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INFLUENCING FACTORS ON SAVING BEHAVIOR
IN SMALL SHOP OWNERS

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Influencing Factors on Saving Behavior in Small Shop Owners

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ABSTRACT

The main objectives of the study are to identify and analyze the influencing factors on saving behaviors of small shop owners. The study is based on the primary data from the survey questionnaires who are in Kyin Myin Daing Township. Savings are important at both micro and macro level. This study focuses only on the influencing factors on the saving behaviors of small shop owners and those data are collected from randomly selected 150 respondents who are in Kyi Myin Daing Township by using descriptive sampling method and Pearson Correlation. According to the findings, the results show that psychological factors influences the most on the saving behaviors among any other two factors: institutional factors and sociological factors. Among psychological factors, the emotionality on wealth that is low relative to one's reference group and awareness of expectation for success mostly depends on their saving behaviors. Besides, financial knowledge of small shop owners fully effects to save their money. And the institutional factors has the weakest correlation with saving behaviors of small shop owners in Kyi Myin Daing Township. Their income sources and tax on consumption effects to save their money saving.

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CHAPTER I

INTRODUCTION

Most people and families trust that the principle target of profiting is to spend it to meet their quick needs and wants and that the future will deal with itself. Myanmar is a under developing country where, there has been a consistent increase in the national saving rate after the independence period, though with considerable fluctuations from year to year. Saving is an important variable for every country to be studied for the economic growth and development of any country. Saving is an important macroeconomic variable to be studied under the purview of the economic arena on an individual as well as household basis. Saving components can be based on an individual or on household basis which proves to be the well-being. As for an individual saving becomes the cushion for the future's intercourse of the unforeseen and upcoming as well as the uncertain circumstances of life. Saving is the part of the income earned by the individuals.

Small Businesses (SBs) have become the important research topic for economists and policymakers working on economic development and regional growth. Its importance and significance is due to the fact that small businesses are the fundamental basis for building a competitive environment, as well as the basis for forming a middle class society. The small business sector provides flexible and fast satisfaction of consumer needs; it serves as an effective tool for resolving social and economic problems both at national and regional levels. Human beings whose incomes are low often find it difficult to save. It is getting clearer that under-saving is a widespread problem and that everyone should save more, at least in the form of additional financial assets or investment. Therefore, it is obvious that savings has been on the decline in recent years. This possess a big threat to the development agenda of realizing the relationship between savings and other important macro and micro economic variables, such as, investment, income, availability of loanable fund, business expansion, employment, etc.

To encourage savings in the system, governments both at the state and federal levels have devised various strategies which include banking reforms, the introduction of microfinance banks, the establishment of the bank of industry, the

peoples banks, the encouragement of the various saving's and corporative organizations, which are meant to increase income since saving is a function of income. Poor Savings among the lower class business owners has been a source of concern even to the Enugu state government; hence, the government has been motivated to initiate policies that will assist these groups of business owners.

One of such polices is the current monthly raffle draw grant initiated by the state government to help small shop owners raise a 50,000 thousand capital for their business. The level of savings is still very low and the rate of savings is actually dwindling. Therefore this call for urgent attention given that if savings are allowed to decline, sooner or later, the economy's growth path will be unimaginable. In a standard economic model, differences in savings behavior across small shop owners are related to differences in preferences. Several economic theorists have recently proposed that the existence and general shape of such preferences are the outcome of natural selection.

1.1 Rationale of the Study

Saving is a typical word use by people on everyday schedule. Saving is without utilization as when one does not spend all the money that is earned within of a given period. Miller and Van Hoose (2001) stated that once some piece of what is earned today is left for future utilization, there is savings. On his part, Ahmed (2002) places it in a straightforward dialect as "setting cash aside for future utilization". Savings are important at both micro and macro level. At the micro level, they provide for a secure future, encourage thrift, and help meet emergency expenses without being burdened with debilitating debt. At the macro level, the country benefits from savings because these become the channel to fund investments. Individual savings accumulate to become capital that can be invested in productive assets. The higher the investment, the higher the rate of economic growth, but high investment requires high savings rates. Saving levels in the country are low, and savings not a habit. The end result is a gross savings rate of 26.7 %, reveal statistics of March 2017.

Savings are even more important in Myanmar, given its stage of development and a need for domestic capital to fund basic infrastructure. Industrialized Asian countries like Taiwan, Singapore, and South Korea have seen registered savings rates of up to 30% of GDP, while Myanmar's rates remain below 20%, causing investments to remain low,

which in turn impact economic growth. With these issues in mind, this paper takes initial steps toward developing a theory of saving in small shop owners. The first section briefly summarizes existing theories of saving and asset accumulation, and the second section develops a general model of saving. The next two sections consider specific variables that may help to explain saving in small shop owner, with the third focusing specifically on the ability to save and the fourth on “willingness” to save.

This study is necessitated due to want of micro studies on savings behavior of small shop owners at quarter level in Yangon. And it will focus on small shop owners’ savings by describing their pattern of savings behavior. The findings of this work will be of great benefit to the government, the entrepreneurs and the economy in generally. The government will benefit from the findings of the work in the sense that the findings will help the government to determine the best measures and policies to implement in order to encourage savings among the respondents.

1.2 Objectives of the Study

The goal of this research work is to investigate the savings habit of the small shop owners in and around the central business district of Yangon. The following specific objectives is

1. To identify the saving behavior of small shop owners,
2. To analyze the influencing factors on saving behavior of small shop owners.

1.3 Scope and Method of the Study

The study focused on the savings habit of the small shop owners in the Kyi Myin Daing Township which is including in Yangon which has occupied by small businesses with various and different items arranging from retail shop, IT gadgets, mobile phone and accessories, electrical gadgets and fittings, footwear’s, cloth, household items and pharmaceuticals etc.

According to YCDC data 2018 from Kyi Myin Daing Township, there are 1,215 all shops in entire Kyi Myirn Daing Township. Around 40% of these which is 515 shops are small shops. Among these, sample size 150 respondents were chosen, 30 % of total

small shops. The influencing factors on small shop owners' data were collected from randomly selected 150 respondents who are in Kyi Myin Daing Township, Yangon by using descriptive sampling method. Question is divided into two parts: First is demographics and second is the influencing factors on the saving behavior of small shop owners in Kyi Myin Daing Township which is at Yangon.

1.4 **Organization of the Study**

This study consists of five chapters. Chapter one is the introduction of the study, rationale, objectives, scope and method of the study and organization of the study. Chapter two describes literature review of the study: definitions of the saving behavior, the influencing factors on saving behavior, institutional factors on saving behavior, psychological factors on saving behavior, sociological factors on saving behavior and conceptual framework. Chapter three is the background information of small shop owners in Kyi Myin Daing Township, saving habit of Myanmar, saving behavior in Myanmar and saving behavior of small shop owners in Kyi Myin Daing Township. Chapter four analyzes research design, profiles of small shop owners in Yangon, analysis on influencing factors of saving behavior and correlation analysis of influencing factor on saving behavior. Chapter five covers conclusion that is described by the finding and suggestions.

CHAPTER II

LITERATURE REVIEW

In this chapter, definition of saving behavior in Myanmar is also described. And conceptual framework which can interpret the influencing factors on the saving behavior of small shop owners are also described.

2.1 Definition of Saving Behavior

Saving behavior is defined as understanding on how people save in a country in order to realize the economic condition of that country. It is normal facts that if people are saving more, the levels of their personal disposable income are increasing as well. The importance of understanding formal savings-related habits and decisions is due, principally, to their potential effects at both the micro and the macroeconomic level. As Mansell (1995: 3) explains: “most of its financial activity takes place in an extra-legal realm: without authorization, without supervision, free from taxation and, generally speaking, unnoticed in the records and the data”. The formal saving includes microcredit or conditional monetary transfers from the government, which achieve transformative consumption because individuals stop spending money on temptation goods (such as alcohol or tobacco) and instead consume durable goods or save money through formal instruments. The informal saving is that community members save money for specific purposes (either individual or community level).

The two most common examples are Rotating Savings and Credit Associations (ROSCAs) or Accumulated Savings and Credit Associations (ASCAs). ROSCAs function by taking monthly deposits from each member of a group and then giving the whole monthly sum to one member of the group. The recipient of the monthly sum is based on a predetermined rotation, ensuring each participant will eventually receive a large payout. ASCAs also require group members to make regular contributions. Instead of rotating payouts, the ASCA group fund is used to make loans that are paid back with interest. Loans are made either to group members or trusted third parties. After a certain period of time (often six months to a year) the group fund and its proceeds from interest are paid back to the original members. The informal saving and credit mechanisms, which cover a

wide variety of financial transactions that are not subject to any regulation. (Banerjee, 2013; Banerjee and Mullainathan, 2010).

Categories of savings can be viewed from three broad categories; these are bank saving, group saving, home saving, mobile money saving and asset saving. Those are private saving which is done by the private sector of the economy. Home saving refers to saving done by families and individuals. Bank saving is the public saving on the other hand done by the government sector including state and local government as well as federal government. Group savings can be used like an insurance scheme to help members deal with these emergencies when they arise. Sometimes individuals do not have access to safe saving facilities, such as banks. By saving as a group, the low income earners can create a safe place to put their money. The home saving contributes to a larger share in the country's economy which comprises of the individuals saving behavior at a larger scale including the financial as well as the financial assets. Asset saving like gold that can also turn into a lucrative savings plan that works for people and most people feel that investing in gold requires a huge capital. Mobile Money Saving is that "go to" place to save money and improve the people's household budgeting (Whaley & Kempton (2000)).

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. Group savings plans offer personal, advice-based, investment planning to help identify and reach own goals — an ongoing process that can help attract and retain long-term investment and motivate greater productivity. People and families mentality towards cash fluctuate enormously. Indeed, even within the same family, people fluctuate in the way they see cash. A man's perception about cash impacts the individual's state of mind towards cash. Individuals have distinctive conduct towards savings and differences in income levels, introduction toward cash and their future objectives and desires for the future may impact this. There are individuals who trust that cash got today must be utilized to address present issues and the future will deal with itself (spenders).

There are other people who likewise hold the perspective that, regardless of how minimal one's wage is, there is the need to spare a piece of that wage (savers). Savers impulsively spare cash just keeping next to no free for essentials. Then again, spenders take get a kick out of buying things. There have been incredible hobbies in individuals with low earnings who don't have admittance to money related mediators as monetary delegates invest a lot of energy pursuing individuals with nearly higher pay levels. Whaley & Kempton (2000) watched that savings and venture conduct among individuals of just underneath normal livelihoods is essentially determined by age and that enduring savings propensities appear to grow in adolescence. They likewise found that intrigue rates don't impact the investment funds conduct of individuals in low-pay classifications.

2.2 Influencing Factors on Saving Behavior

In addition to institutional, psychological, and sociological theories, there are a few behavioral theories of saving. Although these theories are partly rooted in economics, they do not assume that saving preferences are fixed, nor do they assume that individual institutional behavior is determined simply by security, convenience, service quality and interest rate. Psychological behavior is determined simply by financial knowledge, self-awareness and emotional security. Sociological behavior is determined simply by income level, income source, economic growth, rate of inflation and taxation. In their current stages of development, none of the existing theories provides a suitable explanation for saving and asset accumulation for small business. The mainstream economic theories described above are inadequate for many reasons. As explanations of saving in the general population, these theories have been criticized on both theoretical and empirical grounds. Additional weaknesses are apparent when these theories are applied to saving in low-income households.

This section develops a general model of saving by specifying important relationships. Rather than focusing on particular variables, this model outlines relationships between broad categories of variables. As a starting point, it is important to distinguish saving from asset accumulation. Saving, as defined here, refers to the act of consuming less than one's income. Although saving may be a residual phenomenon, the primary emphasis here is deliberate decisions to defer consumption. The primary indicator of saving in this paper is saving rate, the percent of income that is not

consumed. Asset accumulation refers to a stock of wealth. Variables in this category include net worth, net financial assets, and so forth. (Bishal Nagarkoti, (Katona, 1975).

2.3 Institutional Factors on Saving Behavior

Institutional theories of saving are grounded in the notion that individual and group saving is shaped by the institutional processes through which saving occurs. They are part of a larger body of institutional theory emphasizing that societal institutions shape, and give meaning to, individual. Sherraden (1991) has proposed a theory of welfare based on assets which emphasizes the role of institutions in asset accumulation. According to Sherraden, “asset accumulations are primarily the result of institutionalized mechanisms involving explicit connections, rules, incentives, and subsidies”. He emphasizes the subsidies provided through saving merchants security, convenience, service quality and interest rate.

Security: The merchant holds money of saver in a safe place for example bank or insurance. Cash that’s outside of the bank or saving merchants can get stolen or damaged in a fire. But when the federal government insures their savings, they avoid the risk of losing money if bank fails. Banks are covered by Central Bank. When they deposit money, they keep it safe, and withdraw funds, all while earning interest. If Banks are looking to grow the people money more quickly while still keeping their money safe and secure. "When a bank is in control of a relationship and they violate that trust — whether it be mistreating employees, not paying women as much as men, discriminating by race, firing whistleblowers — those sort of things have the most significant impact on reputational support," Hecht (2018) said. "They care more about how the individual treats people than whether there is a data breach, because frankly, there's a breach every day and people tune it out for the most part. “The reputation of the saving merchants as a factor that influences the choice of an institution to save with. Most of the respondents believed that the reputation of the bank is a very important thing to consider.

Convenience: Convenience of service is a very important factor that customers consider before making a decision on whether to saving merchants (for example, bank with one bank or the another bank or not. When people are convenient to use saving merchants, their saving level is high directly proportional with the service convenience. To study convenience, a complete understanding of it is required. Kelley (1958) defined

convenience as “the expenditure of time, physical and nervous energy, and money required to overcome the frictions of space and time. One of the very important service quality dimensions of its service quality is reliability. Ease of use is another important determinant for the customer preferring.

Interest Rate Return: Higher interest rates will encourage people to save more. This construct represents efforts to motivate higher savings. Interest rates and rates of return on saving are the most familiar. The proposition is that, generally, an increase in the rate of return will cause an increase in savings. Empirical evidence confirms the positive effects Incentives. This construct represents efforts to motivate higher savings. The rate of interest is the reward for saving. Normally people save more when the rate of interest is high than when it is low. Thus people can be induced to save more by offering a high rate of interest. If the rate of interest rises people may voluntarily curtail their consumption to save more. Thus the rate of interest and money saving are directly related. (C Buzatu - 2013, Sherraden (1991))

Service Quality: These are institutional arrangements that provide mechanisms that make saving more convenience after sale. These mechanisms can be in the form of direct deposit, online banking services and automatic enrolling in programs. Overall, the proposition is that these arrangements will more likely increase individual savings. So all institutions have to take care of their service/product quality which has to maintain permanently. Although empirical evidence on service quality is limited at this time, one study on 401(k) participation finds participation and contributions rates to be higher after the employer started automatically enrolling employees into the 401(k) plans (Madrian & Shea, 2000).

2.4 Psychological Factors on Saving Behavior

Psychological of saving consider additional determinants of saving behavior. Psychological theories in particular are frequently grounded in a stimulus-organism-response framework whereby change in the environment or information received is viewed as a stimulus which influences the individual (organism) and the response (Katona, 1975) Economic psychologists examine how the effects of external stimuli on economic behavior are conditioned by intervening variables such as motives, aspirations, and expectations Katona (1951;1975) has posited that saving is a function of two sets of

factors, ability to save and willingness to save. The emphasis on ability to save acknowledges that some individuals, because of limited economic resources or special consumption needs, find it more difficult to defer consumption than others. Psychological Variables which may affect an individual's willingness to save include financial knowledge and understanding.

Financial Knowledge: Financial Knowledge and Understanding extends to which an individual understands the process and benefits of asset accumulation is likely to have a positive effect on willingness to save. Most fundamentally, those who understand the mechanics and likely outcomes of a saving strategy are more likely to take advantage of a favorable saving opportunity. Conversely, individuals with a limited understanding may not realize the financial benefits of participation or may simply shy away from something unfamiliar. Although empirical evidence suggests that most Americans have relatively limited financial knowledge and understanding (see, e.g., Bernheim, 1995; Ng, 1992), it is likely that financial sophistication varies by socio-economic status. For example, both Solmon (1975) and Kaufmann (1984) found that financial knowledge varied with education, and Bernheim and Scholz (1992) found that the financial behavior of college-educated individuals reflected more sophisticated planning. Grasping basic financial concepts, such as the effect of compounded interest on the value of one's savings, is indispensable in understanding the importance of starting to save early for distant goals such as retirement. Similarly, knowledge about the costs of credit is invaluable in deciding whether to save for unexpected expenditures, such as those related to the breakdown of home appliances, or to take up credit to cover such costs. A significant percentage of households, however, do not understand basic concepts within personal finance, at least as measured through standard financial literacy tests. Klapper et al. (2015) show that only 57% of US and 67% of UK households can be considered financially literate in this regard. These figures are concerning, as not understanding basic financial concepts can adversely impact both a consumer's health and welfare.

Awareness: Saving for the future is a major part of successful money management. It may not be able to implement it to the fullest extent right now. When people have awareness to save the money for the future, the higher saving is. Solmon (1975) "Perception refers to a consumer's awareness and interpretation of reality" (Babin & Harris, 2010, p. 41). The perception of the consumer depends on internal factors such as

beliefs, experiences, needs, moods and expectations. The needs are defined as a motivating source that requires action for its satisfaction and are finite; in contrast wants arise from desires and are boundless (Need, n. d.). Further, consumer perception is influenced by the characteristics of a stimulus (like intensity) and by the context in which it is seen or heard (Belch & Belch, 2009). The context is specified as “the surroundings associated with phenomena which help to illustrate that [sic] phenomenon” (Cappelli & Sherer, 1991, p. 56). Stressing the importance of prior experience, Pickens (2005, p. 52) holds that “the person interprets the stimuli into something meaningful to him or her based on prior experiences”. This interpretation or perception may be substantially different from reality (Pickens, 2005). Importantly, perception refers to a given point in time and may change over time (Lamb, Dunne, & Dunne, 2011). Belch & Belch (2009) stated that the perception process is divided into three processes.

Emotionality: The emotions often control our long-term financial decisions. For instance, we frequently get tempted to sell our investments at the wrong time to make a fast buck. Doing so will hurt our finances in the long run. So, think about the future consequences of making hasty decisions. Don’t get influenced by quick returns. It would only hamper the individual’s financial peace of mind. Emotions play a meaningful role in people lives. Without emotions, the humans are just their bodies without the soul. Emotions often lead us in the wrong direction. For instance, emotional spending will make the individual spend on unnecessary products causing damage to their finances. So, try to keep their emotions aside when deciding on financial matters. Many individuals are now required to make their own retirement saving and investment decisions, which has raised concerns about their ability and desire to handle these decisions. Since investment choices have major implications for future financial welfare, it is important to understand how individuals make these decisions and to identify potential ways to improve the decision making process. (Solmon (1975))

2.5 Sociological Factors on Saving Behavior

A small body of literature considers the role of economic socialization in the development of saving-related values, attitudes, and behavior. Cohen (1994) argues that consumer behavior begins in the family: “Money management skills, as well as consumer

attitudes and values, emerge under the direct or indirect tutelage of parenting adults and older siblings”.

Income Level: The effect of income on savings is inconclusive and varies across countries. Whereas some studies have found savings to cause growth in income, some have found income growth to cause savings. There is direct relationship between income and saving, i.e., if income increases, saving also increases but by less than increase in income. It means as income increases, proportion of income saved increases (because proportion of income consumed decreases). At lower level of income, saving is negative. In the initial stages when there is very low level of income, consumption expenditure is more than income leading to negative saving [i.e., dissaving]. For instance, if income is, say, Rs 5,000 and consumption expenditure is, say 6,000, then saving will be negative, i.e., -1000 (= 5000 – 6000). It is called dissaving. Here average propensity to save is negative. (Whaley & Kempton (2000), (Olson & DeFrain, 2000))

Sources of Income: People save in order to add to their income level. Saving is a flow while income sources are high. If something happens to reduce income people may save the less money. If something happens to increase their income sources suddenly people may increase their rate of saving. Thus, sudden changes in income may alter consumption plans or decisions. A decrease in income sources due to some reason may discourage saving and hence the level of consumption associated with each level of income increases. Since purchase can be made not only out of current income but also from assets and savings of consumers, the volume of savings (which is a part of an individual’s total wealth) can influence consumption (Whaley & Kempton (2000), (Olson & DeFrain, 2000)) .

Economic Growth: The rate of growth is an obvious factor for explaining the rate of saving for two reasons. First, saving and growth have been highly correlated over long time horizons as well as for many regions and stages of development (Bosworth, 1993; Schmidt-Hebbel, Serven & Solimano, 1996). Secondly, saving is directly associated with output through investment. The causality from saving to economic growth is supported from the argument that domestic investment is determined by domestic savings. Following this argument, high rate of national saving is a crucial determinant of economic growth (Athukorala and Sen., 2004). In testing for causality between domestic saving and

economic growth for some African countries, Anorou and Ahmad (2001) found a bi-directional causality in the cases of Cote d'Ivoire and South Africa. The study also found that in the case of Congo, growth rate of domestic savings caused economic growth. For Ghana, Kenya, Nigeria and Zambia causality was found to run from economic growth rate to growth rate of domestic savings. Mwega et al (1990) found the growth rate of real income to have significant effect on private saving in the case of Kenya. (Athukorala and Sen., 2004),

Rate of Inflation: Athukorala and Sen., (2004), advocate for the inclusion of inflation in the savings function. The reasons for the inclusion of inflation are: first inflation affect savings through its impact on wealth, if consumers have a set target of wealth, as inflation rises so will savings. Secondly, inflation brings uncertainty in future income and can lead to higher saving on precautionary grounds. The uncertainty of income is particularly relevant to the less developed countries (Deaton, 1987).

Taxation: The fiscal policy of the government is also likely to exert some influence on aggregate consumption. If the government raises the level of taxes people's disposable income will fall. This will lead to a fall in both consumption and saving. The relationship between taxation and saving is positive. When taxation on consumption is bigger, people will save more. (Athukorala and Sen., (2004), (Deaton, 1987).)

2.6 Previous Study of the Influencing Factors on the Saving Behavior

Several previous studies are available in the literature on the causal long-run and short-run relationship between the variables which affect the saving behavior of people. In this situation, it is difficult to point out the exact factors responsible for low saving rate. This study is an attempt to bridge the research gap by analyzing the long-run and short-run causal relationship of saving behavior. This study is of great importance as it analyzes the relationship between the variables using the latest econometric techniques, appropriate selection of time span and the use of relevant variables in the estimation of the model. The results of the study may be helpful to the researchers and policy makers in designing policies needed for removing the bottlenecks in the way of increasing the saving rate.

Ahmad et al. (2006) focus on the behavior of household savings. The study evaluates the determinants of household saving in the process of economic development during 1972-2003. Johansen-Juselius co-integration and error correction models have been used to determine the short-run and long-run dynamics of the system. The study concludes that the income and growth variables have a significant and positive impact on household savings. Similarly, the positive impact of real interest rate on savings indicates the substitution effect dominates the income effect. The study concludes that the inflation rate affects household saving rate negatively and public savings crowd-out private savings less proportionately in case of Pakistan than in other comparable cases.

Sajid and Sarfaraz (2008) have investigated causal relationship between savings and output using quarterly data. The co-integration and the vector error correction techniques have been used to explore causal relationship between savings and economic growth. The results of the study show the existence of bidirectional or mutual long-run relationship between savings and output level. However, there is unidirectional long-run causality from public savings to output (GNP and GDP). The results also indicate that the speed of adjustment in case of savings is higher than level of output. The overall long-run results of the study favour the capital fundamentalist's point of view.

Chaudhry et al. (2010) have analyzed the long-run and short-run relationship between national savings and its monetary and fiscal determinants in Pakistan for the period 1972-2010. The results show the existence of positive relationship between deposit rate, government expenditure, inflation rate and national saving rate. The study concludes that macroeconomic stability combined with prudential regulations of financial institutions may provide an environment which may be helpful for increasing national saving rate in Pakistan. Ahmad and Mahmood (2013) have investigated the factors that determine the national savings in the course of economic progress. The study uses time series data for the period 1974-2010 and employ Autoregressive Distributed Lag Model (ARDL) bounds testing approach for estimation purposes. The study finds that per capita income has inverse relation with savings both in the long-run and short-run.

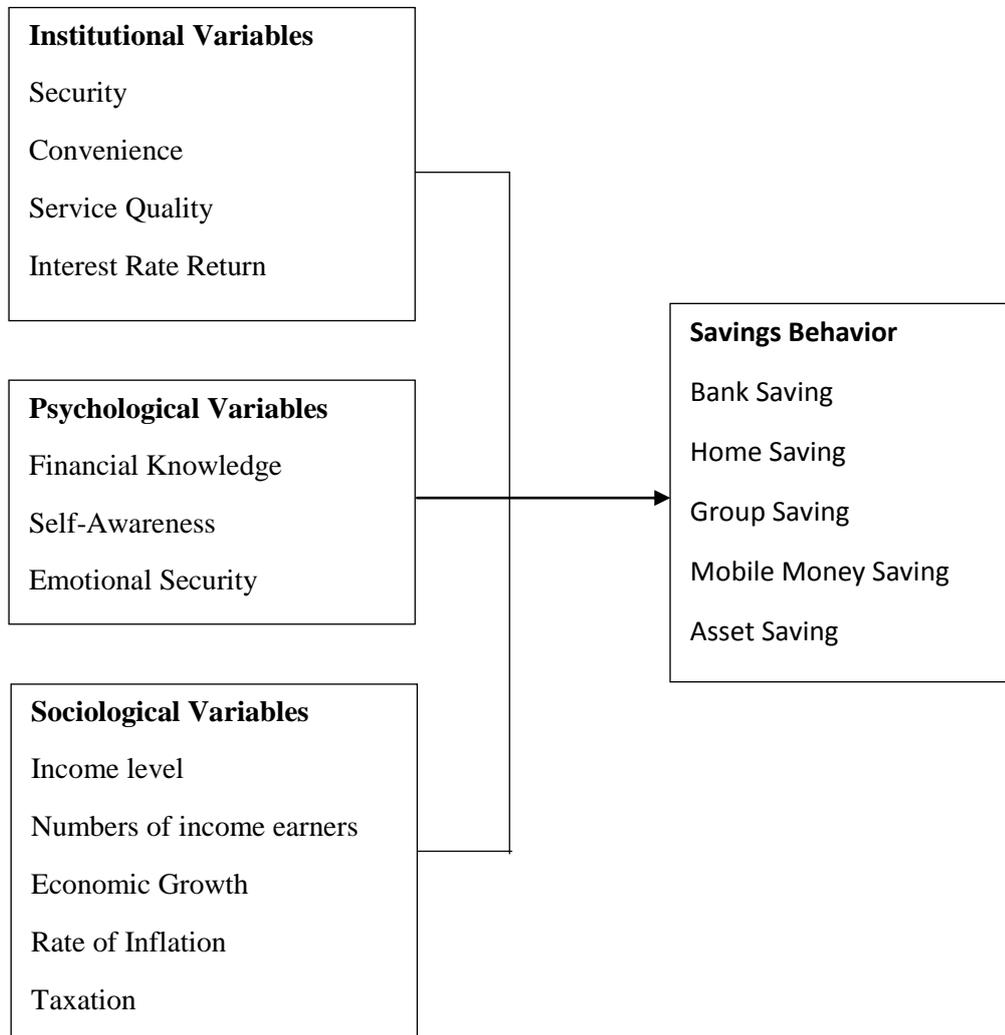
According to the previous studies, there are so many factor influencing the saving behavior of small shop owners among them, demographic variables, psychological variables and institutional variables are collected to analyze on the saving behavior. The

knowledge on savings could have an impact on the savings behavior of the respondents. The respondents were asked on their basic of knowledge on savings. Out of the 190 respondents 153 representing 80% responded yes that they have knowledge on savings and the rest of the respondents who were 37 representing 20% said no, this means that majority of the respondents have some level of knowledge on savings in the Kumasi Business District. This statistics goes to confirm that the level of education of the respondents has a link with the knowledge of savings of the respondents. It is therefore not surprising that majority of the respond has some level of knowledge on savings.

2.7 Conceptual Framework of the Study

The first portion includes eight questions, the second portion includes twenty six questions with five point Likert scale respectively. The survey was conducted at Kyi Myin Daing Township, in Yangon. Framework is to analyze the influencing factors on the saving behavior of small shoppers in Yangon, it is very important to know that the influencing factors on saving behavior of small shoppers in Yangon because Myanmar is a under developing country where, there has been a consistent increase in the national saving rate after the independence period, though with considerable fluctuations from year to year. This the influencing factors on the saving behavior of small shoppers is analyzed by using the following conceptual framework is shown in Figure (2.1).

Figure (2.1) Conceptual Framework of the Study



Source: Own Compilation, 2018

CHAPTER III

THE SAVING BEHAVIOR ON SMALL SHOP OWNERS

This chapter consists of four parts. The first one is the background information of small shop owners in Kyi Myin Daing Township and the second is saving habit of Myanmar. The third party is the saving behavior in Myanmar. The fourth identifies saving behavior of small shop owners in Kyi Myin Daing Township.

3.1 Background Information of Small Shop Owners in Kyi Myin Daing Township

Kyi Myin Daing Township is located in the western part of Yangon. Kyi Myin Daing Township shares borders with Kamaryut Township in the north Sanchaung Township in the east, Ahlone Township in the South, Twante Township in the west. It consists of 21 wards. The township has 15 primary schools, three middle schools and five high schools. There are 148 in large enterprises, 274 in medium enterprises and 612 in small enterprises business in west part of Yangon industries zone. According to the data received from Myanmar Marketing Research Development, there is (91) Restaurant Shops, (4) Mini market Shops, (195) Retail Convenience Shops, (5) Book Shops, (62) Export & Import Service Shops, (52) Construction Services and so on in Kyi Myin Daing Township. Due to YCDC of Kyi Myin Daing Township in 2018, there are 1,215 small shops in Entire Kyi Myin Daing Township which are categorized into two: food & beverages shops are 160 and others are 1,055.

Among these, numbers of small shops are 512. So sample size 150 respondents were chosen, around 30 % of total population. Moreover, as per UNDP reports would like to set up new night markets at upper Kyi Myin Daing Road in Kyi Myin Daing Township. YCDC wants to revitalize night life in parts of the city, while providing a safe and convenient service for shoppers, its markets department. YCDC is also considering how the proposed sites would affect traffic congestion, and whether the markets would create enough jobs to make them worthwhile. The government and financial institutions can play a major role in encouraging the savings habit. By trying to spread financial literacy and educating the masses, a small proportion of earnings put away, can amount to millions if the entire population follows. For those who have never saved, it is important

to highlight how a small reduction in present consumption, can ensure that they have some money for future use on essentials.

The government also needs to offer some impetus to save, by facilitating the opening of bank accounts and offering higher interest rates, which will add to their even small savings. Once the banking system expands, other investment options can be offered to citizens, which are safe, convenient and easy to liquidate. The banking network at present consists of 4 state-owned banks, 13 foreign banks, 10 semi government banks and 14 private banks. The domestic banks are extending their reach by opening new branches, but more branches in rural areas, with easier account opening procedures, lower minimum limits, would bring tens of thousands into the banking fold. And once the common man begins to feel financially secure, and feel the comfort it brings, savings will become a permanent habit.

3.2 Saving Habit of Myanmar

Savings have to become a habit, and the first steps are always difficult. It requires foregoing current consumption for the sake of future consumption, cutting corners and spending less, and putting aside a small portion of income as soon as it is received, rather than wait for the month to end and waiting to see how much is left over. Whether this is put in a jar, under a pile of clothes or in a bank account, savings are a savior, since they help us tide over the exigency instead of being forced to borrow at phenomenal rates of interest.

The popular adage that reiterates age-old wisdom, “a penny saved, is a penny earned”, does not accurately reflect the savings habits of people in Myanmar. Saving levels in the country are low, and savings not a habit. Blame it on poverty, lack of resources, or the growing middle class’ preference for conspicuous consumption over thrift, the end result is a gross savings rate of 26.7 %, reveal statistics of March 2017. With the advent of the latest technology that places money in mobile wallets, money has become even easier to spend, and the credit card culture spreading gradually, will ensure that people spend even before they earn.

There has to be an inclination to save, put aside a small amount ‘for the rainy day’, and instead of waiting to see what is left over from earnings after all expenses have

been met, it is important to stash away a small amount, perhaps 10% of earnings, as soon as they come in hand, and then budget expenses out of the balance that remains. Saving was still a priority of the older generation, but the wave of consumerism, the exposure to western products and brands, the desire to keep up with peers, has made spending a distinct preference.

On a larger scale savings accumulate and become capital, and this then finds investment routes, which finance a nation's development. Higher rates of savings have been linked to higher rates of economic growth and development, while low savings lead to poverty traps and economic stagnation. The bottom line being that savings depend on income – higher incomes imply a higher propensity to save, while lower incomes leave little to be saved since entire incomes get spent on sustenance and basic necessities.

Saving patterns vary widely across nations, Asian countries being famous for higher savings than the rest of the world. East Asia saves nearly 30% of its gross national disposable income, while Sub-Saharan Africa saves less than 15%. What is common, though, is that developing countries offer fewer options that can help smooth out variations in income, especially the dips.

Savings are important at both micro and macro level. At the micro level, they provide for a secure future, encourage thrift, and help meet emergency expenses without being burdened with debilitating debt. At the macro level, the country benefits from savings because these become the channel to fund investments. Individual savings accumulate to become capital that can be invested in productive assets. It has been empirically found that domestic resources funding investment lead to higher, sustainable growth rates. The higher the investment, the higher the rate of economic growth, but high investment requires high savings rates. Mobilizing these savings will help the country surge ahead on the economic front. Using external resources to fund investments do not yield a sustainable rate of growth.

Savings are even more important in Myanmar, given its stage of development and a need for domestic capital to fund basic infrastructure. Industrialized Asian countries like Taiwan, Singapore, and South Korea have seen registered savings rates of up to 30% of GDP, while Myanmar's rates remain below 20%, causing investments to remain low, which in turn impact economic growth.(Myanmar Insider : November , 2018)

3.3 Saving Behavior in Myanmar

Described in the report of Myanmar Insider at November 2018, the rate of domestic savings have been low for the last few decades. Low incomes, a primarily rural population engaged in agriculture and related activities, lack of education and alternative employment opportunities meant that even subsistence was not a given, leave alone saving. Saving implies postponing a segment of present consumption for the sake of future consumption, in the absence of a regular flow of income. This seems so appropriate for agrarian populations that may see a good crop one year, and a failed one the next, or the produce being damaged by floods. Unfortunately, there is seldom any surplus for the poorer farmers. The same holds true for the urban poor as well, who can barely make ends meet.

Savings, thus require an income level that is marginally above the subsistence level. Income levels are beginning to rise as Myanmar develops and more employment opportunities emerge. There are few constraints to saving by the common man. The lower class earn barely enough to meet their basic needs of food and shelter, which also often keeps them under the burden of debt. The middle class is not encouraged to save, due to the absence of save avenues of keeping savings till recently, a distrust of banks due to past history of losing savings, and very low returns made people prefer spending to saving. As inflation rates increase, the rate of savings reduces.

Myanmar, till very recently, offers limited access to basic financial services. This partly explains the low level of formal savings. Over 62% of the population does not report any savings at all and around 26% save at home, or with people they know. This when compared to the GDP and saving rates of neighboring Asian nations, seems stunted. The process of financial reform started from a very low base, with few banks and formal financial institutions. In the last five years, the financial sector has seen tremendous change and has made rapid strides. From only 17% of citizens holding bank accounts in 2013, the number is slowly increasing, and the unbanked population is the target for all banks, to switch from saving with companies in the informal sector.

Surveys conducted reveal that over half the savers keep their savings at home, while 29% keep it in the form of gold and jewelry, both being highly saleable. Past mistrust of the banking system prevented banks being considered as safe havens for hard

earned money. Informal financial service companies were preferred, and it was these, that people turned to, for borrowing small amounts to meet emergency expenses, at phenomenal rates of interest, often above 2% per month. This is where the lower classes got caught in debt traps.

3.4 Saving Behavior of Small Shop Owners in Kyi Myin Daing Township

Myanmar history is characterized by many demonetizations, which have contributed to the shared view amongst Myanmar citizens that ‘cash is for transactions, not for saving.’ Most of adults in Kyi Myin Daing Township do save informally—mostly at home or in assets (livestock, jewelry, gold) or as members of savings groups.⁸ ‘Gold jewelry is like having money in a bank account without bank fees,’ and when low-income people save in cash, ‘they do it for very specific reason and they would even keep separate tins and clay pots in the household for different types of savings. There are people who save to cope with everyday needs, people who save to prepare for emergencies (medical emergencies, funerals), and people who save to fulfil a planned purchase (agricultural equipment, vehicle, household furniture, electronic equipment).

Myanmar culture is rich with well-functioning and successful, yet informal, saving clubs, peer-lending groups, rotating savings and credit associations, Buddhist saving and lending groups, funeral societies, etc.¹² One key success factor of these informal savings groups is the high propensity for the people of Myanmar to be true to their word and to honor informal contracts. Development specialists who favor saving as a development tool have positively commented that the cultural tradition of honoring one’s debts means that the mindset of saving at the individual and community level is a well-established cultural practice. Myanmar informal savings groups have many features in common with the self-help group characteristics of the credit union movement, such as a high level of trust amongst group members, a high propensity for savings group members to honor contracts, and the fact that they are usually restricted to a defined geographical area.

Culturally, borrowing is not viewed very positively and most of people interviewed think that it is bad for future lives if one dies owing money. Only five percent of people have access to a bank account and less than five percent have a savings account, lower expected. Most of them do not have enough money to save anyway therefore they

would need formal employment to be able to open an account. Thirty percent of people have access to at least one form of financial service (credit, savings, insurance and remittances), Most of the financial access comes through retailed shops and restaurants. Given the lack of formal supply, many people turn to informal financial sources. Family, friends, and money lenders are the primary sources of debt in Kyi Myin Daing Township.

In fact, there are five times more people who borrow from informal sources than from a formal provider. Seventy percent of adults think it's important to save, even when income is low. Most people save at home, in the form of livestock or gold. There seems to be pockets of over-indebtedness with two percent of respondents claiming they cannot pay back their debts, possibly due to very high interest rates from money lenders. Usage of other formal financial services in Kyi Myin Daing Township is also very low. A few percentage of people had received domestic remittances and some had received money from abroad, mainly from Thailand.

Overall, the people in Kyi Myin Daing Township still prefer to save outside formal financial institutions. Reasons for the preference for informal saving include a wide spectrum of perceived disadvantages of having a bank account, chief amongst them are the following: income is too little to warrant depositing it in a formal account, there is a low level of trust towards the banking system, there is a low level of education of how a bank works, and bank branches are not within reach.

CHAPTER IV

THE ANALYSIS OF INFLUENCING FACTORS ON SAVING BEHAVIOR OF SMALL SHOP OWNERS

This chapter contains the detailed analysis of influencing factors on saving behavior of small shop owners in Yangon, Myanmar. Qualitative method is employed the previous assessments consists of the numerical measurement and analysis. In this study, questions from 150 respondents are collected and the result is explained with descriptive analysis and inferential analyzed such as Pearson Correlation Analysis.

4.1 Research Design

The research was conducted in Yangon, Myanmar. Survey questions are asked to shoppers were chosen for this study. The initial stage other research focuses mainly on gathering information from various literature reviews to identify research scope .Most of the literature reviews have been obtained through our formal learnings, informal learnings such as Google and prior research and other materials like management journals, and marketing journals .The population of this research contains small shoppers in Yangon. Any procedure that draws conclusions bases on the measurements of a portion of the populations. Therefore, a subset from a larger population, sample size was defined and collected data from. A total of 150 customers were sampled depending on hypermarket daily customer traffic. According to Roscoe (1975), sample size larger than 30 and less than 500 are appropriate for most research (as cited in Sekaran, 2000).

The survey question was conducted to analyze the research objective. A question was chosen as a research tool, because a lot of respondents can be reached in a relative small amount of time. Question includes three portions: the first portion is for demographics of respondents, the second portion is institutional factors and the psychological factors and sociological influencing the saving behavior. And the last portion is for saving behavior. The first portion includes eight questions, the second portion includes twenty six questions with five point Likert scale respectively. The survey was conducted at Kyi Myin Daing Township, in Yangon in which the respondents are randomly selected .There was no interference of the researchers possible during this process. This research consists of two variables, influencing factors and saving behavior.

The independent variables are demographical factors, institutional factors, psychological factors and sociological and the dependent variable is saving behavior.

The collected raw data was put into a suitable form for further analysis. Editing was performed for errors on the questions with the purpose of completeness, consistency and reliability of the data collected. Data was also coded accordingly considering criteria like mutually exclusive and independent with no ambiguity between the categories. After the data were collected, the next step is to analyze them. In this research, the data was analyzed statistically with SPSS version 25 (Statistical Package for Social Sciences) program for windows. The data were analyzed with statistical tools such as frequency of the respondents, regression analysis, and multiple regressions in order to get to the desired result.

4.2 Profiles of Small Shop Owners in Kyi Myin Daing Township

The question about gender was asked to test the number of males and females who are small shop owners. According to the survey result, the surveyed respondents are classified into eight criteria: gender, age, type of business, family size, income, marital status, income source and education. All of the data collected from the survey question and were interpreted on average and percentage distribution.

(a) Respondents by Gender

In Table (4.1), the following data what types of gender answered in my questions.

Table (4.1) Respondents by Gender

Sr.No	Gender	No. of Respondents	Percent
1	Male	78	52
2	Female	72	48
	Total	150	100

Source: Survey Data 2018

Table (4.1) represents the findings of respondent gender demographics. As shown in table, 52% of male respondents have a higher portion on our survey in compared to 48% in female respondents.

(b) Respondents by Age

All the respondents of age level classification are shown in Table (4.2). These respondents are divided into five groups: Below 18 years to 24 years, 25 years to 31 years, 32 years to 28 years, 39 years to 45 years and 46 years and 52 years above.

Table (4.2) Respondents by Age

Sr.No	Age	No. of Respondents	Percent
1	Below 18-24	26	17.3
2	25-31	81	54.0
3	32-38	20	13.3
4	39-45	13	8.7
5	46-52 Above	10	6.7
	Total	150	100

Source: Survey Data 2018

The question about the age of the respondents is to help determine whether or not most of the respondents were within the labor force. Table (4.2) represents the findings of respondent age demographics. As shown in table, 54% is the highest which is between 25 years and 31 years and the second highest is 17% which is below 18 years and 24 years. The third highest is 13% which is between 32 years and 38 years. The fourth highest is 8% which is between 39 years and 45 years. And 46 years and 52 years above respondents are 6%.

(c) Respondents by Types of Business

Table (4.3), indicates out of the 150 respondents, the survey collected the data from retail shop owners, restaurant owner, online shop owner and beauty salon owner and IT Gadget shop owners according to five types of business.

Table (4.3) Respondents by Types of Business

Sr.No	Types of Business	No. of Respondents	Percent
1	Retail Shop Owner	60	40.0
2	Restaurant Owner	31	20.7
3	Online shop Owner	27	18.0
4	Beauty Salon Owner	24	16.0
5	IT Gadget Shop Owner	8	5.3
	Total	150	100

Source: Survey Data 2018

Table (4.3) represents the findings of respondent type of business demographics. As shown in table, 40% is the highest which are the retail shop owners and the second highest is 20% which are the restaurant owners. The third highest is 18% which is the online shop owners, the fourth highest is 16% which are the beauty salon owners and the final one is 5% which is IT gadget shop owners,

(d) Respondents by Family Size

As shown in Table (4.4), respondents are described in the following table for their family size.

Table (4.4) Respondents by Family Size

Sr.No	Family Size	No. of Respondents	Percent
1	1-5 Members	67	44.7
2	5-10 Members	58	38.7
3	10-15Members	25	16.7
	Total	150	100

Survey: Survey Data 2018

Table (4.4) represents the findings of respondent family size demographics. As shown in table, 44% is the highest which family members are between 1 and 5 and the second highest is 38 % has the family members 5 to 10. The third highest is 16% which have family members 10 to 15.

(e) Respondents by Revenue

All the respondents were asked to participate in answering their revenue which is divided into three level as below 300,000 MMK to 500,000 MMK, 500,000 MMK to 700,000 MMK and 700,000 MMK and 900,000 MMK and above in Table (4.5).

Table (4.5) Respondents by Revenue

Sr.No	Revenue(MMK)	No. of Respondents	Percent
1	Below 300,000- 500,000	65	43.3
2	500,000 - 700,000	44	29.3
3	700,000 - 900,000 Above	41	27.3
	Total	150	100

Survey: Survey Data 2018

Table (4.5) represents the findings of respondent revenue demographics. As shown in table, 43% is the highest in which the revenue of the respondents are below 300,000MMK and 500,000 MMK and the second highest is 29% in which the revenue of respondents are between 500,000 MMK and 700,000 MMK. The third highest is 27% in which the revenue of respondents are between 700,000 MMK and 900,000 MMK above.

(f) Respondents by Marital Status

In Table (4.6) shown as the numbers of respondents whose are single and married.

Table (4.6) Respondents by Marital Status

Sr.No	Marital Status	No. of Respondents	Percent
1	Single	57	38
2	Married	93	62
	Total	150	100

Source: Survey Data, 2018

Table (4.6) represents the findings of respondent marital status demographics. As shown in table, 62% is the highest which are the married respondents and the second highest is 38 % which are single respondents.

(g) Respondents by Numbers of Income Earners

There are how many numbers of income earner in 150 respondents for my question in Table (4.7).

Table (4.7) Respondents by Numbers of Income Earners

Sr.No	Number of Income Earners	No.of Respondents	Percent
1	Number of Income earner 1	9	6.0
2	Number of Income earner2	40	26.7
3	Number of Income earner 3	52	34.7
4	Number of Income earner 4	27	18.0
5	Number of Income earner5	22	14.7
	Total	150	100

Source: Survey Data 2018

Table (4.7) represents the findings of respondent income earners demographics. As shown in table, 34% is the highest which there are three income sources in one family. And the second highest is 26% which there are two income sources in one family.

Respondents who have four sources in their family are 18% and respondents who have five sources in their family are 14%.

(h) Respondents by Education

Frequency and percentage distribution of education level of small shop owners in 150 respondents in this study is presented in Table (4.8).

Table (4.8) Respondents by Education

Sr.No	Education	No. of Respondents	Percent
1	Under Graduate	11	7.3
2	University Student	44	29.3
3	Bachelor Degree Graduated	55	36.7
4	Master Degree Graduated	16	10.7
5	Ph.D.	24	16.0
	Total	150	100

Source: Survey Data 2018

Table (4.8) represents the findings of respondent education demographics. As shown in table, 36% is the highest which respondents are the bachelor degree graduated. And the second highest is 29% which respondents are the university students. Respondents who graduated bachelor degree are 36% and who graduated master degree are 10%. And respondents who graduated Ph.D. are 16%.

4.3 Analysis on Influencing Factors of Saving Behavior

This section aims to examine the influencing factors of saving behavior of respondents. The survey question consists of institutional factors psychological factors and sociological factors. The mean scores of the influencing factors of saving behavior of respondents which are one the dimension of the influencing level is presented below.

(1) Institutional Factors

This survey is to analyze the influencing level of institutional factors on saving behavior. Institutional factors are divided into nine questions to obtain the influencing level of institutional factors on the saving behavior. The higher level of mean score indicates greater influencing level of institutional factors.

Table (4.9) Influencing Level of Institutional Factors

Sr.No	Statement	Mean	Standard Deviation
1	Access to secure saving mechanisms is influenced with saving.	2.84	1.030
2	Access to avoid the risk the losing money is influenced with saving.	2.43	1.013
3	The security of saving system is influenced with saving	3.18	1.248
4	Convenience of saving merchants is influenced with saving	2.51	1.145
5	Convenience of using saving system is influenced with saving	2.94	1.154
6	Convenience of flexible saving type is influenced with saving	3.09	1.129
7	Service Quality of saving merchants is influenced with saving	2.94	1.154
8	Attractive interest Rate Return is influenced with saving	3.01	1.000
9	Stable interest Rate Return is influenced with saving	2.54	0.91
	Overall Mean	2.83	

Source: Survey Data 2018

As the above Table (4.9), the security of saving system highest influences the saving behavior of small shop owner's .And the convenience of saving merchants' flexibility secondly highest influences the saving behavior of small shop owners. And the third influenced factor is the attractive interest rate return.

(2) Psychological Factors

Psychological factors are divided into nine questions to obtain the influencing level of psychological factors on the saving behavior .The higher level of mean score indicates greater influencing level of psychological factors.

Table (4.10) Influencing Level of Psychological Factors

Sr.No	Statement	Mean	Standard Deviation
1	Financial Knowledge is influenced with saving	4.09	1.181
2	Understanding on the sophisticated financial terms is influenced with saving	3.29	1.333
3	Understanding on the financial technology is influenced with saving	2.43	1.013
4	Awareness of retired plan is influenced with saving	3.56	1.026
5	Awareness of expectation for success is influenced with saving	4.31	0.812
6	Awareness of emergency use is influenced with saving	2.94	1.154
7	Emotionality on growing up with adults who save money is influenced with saving	3.29	1.333
8	Emotionality on wealth that is low relative to one's reference group is influenced with saving	4.31	0.812
9	Emotionality on future life plan is influenced with saving	2.94	1.154
	Overall Mean	3.46	

Source: Survey Data 2018

As the Table (4.10), when the most of the respondents use to save their money when they have emotionality on wealth that is low relative to one's reference group. And at the same time, when they have awareness of life expectation to be succeed, they save their money. Thirdly, when they have financial knowledge, they save their money.

(3) Sociological Factors

Sociological factors are divided into nine questions to obtain the influencing level of sociological factors on the saving behavior .The higher level of mean score indicates greater influencing level of sociological factors.

Table (4.11) Influencing Level of Sociological Factors

Sr.No	Statement	Mean	Standard Deviation
1	Rate of Inflation is influenced with saving	3.04	1.375
2	Income level is influenced with saving.	2.51	1.145
3	Income Source is influenced with saving.	4.31	0.812
4	Taxation on consumption is influenced with saving	3.29	1.333
5	Saving-related subsidies is influenced with saving	3.29	1.333
6	Income taxation is influenced with saving	3.01	1.201
	Overall Mean	3.24	

Source : Survey data 2018

According to analysis Table (4.11), income source influences on saving. When they have many income sources, they are likely to save. When tax on consumption is more, they are unlikely to spend at time, the more likely to save. And rate of inflation also influences on saving. When inflation is high, they are less to save money.

4.4 Correlation Analysis on the Influencing Factors and Saving Behavior

This study is to analyze the correlation between influencing factors and saving behavior. Influencing factors are divided into three: institutional factors, psychological factors and sociological factors to obtain the significant and influencing level of demographic factors on the saving behavior.

Table (4.12) Pearson Analysis on the Influencing Factors and Saving Behavior

Sr.No	Influencing Factors		Saving Behavior
1	Institutional Factors	Pearson Correlation	.173**
		Sig. (2-tailed)	0.001
2	Psychological Factors	Pearson Correlation	.280**
		Sig. (2-tailed)	0.001
3	Sociological Factors	Pearson Correlation	.266**
		Sig. (2-tailed)	0.001
	Saving Behavior	Pearson Correlation	1
		Sig. (2-tailed)	

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

Source: Survey Data, 2018

As shown in Table (4.12), the independent variables which are Institutional factors, Psychological factors and Sociological factors; and dependent variable which is Saving behavior; has positively relationship. And psychological factors is the most influencing factor on the saving behavior ($r = 0.280$) and the psychological factors and saving behavior have a statistically significant relationship at 0.01 level. The direction of the relationship is positive (i.e., psychological factors and saving behavior are positively correlated).

The second influencing factor is sociological factor ($r = 0.266$) and the sociological factors and saving behavior have a statistically significant relationship at 0.01 level. The direction of the relationship is positive (i.e., sociological factors and saving behavior are positively correlated). Moreover, the institutional factor also influences the saving behavior ($r = 0.173$). The institutional factors and saving behavior have a statistically significant relationship at 0.01 level. The direction of the relationship is positive (i.e., institutional factors and saving behavior are positively correlated).

CHAPTER V

CONCLUSION

This chapter consists of three main parts. They are findings from analysis and discussion, suggestion based on finding, and limitations and needs to further research.

5.1 Findings

The study mainly forces on the influencing factors on the saving behavior of small shop owners. 150 respondents are asked to respond to structured survey questions on influencing level of influencing factors and depending on this, influencing level on saving behavior. Savings are even more important in Myanmar, given its stage of development and a need for domestic capital to fund basic infrastructure. Due to Myanmar's rates remain below 20%, causing investments to remain low, it can be impacted to country's economic growth.

The influencing factors were divided into three: psychological factors, institutional factors and sociological factors. Relationship between the influencing factors and saving behavior are positively related. According to the analysis of the relationship between the institutional factors and saving behavior, the most of respondents emphasize on saving security and convenience of flexibility as priority to save their money. And saving behavior of small shop owners depends on the attractive interest rate return mostly.

According to the analysis of the relationship between psychological factors and saving behavior, most of the small shop owners use to save their money because of the psychological influences among these influences, mostly depending on the emotionality on wealth that is low relative to one's reference group and awareness of expectation for success. Besides, financial knowledge of small shop owners fully effects to save their money.

According to the analysis of the relationship between the sociological factors and saving behavior, saving behavior of small shop owners depends on income sources and tax on consumption effects to save their money.

In summary, the results show that most of small shop owners mainly focus on the income sources in their family. The majority respondents are male and fall into age between 25 years and 31 years. Besides, they are mostly are retail shop owners and their family size is between 1 members and 5 members. Their income level is between 300,000MMK and 500,000 MMK and they are mostly married. Their income source is three sources and they are bachelor degree graduated.

Furthermore, the study results shows that the independent variables and the dependent variable are positively correlated .The findings show that the psychological factors strongest influences on the saving behavior and there is significant relationship with saving behavior of small shop owners in Kyi Myin Daing Township. And the institutional factors has the weakest correlation with saving behavior of small shop owners in Kyi Myin Daing Township.

5.2 Suggestions

It was found that the demographic factors, institutional factors, psychological factors and sociological factors influence on the saving behavior of small shop owners.

Saving is undertaken when small shop owners has knowledge to save. The stronger education they have, the higher the saving behavior raise up. The improvements in education and faster growth may be both influenced by other country factors, such as institutional infrastructure, social capital, geography or culture. The individuals should be driven to invest more in education when the economy's growth performance and prospects are good. The individuals should have at least as important as the years of formal schooling. The quality of education which should be improved by government, by public spending on education, encourage and support to improve students' performance in internationally standardized tests. Interestingly, a number of international studies also suggest that, with regard to explaining the impact of education on growth, the quality of schooling is far more important than the quantity of schooling. Put simply, spending time at school is not enough; it is what the people learn, how the people learn it, and from whom that very much counts.

According to the results, people are looking for the security of saving as priority. And the higher interest rate is, the bigger saving is. Understanding institutional factors in

Myanmar, the saving merchants persuade with attractive interest rate to save more. For security as additional advantages, customers can be provided services which is customers themselves can manage money via smartphone or computer without depending on local branch hours and tellers. And saving merchants also offer higher rates and lower fees. Saving merchants especially banks raise rates when they want to gather money. If they need to get deposits in the door, a high rate on savings accounts will attract money. If, on the other hand, they don't need cash, they can keep rates lower. The people should encourage to have foreign direct investment in Myanmar so that interest rate also depends on country economy which mean higher interest rates tend to attract foreign investment, increasing the demand for and value of the home country's currency.

According to the results, the higher expectation for life is, the bigger saving is. Understanding psychological factors in Myanmar, people should be trained to have life plan since childhood. People should be centered in a reliable sense of self, the old conditioning, family setting, strong impressions, and social background—all of which come from the past—are guiding life expectations. Government should drive a lot of campaigns in order to get financial knowledge in people mindset. Further, financial service providers should deliver a wide array of financial knowledge and information about their products and services to attract prospective clients and retain existing ones.

Relationship between some of the sociological factors and saving behavior are positively related. According to the results, the bigger income sources are, the bigger saving is. Besides, a lot of job opportunities should be created in order to drive saving in Myanmar. Understanding sociological factors in Myanmar, some of job opportunities should be created to save more. Actually, inflation discourage saving because when the people save more, the people loss more to inflation. Inflation encourages people to borrow money because when the people pay back their debt in the future, people actually pay less when the people adjust for inflation. And when inflation is bigger, the people are less to save therefore, rate of inflation should be stable. Understanding their demographical factors, population should be educated saving knowledge, financial knowledge and so on. Habits of saving should be trained since childhood nature.

5.3 Needs to Further Study

The study has several limitations. Firstly, the data is collected from only 150 persons from people who are currently running their own business only in Kyi Myin Daing Township. Question is divided into three parts: First is demographics, second is influencing factors and third is saving behavior.

This study has suggested that there are so needed to collect more respondents in Yangon, This study is average cover on 30% of small shops in Kyi Myin Daing Township. This study only focus on the influencing factors on saving behavior so future, how to save and why to save should be studied. And this study have so many limitations so further study should be with large sample size to generate more accurate and detailed manners. As well as it need to study saving behavior in large and medium size of shop owner. So it can be stated that can capture the whole area of shop owner industry.

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APPENDIX I

Survey Questions for the Influencing Factors on Saving Behavior

in Small Shop Owners

(Case Study of Kyi Myin Daing Township)

I would be grateful if you spend 10 minutes to fill out this questionnaire. I need to know the influencing factors on the saving behaviors of Small shop owners in Kyi Myin Daing Township at Yangon. Your answers will be part of a research project “Influencing Factors on the saving behaviors of small shop owners in Kyi Myin Daing Township at Yangon”. All answers will be handled with confidentiality.

Section (A) Demographic Factors of Respondent

Please choose the fact that best describes you.

a) Gender

- Male
 Female

b) Age

- Below 18-22
 23 to 27 years
 28 to 32 years
 33 to 37 years
 38 to 42 years above

c) Types of business

- | | |
|--|---|
| <input type="checkbox"/> Retail Shop Owner | <input type="checkbox"/> Restaurant owner |
| <input type="checkbox"/> Online Shop Owner | <input type="checkbox"/> Beauty Salon owner |
| <input type="checkbox"/> IT Gadgets Shop Owner | |

d) Family Size

- Below members 1 to 5
- Members 5 to 10
- Members 10 to 15 above

e) Revenue (MMK)

- Below 300,000 to 500,000
- 500,000 to 700,000
- 700,000 to 900,000 above

f) Marital Status

- Single
- Married

g) Numbers of Income Earners

- Number of Income earner 1
- Number of Income earner 2
- Number of Income earner 3
- Number of Income earner 4
- Number of Income earner 5

h) Education

- | | | | |
|--------------------------|--------------------|--------------------------|---------------------|
| <input type="checkbox"/> | Under Graduate | <input type="checkbox"/> | University Students |
| <input type="checkbox"/> | Bachelor graduated | <input type="checkbox"/> | Master graduate |
| <input type="checkbox"/> | Ph.D | | |

1= Strongly Disagree, 2= Disagree, 3= Neutral ,4= Agree , 5 = Strongly Agree

I. Institutional Variables

		SD	D	N	A	SA
1	Access to secure saving mechanisms is influenced with saving.	1	2	3	4	5
2	Access to avoid the risk the losing money is influenced with saving.	1	2	3	4	5
3	The security of saving system is influenced with saving	1	2	3	4	5
4	Convenience of saving merchants is influenced with saving	1	2	3	4	5
5	Convenience of using saving system is influenced with saving	1	2	3	4	5
6	Convenience of flexible saving type is influenced with saving	1	2	3	4	5
7	Service Quality of saving merchants is influenced with saving	1	2	3	4	5
8	Attractive interest Rate Return is influenced with saving	1	2	3	4	5
9	Stable interest Rate Return is influenced with saving	1	2	3	4	5

1= Strongly Disagree, 2= Disagree, 3= Neutral ,4= Agree , 5 = Strongly Agree

II. Psychological Variables

		SD	D	N	A	SA
1	Financial Knowledge is influenced with saving	1	2	3	4	5
2	Understanding on the sophisticated financial terms is influenced with saving	1	2	3	4	5
3	Understanding on the financial technology is influenced with saving	1	2	3	4	5
4	Awareness of retired plan is influenced with saving	1	2	3	4	5
5	Awareness of expectation for success is influenced with saving	1	2	3	4	5
6	Awareness of emergency use is influenced with saving	1	2	3	4	5
7	Emotionality on growing up with adults who save money is influenced with saving	1	2	3	4	5
8	Emotionality on wealth that is low relative to one's reference group is influenced with saving	1	2	3	4	5
9	Emotionality on future life plan is influenced with saving	1	2	3	4	5

1= Strongly Disagree, 2= Disagree, 3= Neutral ,4= Agree , 5 = Strongly Agree

III. Sociological Variables

		SD	D	N	A	SA
1	Rate of Inflation is influenced with saving	1	2	3	4	5
2	Income level is influenced with saving.	1	2	3	4	5
3	Income Source is influenced with saving.	1	2	3	4	5
4	Taxation on consumption is influenced with saving	1	2	3	4	5
5	Saving-related subsidies is influenced with saving	1	2	3	4	5
6	Income taxation is influenced with saving	1	2	3	4	5

26. What kind of savings do you perform?

Group Saving

Home Saving

Banking Saving

Mobile Money Saving

Asset Saving