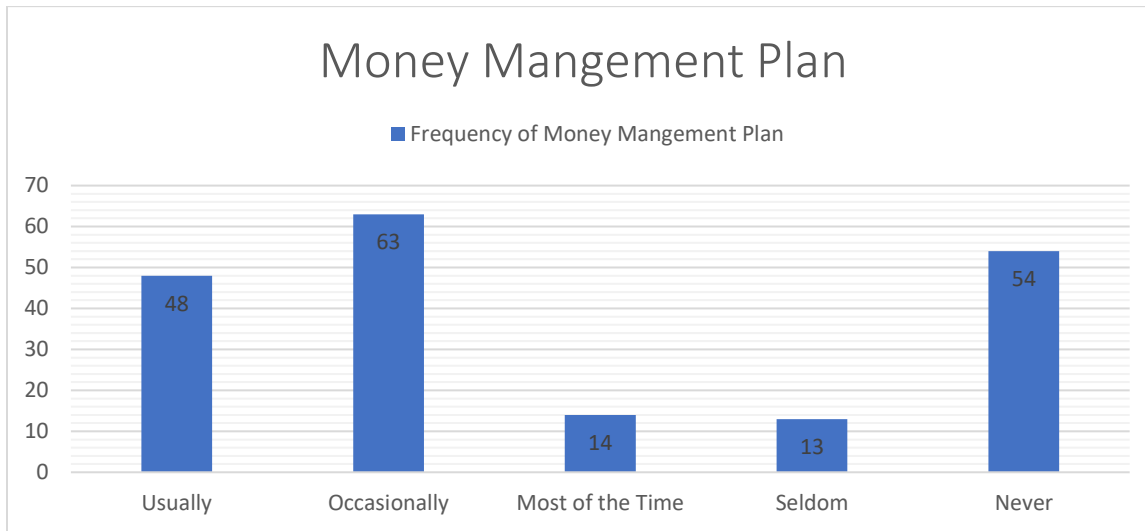


Source; Survey 2021

**Figure 1 Place to Prefer to Save Money**

#### 4.3.1.3 Money Management Plan

The respondent were asked to indicate whether they have a money management plan or not. Accordingly the survey result showed that majority of the respondent have a money management plan. The following Graph showed that how often their money management plan related with their respective daily, weekly and monthly earnings.



Source; Survey 2021

**Figure 2 Money Management Plan**

#### 4.3.1.4 Information about Interest

Furthermore the respondents were asked to indicate whether they have an information that they can earn interest on their saving account on Bank/ Micro Finance. The survey result showed that majority of the respondent know that their deposit brings the opportunity to earn interest. The result showed that 71% of the respondent have the information about the interest they can earn from their saving. The remaining 29% have no information about the bank interest from their saving.

#### 4.3.1.5 Credit facility

The respondent also showed about their credit facility. The respondent were asked whether they have the access to credit facility, and the respective source of credit. The survey result showed majority of the respondent have access to credit facility from different source. Since the credit

facility could be from formal institution, and from informal sources. Therefore, the respondent mainly access the credit facility from friends and relatives than formal institutions.

### 4.3.2 Descriptive Statistics of Continuous Variable

As it is specified the conceptual framework of this study the determinants of saving in daily laborer were Family size, Daily Income, Financial literacy, Educational Level, Peer Influence and Socialization respectively. The survey analysis result showed that each variable has their own effect on the respondents saving behavior. The following table showed that how each variable affects the level of saving.

**Table 4.4 1 Determinants of Saving**

Personal Data	Category	Percent	Average Income Per Month	Average Saving Per Month
Family Size	1-3	34.72%	3500	500
	3-5	65.28 %	6500	350
Daily Income/ birr (Per Day)	100	33.5%	3000	200
	150	46%	4500	350
	200	20.5	6000	500
Financial Literacy	Have No Idea	63%	4500	300
	Have Knowhow	24%	6500	500
	To some extent	13%	6500	350
Educational Level	Illiterate	45.07 %	4500	300
	Primary school	34.19 %	6500	350
	Secondary School	20.73 %	6500	500
Peer Influence	Yes	33.5%	4500	300
	No	66.5%	6500	500
Socialization	Yes	33%	4500	500
	No	67%	6500	350

Source Survey: - 2021

According to the survey result showed that family size affects the respondents' level of income and savings. Majority of the respondents have 3-5 family size in their household which is 65.28% followed by 1-3 family size with 34.72%. Due to their family size their saving also affected. When the number of the family size increase the level of saving is decrease. Therefore family size and level of saving are inversely proportional. On the other hand when the family size increase the level of earnings also increase which is not proportional with their consumption. The survey showed that family size directly affects the level of savings. The higher the family size the lower the saving rate, and the lower the family size the better the level of savings.

Majority of the respondents have only one source of income which is their daily or weekly work earnings. Accordingly their monthly income range from 3000- 6000 with average of 4500. This

does not mean their income is constant all the time but sometimes it may be higher than this and sometimes also lower than this. As the table above showed that their level of saving increases when their income increase through time. This implies that saving and Income of the respondents are directly related.

According to the survey result showed that most of the respondents they have no understanding of how to invest their money from their daily earnings. But some number of them have known how. The result of the survey showed that 63% of the respondents have no idea about financial management, as a result their average monthly saving is 300 birr from their average monthly earnings. This indicates that financial literacy affects the level and rate of savings of a daily laborer in sebeta town.

Another Vibrant determinant of saving is educational level of the respondents. This is because of the, as the level of education raise the knowledge of about saving also increase. The survey confirmed that secondary educational level on average save more than those with no or primary educational level. The mean saving of a person those could not be read and write is Birr 300, where us those with primary education, and secondary education on average saves Birr 350, and 500 in each month respectively. Hence, as the level of education increases, the mean household saving also raises.

As the survey indicates that those who have a peer influence has lower saving performance than those who do not have. This implies the level of saving rises when the daily worker are free from their peer influence.

## **4.4. Result of Econometric Model**

### **4.4.1 Double- hurdle model test result**

In a double-hurdle model the determinants of daily laborers' decision to save and the extent (amount of) daily laborer saving are estimated independently. In the first hurdle, the decision whether or not to save is identified, and if she/he decides to save, hurdle two considered the level of household savings. The maximum likelihood estimator (MLE) in the hurdle 1 can be obtained using a binary probit regression and the likelihood estimator (MLE) for hurdle 2 can be estimated from truncated normal regression model (Mishra and Chang, 2011;Amsalu et.al,2013). Double hurdle specification is advantageous in that it permits the joint modeling of the decision to save and extent of saving. Accordingly, individuals should pass through two-step decision processes;

first they have to decide to save and then they need to put some amount of money (should save). Double hurdle specification requires two latent variables;  $Y_1^*$  related with binary choice model determining decision to save (which is probit model) and  $Y_2^*$  referring to the level (amount of saving) that is a truncated regression in nature. These latent variables are expressed as linear functions of the first and second hurdle repressors',  $x_1$  and  $x_2$ , respectively, where  $x_1$  represents the repressors' used to explain the decision to save and  $x_2$  shows those variables used to explain the decision regarding the amount to save.

This second hurdle takes the form of truncated regression and is capable of generating zero levels of saving independent of the first hurdle. Finally, the observed (actual) amount of saving,  $y$ , is determined by the interaction of both hurdles, that is:  $y = Y_1^*Y_2^*$ . In specifying this model it is important to note that all required econometric test such as appropriateness tests of Tobit vs Double hurdle, comparison tests of probit vs logit, tests of normality assumption and multi collinearity tests need to be conducted and justified for relevance of the model. There are two components for dependent variable; the first is the decision to save. It has a dichotomous nature measuring daily laborer decision to save which takes a value of 1 if the laborer decides to save at formal financial institutions and 0 otherwise. The second dependent variable is the extent or amount of saving by daily laborer at formal financial institutions conditional on the decision to save and is of truncated regression.

As outlined in methodology section, this study used the double hurdle model to identify the determinants of daily laborer saving. The model analyzed the respondent's decision to save and their extent of saving independently by using maximum likelihood method of estimation. Before going any further, it is important to present different tests conducted as required by the methodology. First, the computed Wald chi2statistics is by far larger than critical value indicating that the model has a strong explanatory power. Second, the likelihood ratio test for Tobit restrictions (computed LR  $\chi^2$  of 40.97 > 10.51) revealed the rejection of Tobit model. Thus the decision to save and amount of saving are not based on the same set of decision making process.

Table 4.4 [2](#) Test of Double hurdle estimation

Type of Test	Computed $\chi^2$	Critical $\chi^2$	Decision
Model adequacy test	100.47	4.60	Model adequate
Tobit Restriction-LR $\chi^2$	40.97	10.51	Tobit model rejected
Covariance test ( $\rho = 0$ )	0.660	3.56	Interdependence of errors not rejected

Source:- Survey 2021

Finally, computed value (0.66) of covariance test statistics being less than critical value (3.56) implies that the hypothesis of zero coefficient of the variance cannot be rejected for the given degree of freedom. As a result independent double hurdle model is preferable than the single equation Tobit model.

Table below shows the result of the double hurdle model where analyses of the daily laborer decision to save and amount of saving were estimated independently. The first hurdle (probit model) and the second hurdle (truncate regression models) are estimated using the maximum likelihood method of estimation on the determinants of the decision to save and amount of saving respectively. As shown in the table, the age of respondent has positive significant effect on the decision to save, however it has no significant effect on the amount of saving. That is, as the daily laborer gets older his decision to save will increase; this may be because his possibility of getting more income and awareness about saving will increase as age increases.

Family size has statistically significant but negative effect on both the decision to save and amount of saving. This is because as family size increases, daily laborer are expected to allocate more of their income on consumption expenditure and thus there will be no income left for saving. In line with this study Simling, (2007) found out that large family size reduce the saving rate of a household.

*Table 4.4.3 Estimations of Double hurdle model*

Variables	Probit regression of saving decision (save =1/0)		Truncated regression of saving( amount in Birr)	
	Coefficient	SE	Coefficient	SE
Age of the respondent	0.056***	0.016	27.146	38.137
Sex of the Respondent	0.495	0.313	251.872	580.361
Family size	-0.177***	0.058	-419.932**	173.665
Income of the Respondent	0.00015***	0.00004	0.325***	0.049
Financial Literacy	0.133	0.586	2344.623**	1057.8
Educational level	1.313***	0.432	2015.514*	1102.64
Peer Influence	-0.292***	0.399	-3831.224***	1253.25
Socialization	0.141	0.143	662.058**	263.342
Sigma			2787.225	285.202

Source: survey 2021

\*\*\*significant at 1%, \*\*significant at 5%, \*significant at 10%



Annual income of the respondents has a positive significant effect on both the decision to save and amount of saving as predicted in theoretical and empirical literature. Different studies confirmed that an increase in income was found to increase saving significantly. For instance, the study by Popovici (2012) indicated that an increasing income increased the level of total savings by 1.7 percent. Moreover, Nwanchukwu and Egwaikhide (2007) found that income has a positive and significant effect on the private saving in Nigeria.

The result showed that an increase in incomes of respondents increases their tendency to participate in saving and the amount they save. This is because such respondents will have income left for saving after paying for consumption expenditure. Similarly, although socialization has no significant effect on their decision to save, but their level of saving increases as socialization increases, which may be related with the potential of respondents to produce more and get more incomes for saving.

Studies also examine the determinants of household saving in relation to different social factors. One among is that the educational status of individual and household heads. In most of the empirical evidences its effects sows a considerable variability in the level of significance and direction of influence. This is associated by the findings of Tsega and Yemane, (2014), Abid and Afridi (2010) and Kibet et al (2009) in which education is found to be insignificant to determine the level of saving with positive sign in the first study and negative influence in the latter two. Rehman et al (2010) on the other hand states this variable to have a negative effect on household saving due to the fact that educated households' tend to spend more on the living standard and Children's educational advancement. Another indicator in the inconsistency of the estimation the results is the one presented by Beckman et al (2013) it indicated that individuals university degrees or medium education are more likely to save due to income effects of better education and increased financial literacy.

Education level of respondents is another important variable at influencing their saving levels. The study analyzed the effect of education at three levels; primary, secondary and non-educated statistically significant effects on their decision to save and the amount they choose to save. This is theoretically justified from the fact that education has the probability to increase the awareness to saving and also their capacity to save as more educated has wider possibilities of earning more income than not educated ones. For instance, Girma et al. (2013) applied single equation Tobit

model on household survey data to analyses determinants of household saving in Ethiopia. Their finding indicated that education level of household head affected household saving positively. In addition peer influence also has statistically significant but negative effect on both the decision to save and amount of saving. As a result the respondents' decision to save and his level of saving may decrease as shown in the analysis.

Table 4.4 4 Marginal Effect Analysis

	df/dx	Std. Err	Z	P> / Z /
Family Size	-0.12381181	0.00153898	- 2.4769	0.013255*
Income level	0.03949652	0.00846811	4.6641	0.099e-6***
Financial literacy	0.03676411	0.00655577	5.6079	2.048e-08***
Educational Level	0.01571936	0.00018795	- 2.9968	0.002728**
Peer Influence	-0.25775366	0.00293269	- 5.3600	8.320e-08***
Socialization	0.01073482	0.01339130	- 0.8016	0.422769

Source: Survey 2021

Since the marginal effect measures the impact of the impact that an instantaneous unit change in one variable has on the outcome variable while all other variables are held constant. This implies that the rate and level of saving will change whenever the variable factors are change. According to this study the factors of saving in daily laborer are family size, income level, financial literacy, educational level, peer influence, and socialization respectively.

The marginal effect analysis implies that when family size increase by one the level of saving will decrease by twelve percent. So this indicates that family size and saving behavior has a negative relation. Similarly, peer influence also has negative relation with saving rate. According to the marginal effect analysis result showed that when the peer influence increase over the daily laborer it will probably decrease the level of saving by twenty five percent.

The remaining effect is positively related with saving, such as Income level, financial literacy, educational level, and socialization and their marginal effect is positive related with saving. This indicates that whenever the income of the respondent increase by one birr probably the level of saving increase by 0.039 %, financial literacy increase by 0.0367 %, educational level by 0.015%, and socialization by 0.010% respectively.

## CHAPTER FIVE

### SUMMARY, CONCLUSION AND RECOMMENDATIONS

#### 5.1 Introduction

In this chapter the summary of the findings, conclusions, and recommendations are discussed. For clarity purpose, the conclusions are based on the research objectives of the study. Based on the findings of the study recommendations are made to government bodies, to banks and financial institutions and suggestion for other researchers.

#### 5.2. Summary of Findings

The study set out to assess the Determinants of Saving Behavior of Daily Laborers: A Case Study in Sebeta Town. The study was focused on the six factors; such as family size, income of the daily laborer, financial literacy, educational level, peer influence and socialization on the dependent variable (saving behavior) was assessed. The general objective of this study is to identify the determinants of the saving behavior of daily laborers by taking Sebeta Town as a case study.

In this research the effect of determinants of saving on saving behavior of daily laborer in sebeta town has been investigated as direct and main effect. These relationships are examined using convenience sampling technique to collect data from daily laborer in sebeta town. All the variables and the respective measurements in this research are based on theory adopted from literatures.

The relationship between variables which is their correlation was conducted and the result shows that determinants of saving has strong significance and positive relation with saving behavior of the respondents. However, the determinants of saving independently has moderate effect on saving behavior of the respondents.

Before the double hurdle model analysis the correlation between variables examined and it is confirmed that there is strong association between all the independent and the dependent variables each ranging from  $r > 0.443$  to  $0.671$  and the comprehensive value of  $r = 0.743$ . This is an indication that determinants of saving has strong relationship with saving behavior of the respondents.

The age of respondent has positive significant effect on the decision to save, however it has no significant effect on the amount of saving. That is, as the daily laborer gets older his decision to save will increase; this may be because his possibility of getting more income and awareness about saving will increase as age increases.

Family size has statistically significant but negative effect on both the decision to save and amount of saving. This is because as family size increases, daily laborer are expected to allocate more of their income on consumption expenditure and thus there will be no income left for saving.

Annual income of the respondents has a positive significant effect on both the decision to save and amount of saving as predicted in theoretical and empirical literature.

Similarly, although socialization has no significant effect on their decision to save, but their level of saving increases as socialization increases, which may be related with the potential of respondents to produce more and get more incomes for saving.

The study analyzed the effect of education at three levels; primary, secondary and non-educated statistically significant effects on their decision to save and the amount they choose to save. This is theoretically justified from the fact that education has the probability to increase the awareness to saving and also their capacity to save as more educated has wider possibilities of earning more income than not educated ones.

Peer influence also has statistically significant but negative effect on both the decision to save and amount of saving. As a result the respondents' decision to save and his level of saving may decrease as shown in the analysis.

Accordingly the t-test result showed that the mean monthly income of the respondent is three thousand Ethiopian birr of which those who are willing to save from their monthly income is a mean of 2.896 and SD of 1.06. This implies that the respondents those who earn average of 3000 Birr are willing to save 300-500 birr per month from their monthly earnings irrespective of their spending.

The result of the double hurdle model where analyses of the daily laborer decision to save and amount of saving were estimated independently. The first hurdle (probit model) and the second hurdle (truncate regression models) are estimated using the maximum likelihood method of estimation on the determinants of the decision to save and amount of saving.

The study identified that the mean monthly income of the respondent is three thousand Ethiopian birr of which those who are willing to save from their monthly income is a mean of 2.896 and SD of 1.06. This implies that the respondents those who earn average of 3000 Birr per month are willing to save 300-500 birr per month from their monthly earnings irrespective of their spending. This indicates that the daily laborer are willing to save some portion of their earnings per month, whenever the level of their income increase they are willing to increase the level of saving to some extent.

To Estimate the status and extents of saving in daily laborers in sebeta town

- 2) To identify the determinates of saving in sebeta town daily laborer
- 3) To assess the factors of saving that influence saving behavior of daily laborer
- 4) To identify the challenges of saving behavior in daily laborer.

### **5.3. Conclusions and Recommendation**

In this study efforts were made to analyze the determinants of saving behavior of daily laborer in sebeta town. The study particularly addressed the daily laborer decision to save and their level of saving using the double hurdle process. Application of double hurdle model over that of Tobit was justified using econometric methods and the data at hand.

Generally, the estimated result confirmed the importance of family size, income, financial literacy, education level, peer influence and socialization of the respondents at influencing the decision to save and their amount of saving. The data also confirmed the use of formal financial institutions and informal saving options for respondents who decided to save. Moreover, majority of the respondents 73% prefer to use formal institution for saving.

The findings imply the need for identifying alternative income sources for daily laborer through different income source options so as to mobilize more saving for economic growth. Second, as education level of respondent and financial literacy increases, the awareness regarding the importance of saving and saving institutions is expected to increase.

Thus emphasis should be given to create and strengthen awareness of daily laborer to save through educational and awareness creation opportunities to daily laborer. Third, as peer influence had negative and statistically significant effect on the saving decisions and amount of

savings of daily laborer, financial institution as well as government should provide continues awareness creation and focus on increasing the availability and accessibility of financial institutions near to them through different available options including micro finance, agent banking and the like to promote saving.

Finally, financial institutions need to pursue favorable policies and regulations to enable financial service providers to broaden their scope of coverage by opening more branches. This will also encourage financial institutions to implement door-to-door service provision to enhance the savings and investment functions in the study area.

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## Annex



### ST. MARY'S UNIVERSITY SCHOOL OF GRADUATE STUDIES

#### INSTITUTE OF AGRICULTURE AND DEVELOPMENT STUDIES

##### Dear Respondent:

First, I would like to say thank you for your willingness to participate in this research in titled with *“The Determinants of Saving Behavior of Daily Laborers: A Case Study in Sebeta Town, Oromia, Ethiopia”*. This questionnaire is designed for academic purpose towards partial fulfillment of Masters of Development Economics at St. Mary’s university to collect Valuable ideas and comments from you. It is also intended as a high-level diagnostic tool to highlight opportunities for possible solution to the problems. I would like to express my sincere appreciation and deepest thanks in advance for your willingness, effort and cooperation in completing this questionnaire.

##### General guidelines

- ✓ Please put a tick “\_” mark for those questions on the space provided.
- ✓ You are not required to write your name.
- ✓ I ask you in all due respect, to fill the questionnaire carefully and at your best knowledge.

##### 1. Basic Information

1.1. Sex: - Male  Female

1.2. Age: - \_\_\_\_\_

1.3. Educational Background: -

1. Primary School  2. Secondary School  3. Vocational School

4. First degree and above  5. Other specify-----

##### 1.4 Marital Status

1. Married  2. Unmarried  3. Divorced  4. Widowed

1.5 Are you Head of the Household?

Yes  No

1.6 Is there anyone who is under the age of 15 and above 65 years in your house who is dependent on your income?

Yes  No

1.7 If your answer is yes for Q 1.6, how many people are dependent on you? \_\_\_\_\_

1.8 What is the major source of your Income? \_\_\_\_\_

1.9 How much birr do you earn per month on average? \_\_\_\_\_

1.10 Do you save money from your earnings?

Yes  No

1.11 If your Answer is yes for Question number 1.10? How much birr do save?

Daily Saving \_\_\_\_\_

Weekly Saving \_\_\_\_\_

Monthly Saving \_\_\_\_\_

Yearly Saving \_\_\_\_\_

1.12 If your answer is no for Question number 1.10? Please specify why? \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

1.13 What is the rate of your saving Performance?

Poor  Satisfactory  Good  Very Good  Excellent

1.14 If your Answer is Poor for Question number 18? Please justify your Reasons.-----

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-----  
-----

1.15 How much birr do you spend per month on average?-----

1.16 Do you have saving access in your working area?

Yes  No

1.17 Where do you prefer to save your money?

Bank/Micro Finance  Informal Institution (Equb)  at home

1.18 If your answer for question number 1.17 is Informal/ at home please justify your reason.-----

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-----  
1.19 If your answer for question number 1.17 is Bank/ micro finance please justify your reason---  
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-----  
-----

1.20 How long Bank/ Micro finance institutes are far from your home/ work area?-----

1.21 Do you have a money management plan in your everyday income?

Yes  No

1.22 If your answer for question number 1.21 is yes, how often?

Usually  Most of the Time  Occasionally  Seldom  Never

1.23 Do you have an information that you can earn interest on your saving account on Bank/ Micro Finance?

Yes  No

1.24 Are you interested to save more money at Bank/ Micro Finance institute if the current interest rate rises?

Yes  No

1.25 Do you have access to credit facilities?

Yes  No

1.26 If your answer for question Number 1.25 what is your source of credit facility?

Private lenders

Micro Finance

Banks

Friends/Relatives

Others, Specify-----

1.27 If your answer is No for question 1.25, why?

Lack of Credit Facility

Never Heard about Credit facility

Others' Specify-----

1.28 Please write anything that you think would be important in analyzing household saving?-----

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-----  
-----  
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