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SAVING BEHAVIOR OF EMPLOYEES IN
ROYAL MODERN FURNITURE COMPANY LIMITED

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**Saving Behavior of Employees in Royal Modern Furniture
Company Limited**

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Degree of Master of Banking and Finance Programme**

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ABSTRACT

This study focuses on saving behaviors of employees at Royal Furniture Company Limited. The objectives of the study are to identify the employee saving behavior of Royal Modern Furniture and to examine the influencing factors of employees saving behavior in Royal Modern Furniture. Both primary and secondary data are used in this study. To collect primary data, structured questionnaires are collected from 157 employees regarded as sample population. Sample population represents approximately 22% of the total employees of Royal Modern Furniture Company Limited. According to the regression result, among five independent variables, only two variables, financial literacy and self-control have the strong significant on the saving behavior of the employees. According to the regression result, Royal Company should pay more attention to financial literacy and self-control of the employees in order to improve the saving behaviors. Especially, Royal Modern Furniture Company should pay the highest attention to improve the financial literacy rate among the employees.

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CHAPTER (1)

INTRODUCTION

Savings can be defined as the process of setting aside a portion of current income for future use. From the classical days savings is one of the major determinants of economic growth. Saving contributes to the accumulation of capital which produces surplus output that can potentially be used for consumption in the future. Thus, savings is considered a significant variable for any economy. In additions, saving is an important variable for every country to be studied for the economic growth and development of any country.

According to economic theory, a household's saving is income that is not consumed immediately through the buying goods of good or services. Household income is directly relevant to national savings and influences it significantly, providing a buffer to help people cope in times of financial crisis and insuring against times of shock. Indeed, it is very important in the development of industries, financial system and economic growth.

At the macroeconomic level, individual saving benefits the entire nation. Saving has a positive impact on the economy because funds that are placed in financial assets are then channelled through financial intermediaries to fund investments by firms. Subsequently, investments by firms will ultimately benefit the nation through higher productivity and economic growth. Furthermore, high savings can also hedge countries against economic downturns and financial crisis. One of the avenues to boost national saving is by encouraging individuals to increase personal saving (Davis & Hu, 2005). This can be achieved by implementing financial educational programs to increase individuals 'financial literacy, i.e. to heighten understanding of their own financial circumstances, enable them to make financial plans, and choose the most appropriate financial instrument that will help them achieve their financial goals (Jonubi & Abad, 2013).

Myanmar is drafting a National Savings Mobilisation Strategy to encourage citizens to save more. Despite rising volume of savings at local banks, more is needed to support continued economic growth and for Myanmar to reach parity with its regional neighbours.

1.1 Rationale of the Study

From the classical days, saving has been considered as one of the determinants of growth. To lead the underdeveloped countries to the path of development, rate of savings must be enhanced. For the individuals and households, savings provide a cushion of security against future contingencies, whereas for the nation, savings provide the funds needed in the developmental efforts.

Savings is important for accumulation of capital required to generate future income, enable future consumption and to provide mechanism for managing risks. Saving has a positive impact on the economy because funds that are placed in financial assets are then channelled through financial intermediaries to fund investments by firms. Subsequently, investments by firms will ultimately benefit the nation through higher productivity and economic growth. Furthermore, high savings can also hedge countries against economic downturns and financial crisis. One of the avenues to boost national saving is by encouraging individuals to increase personal saving (Davis & Hu, 2005). This can be achieved by implementing financial educational programs to increase individuals' financial literacy, i.e. to heighten understanding of their own financial circumstances, enable them to make financial plans, and choose the most appropriate financial instrument that will help them achieve their financial goals (Jonubi & Abad, 2013)

High savings leads to accumulation of wealth that allows individuals to improve their living standard (Bernheim, Forni, & Gokh, 2000) and could hedge the country against economic downturns and financial crisis, insuring against time of economic shocks and an important way of improving well-being (Mahdzan & Tabiani, 2013). In some countries, savings are considered as backbone to certain sectors of its economy. To summarize, individual savings will not merely benefit households, but benefitting the entire nation, as well. Therefore, it is important to have the knowledge on factors influencing individuals' saving behaviour as it is essential in maintaining the economic growth since it will give benefits to the entities involved such as households, financial institutions, government and other related stakeholders.

Myanmar's savings performance has been far below the regional average. Myanmar currently registers the second lowest levels of gross savings per capita in ASEAN. In the five years since 2013, the number of formal and informal savers in Myanmar has risen from 38 percent to half of all adults. In Myanmar, informal savings,

which includes non-cash assets, jewellery or cash on hand, are the main channels for savings. However, the number of adults who save via formal means, that is, in banks and financial institutions, is now just 11pc compared to 6pc in 2013, which is still low. (UNCDF,2018).

Royal Modern Furniture company limited is one of the outstanding firms by creating customize and fashionable furniture but faces intense competition in the market. Among the employees, some employees do savings while others rarely do savings. Thus, some employees are facing financial problems and make personal loans from others. By studying the saving behaviours of employees who reside some money at the banks, the policy makers could do strategies to raise saving levels of the people. Therefore, this study focuses on saving behaviours of employees at Royal Furniture Company Limited.

1.2 Objectives of the Study

The objectives of the study are as follows:

- 1) To identify the employee saving behaviour of Royal Modern Furniture
- 2) To examine the factors influencing employees saving behaviour in Royal Modern Furniture

1.3 Scope and Method of the Study

This study only emphasizes on employee saving behaviour of Royal furniture company Limited. Descriptive research method is used in this study to achieve the above objectives. Both primary and secondary data are used in this study. Both primary and secondary data are used in this study. To collect primary data, structured questionnaires are collected from 157 employees regarded as sample population. Sample population represents approximately 22% of the total employees of Royal Modern Furniture Company Limited. Five point likert scale is used in the structured questionnaire. Secondary data are obtained from relevant textbooks, previous research paper and internet websites.

1.4 Organization of the Study

This study is structured by five different chapters. Chapter (1) represents introduction of the study and it includes rationale of the study, objectives of the study, scope and method of the study, literature review and organization of the paper. Chapter (2) is about theoretical background. Chapter (3) is saving behaviour of employees of

royal modern furniture. Chapter (4) is analysis of influencing factors on employee saving behaviour of royal modern furniture. Finally, Chapter (5) describes the findings and discussions, suggestions, recommendations and the need for future research.

CHAPTER (2)

THEORETICAL BACKGROUND

This chapter focuses on the theories and empirical studies associated with saving behavior, financial literacy, personal socialization, peer influences, self-control, income and conceptual framework of the study.

2.1 Influencing Factors on Saving Behavior

In order to sustain a long-term development and economic growth of a nation, savings plays a prominent part. Moreover, in events of economic recessions and financial crisis, savings is a provision of an imminent support individuals and countries. Saving behavior is influenced by several factors, such as financial literacy, parental socialization, peer influence, self-control, and income.

2.1.1 Financial Literacy

Financial literacy has a significant impact on individual saving, as more knowledge on financial matters enable individuals to make more substantive financial plans and more informed decisions regarding allocations of their money and saving. Hence, it is predicted that there is relationship between financial literacy and individual saving is positive. Mwangi and Kihiu (2012) established that the probability of a financially illiterate person remaining financial excluded is-significantly high. Financial literacy impacts to a great extent on the financial management (Olima 2013).

The ultimate measure of success for financial literacy efforts should be saving behavior. Separate studies on financial literacy and saving behavior have been conducted until now. Joo & Grable (2004) conducted a study aimed at determining factors that influence financial satisfaction. The survey results showed that educational level, financial literacy, risk, financial ability, financial activity, and financial pressures have a direct impact on financial satisfaction. The results showed that in high levels of knowledge and financial skills, the strengthening of the financial behaviors leads to higher levels of financial satisfaction. Therefore, their study indicated that financial literacy had a direct effect on saving behavior. O'Neill, Sorhaindo, Xiao, & Thomas (2005) examined the relationship between financial activities, saving behavior, and health among customers of a financial consulting organization. Their results showed that people with higher financial well-being will experience less stress, are more motivated in financial activities, have a better family relationship and are physically and mentally

healthier. This makes pecuniary well-being very necessary in the lives of retirees since they are old and very vulnerable. A little financial stress could affect them either mentally or physically. Huston (2010) in a study measuring financial literacy showed that a person who is financially literate, that is he/she has the knowledge and the ability to utilize the knowledge, may not exhibit predicted behaviors or increases in financial well-being because of certain influences. Such impacts could come from behavioral/cognitive biases, self-control problems, family, economic, community, and institutional factors. However, Sabri, Cook, & Gudmunson (2012) found that financial literacy significantly influenced students' perceived financial well-being. Taft, Hosein, Mehrizi & Roshan (2013) in their study on financial literacy, financial well-being, and financial concerns revealed that higher financial literacy leads to greater financial well-being. Thus, for saving behavior to be achieved financial literacy is needed.

Therefore, it is necessary to expand the scope of research and explore how financial literacy influences financial behavior in the context of regular savings. There are many studies related to saving behavior in developed countries (Henager & Mauldin, 2015; Lusardi and Mitchell, 2011; van Rooij et al. 2012). However, few studies have been conducted on the issues related to financial literacy in developing countries and emerging markets.

According to van Rooij et al. (2012), those with higher levels of confidence in their financial knowledge are more likely to plan and save for retirement. Furthermore, Henager & Mauldin (2015) found that perceived financial knowledge is a strong indicator of saving behavior, which supports the findings of Allgood & Walstad (2011) and Robb & Woodyard (2011). In their research, they point out that perceived financial knowledge is essential for best practices and positive financial behaviours such as paying off credit card balances, having an emergency fund, and saving for retirement.

Also, people with high level of education and study major related to business also have a significant positive relationship with the probability of regular personal saving. It supports the findings from Mahdzan & Tabiani (2013) and Henager & Mauldin (2015) in which actual financial knowledge is thought to be essential for best practices and positive financial behaviours such as having an emergency fund, saving regularly and saving for retirement. Moreover, also we can agree with Lusardi & Mitchell (2014), that efforts to better measure financial education are likely to pay off.

2.1.2 Parental Socialization

Delafrooz, N & Paim, L. H (2011) focused on the relatedness of financial literacy and savings behavior of workers where they tried to discover whether financial literacy can predict financial puzzle that boost the savings and traced significant relationship. In addition savings regularity, earnings, gender has a relationship with savings which is arrived by Mahdzan and Tabiani (2013). Asmawi (2015) attempted to exhibit the relatedness of financial literacy, parental socialization, peer visitation, self-control and savings bearings of university pupils and discovered significant relationship between parental socialization and savings behavior.

In previous study, Webley and Nyhus (2005) have investigated the concept in respect of parents' behavior in influencing the economic behavior of their children. The results show that parental behavior and parental orientation have a weak but clear impact on the economic behavior of their children and in adulthood. The research was conducted in Netherlands with 690 Dutch participants who are 191 husbands, 191 wives, and 308 children aged from 16 to 21. DNB Household Survey (DHS) was used in this research which includes detailed information on financial behavior and various psychological concepts of the parents and children. According to Otto (2009), there is empirical evidence that parents can promote the development of skills to their children that are important for saving. The purpose of the research is to investigate the role of parents in developing their children's saving ability and competence in adolescence. A total number of 446 students aged 13 to 14 from Devon, England were included in this research. A questionnaire on money management was given to the students during their normal school lesson. A research was carried out by Furnham (1999) to investigate the saving and spending habits of young people. A total amount of 158 males and 122 females British children and adolescent from South East of England participated in the research. The participants were requested to answer a set of questionnaire and the results showed that most of the children and adolescents' saving behavior was caused by parental requests and requirements.

During adolescence and later on during youth, individuals try out familiar behaviors and new behaviors in order to learn how to be adults (Campbell, 1969; Montoya-Castilla et al., 2016). In the economic context, this translates into a progressive attempt to individually resolve economic problems that arise in daily life. Economic psychology considers both the influence of economy and of the social and cultural environment; in the case of children and adolescents, their parents are the main

environmental influence (Sonuga-Barke and Webley, 1993). In addition, adolescence is an important life stage in which socialization occurs, as specific attitudes toward saving develop. Recent research indicates that early experiences continue to be associated with attitudes, even in later life, and may not be completely overridden by adult experiences (Ward, 2013).

Previous studies showed that parental behavior had an impact on the children's economic behavior (Feather, 1991). Subsequently, Otto (2009) studied parents' role in the development of their children's saving skills during adolescence, finding that their saving example influenced their children's saving skills. In the same line, other works have found that parental economic socialization is related to children's greater financial literacy in adolescence (Gutierrez and Hershey, 2014) and it also predicts saving behavior (Hira et al., 2009). Similar results were also found in older samples, which showed that parental economic socialization also influenced university students' saving behaviors and economic planning (Thung et al., 2012).

To sum up, early influences had a large impact on saving behavior in later life, as Brown and Taylor (2016) stated. In this sense, it should not be forgotten that, as a result of the economic crisis that originated in 2008, people are more interested in improving their financial skills and are gradually taking on more personal responsibility to achieve financial well-being.

Social transmission, as opposed to genetic transmission, is another potential explanation for parent-child similarity in savings behavior (Bisin and Verdier, 2008).¹² Becker and Mulligan (1997) argue that “[p]arents often spend resources on teaching their children to better plan for the future, resources that affect the children's discount rates” (p. 736). Mischel et al. (1989) suggest that the early family environment could be important in nurturing self-control. Bisin and Verdier (2001) provide a model of parent-child socialization. A common assumption in such models is that children are born without defined preferences, and they are first exposed to their parents' socialization. Through parenting parents transmit their own preferences to their children. If parent-child socialization is not successful, the child is affected by a random role model in the population (e.g., peers, teachers, etc.). Altruism makes parents exert costly effort to socialize their children, but this altruism is paternalistic in the sense that parents prefer to socialize their children to their very own preferences. Models with these assumptions have been used to explain parent-child social transmission of, e.g., religion and labor supply preferences (e.g., Bisin and Verdier (2000), Bisin et al. (2004), and Fernandez et

al. (2004)), and we hypothesize that models of social transmission from parents to their children may extend to savings behavior.

2.1.3 Peer Influence

A study was done by Erskine, Kier, Leung, and Sproule (2005) to examine further predictors for the saving behavior of young people. The study was conducted in Toronto, Canada and a total number of 1806 young Canadians aged 12 to 24 participated in this research. According to the economic theory of time preference and psychological theories about adolescent crowds, they predicted that the groups would be more patient and more likely to save money if they are placed high on the adult or academic-oriented dimension while the groups that are placed high on the peer-oriented dimension were expected to be less patient and less likely to save money. Thus, the result indicates that peer influence has an impact on individuals' saving behaviour. In the study of Duflo and Saez (2001), the researchers found that peer effects play an important role in retirement savings decisions. The survey was conducted in United States by using individual data from employees of a large university with 12,172 employees which divided into 358 departments. The purpose of the study was to examine the relationship between role of information and social interaction in retirement plan decision. These findings suggested that members of the same group share a common environment, which may influence their behaviour. 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 behaviour. Besides, Beshears, Choi, Laibson, Madrian and Milkman (2010) have conducted a field experiment involving 15000 employees from 500 manufacturing firms in USA about retirement saving behaviour. The population is divided into two major groups which are employees who contributed to company retirement saving plan and employees who had no contribution to the plan. They found that there is a weak correlation between peer influence and retirement saving behavior as the peer influence only encourages a small amount of co-workers to participate in the retirement saving plan.

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Thus, the result indicates that peer influence has an impact on individuals' saving behaviour. In the study of Duflo and Saez (2001), the researchers found that peer effects play an important role in retirement savings decisions. The survey was conducted in United States by using individual data from employees of a large university with 12,172 employees which divided into 358 departments. The purpose of the study was to examine the relationship between role of information and social interaction in retirement plan decision. These findings suggested that members of the same group share a common environment, which may influence their behaviour. 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 behaviour which consequently affect their saving behaviour.

Younis and Haynie (1992) mentioned that the influence of peers, parents remain strong socializing agents throughout young adult phase. They become less dependent on their parents and more oriented towards their peers as well as to the adult world as they compare their status with peer, discuss money management issues, spend their leisure time and involve in spending activities.

John (1999) investigate that peers can be an additional source of financial socialization after parents that become a primary roles and direct source of financial practices and followed by the mass media and advertising that provide information about consumption and the value of material goods. Peer like friend who have good saving behavior may influence students saving behavior and give motivation to them to make saving activity while peer whose have negative saving behavior may also influence their peer like students to having a bad saving behavior activity like buying something that unnecessary thing such phone and others. Thus, According to Duflo and Saez (2001) studied that peer effects play an important role in retirement saving decisions. Peer is person who important that can influence others or their partner after parents. So that, peer is one of the important factor that contribute saving behavior among students of UiTM Malacca City campus where peer is person whose after parents that close to them. In addition, peer who have behavior like saving is a good behavior that students may followed.

2.1.4 Self-control

Self-control is the ability to identify and regulate one's emotions and desires. It is characterized by the exertion of will, self-discipline, and ability to delay gratification (Baumeister, 2002). In research of Esenvalde (2010) has provided empirical evidence that self-control was positively associated with saving behaviour. The author claimed that self-control is a very solidly and uniformly factor used to explain saving behaviour. In this research, snowball sampling method has been adopted and survey questionnaires were mailed to target respondents. Primary data were collected from 272 employees with regular incomes in the United States.

According to Lim, Sia, and Gan (2011), there is a significant impact of self-control on saving behaviour. This study was conducted in Malaysia whereby 500 survey questionnaires were distributed to participants who aged above 21. In this study, the researchers found that ability of individual to maintain self-control for saving depends on the strength of two opposing forces known as desire and willpower. The finding shows that people are more likely to save if they are able to control themselves via implementing sound budgeting and economic cost assessment. In the study of Otto (2009) which is aimed to investigate the measures that enhance our understanding and predict saving during adolescence. Yet, the paper also studied on whether the adolescent likes spending a lot or finds it difficult to resist temptation. From the research, it was found that conscientiousness was associated with positive saving attitudes (Nyhus, 2002) and financial self-control (Warneryd, 1996). In addition, it was found that psychological variables relevant to adult saving yet highlights that self-control and ability to delay gratification are important skills for saving when young. The research was conducted by requesting 290 students from two colleges which are Exmouth Community College and Clyst Vale Community College in United Kingdom to complete a four-page anonymous questionnaire that consists of five parts.

Strotz (1956), economists have examined self-control and saving behavior. Thaler and Shefrin (1981) view the decision- maker as an organization consisting of a planner and a series of doers. The planner cares about life-time utility, but the doer at each period is myopic and only cares about the current period, which results in a conflict between long-run and short-run preferences. Shefrin and Thaler (1988) integrate the self-control model into life-cycle theory, and suggest that the term “self-control” contains three elements “internal conflict, temptation and willpower” in the trade-off between immediate gratification and long-run benefits. Gul and Pesendorfer (2004) introduce a

two-period model of self-control and posit that a preference for commitment can come from a desire to avoid temptation. They measure the cost of self-control as the gap between the most tempting choice and the actual choice. Fudenberg and Levine (2006) develop a more general dual-self model of impulse control, and show that the strategy profile of the long-run and short-run selves is equivalent to a reduced form optimization problem. Specifically, they apply their general dual-self model to the savings problem, and this study will extend their simple saving model to study the interaction of self-control and PFA on saving behaviors.

Before obtaining PFA ($PFA = 0$), assume that client 1 has lower self-control costs than client 2. After obtaining PFA ($PFA > 0$), both clients will have lower self-control costs due to obtaining PFA. For example, PFA may recommend automatic, accelerated savings deposits (Thaler & Benartzi, 2004). This kind of suggestion can help clients improve self-control in financial management. Moreover, the self-control costs of the two clients can have three possible relationships: first, self-control costs can be the same for the two clients; second, client 1 can have higher self-control costs than client 2; third, client 1 can still have lower self-control costs than client 2. In the first situation where the two clients have the same self-control costs and using the formula for the optimal saving behavior rate, client 1 has higher saving behavior rate than client 2 before obtaining PFA. However, after obtaining PFA, their savings behavior rates will become the same. Results can be derived in a similar manner for the other two situations.

Saving requires one to refrain from spending so that money can be kept aside for future use (Lunt and Livingstone, 1991). However, it is argued that humans are impatient in nature (Carroll, 1997; O'Donoghue and Rabin, 2000). They tend to put higher value on the gratification derived from immediate consumption rather than delayed consumption. In order to save money, one must be able to exercise self-control in delaying gratification and resisting the temptation to spend (Thaler, 1994; Rabinovich and Webley, 2007). earliest studies tend to associate personality to self-control (Nyhus and Webley, 2001). It is assumed that five-factor personality dimensions such as extraversion, conscientiousness, and neuroticism do affect saving. Attitude is an individual's positive or negative beliefs about performing a specific behavior (Ajzen, 1991). Attitude is formed through one's beliefs about the consequences of performing the particular behavior and one's evaluation of those possible consequences. Positive attitude will thus, create the intention to perform an action (Maio and Haddock, 2009). However, attitude is not constant all the time. Perhaps, influences such as social persuasion (Prislin and Wood,

2005; Webley and Nyhus, 2006; Wood, 2000), perception of self-behavior (Bem, 1972) and the motives or values that an individual holds (Wyer and Albarracin, 2005) will change an individual's attitude from time to time. The assessment of attitude towards saving is not one dimensional.

2.1.5 Income

Hayek (1932) proposed the Forced savings concept which suggested that economic conditions in which the consumption of individuals are less than disposable income not because of Voluntary savings but due to the unavailability of goods. The individuals with high disposable income pay more in order to get the available goods, resulting in the high prices of goods. Thus the government should force the savings of individuals towards the production of goods, because in the free economy this leads to an increase in the prices of goods.

Keynes (1936) presented the Absolute Income hypothesis, proposing the association between income and consumption and suggested that the real consumption is the function of the real disposable income and the income net of taxes. The increase in the real income leads to growth in consumption but not with the same rate, resulting in the excess of income as compared to consumption, suggesting that saving is the function of income. Pigou (1943) suggested that during deflation because of the growth in real balances of wealth, household consumption increases. This increase in consumption is caused by the growth in production and unemployment and termed this effect as the Real balance effect.

Dusenberry (1949) stated that the utility (satisfaction) derived by individuals given at current consumption level is mainly derived from the status in the society rather than from the absolute level of income. This concludes that the individual consumption is mainly influenced by their current status, relative consumption and name in the society. Furthermore, the income distribution has significant influence on the individual saving rate and two main findings can be derived from Dusenberry's (1949) relative income hypothesis. First, aggregate savings and income are dependent on each other; second, the aggregate savings depend on the individual status level and income distribution in the economy.

Keynes (1936) in his General Theory of Employment, Interest and Money introduced a "psychological law": persons are apt to save the difference between actual income and expense of their habitual standard. This is similar to residual (left over) saving. When income changes, savings change as well, but they do not change perfectly simultaneously. A rising income will often be accompanied by more saving, because the

consumption expenditure will not rise immediately. A falling income will often be accompanied by less saving, because the consumption expenditure will not decrease immediately. Because of contracts, obligations, and habits, consumption expenditure is not that flexible that it will change immediately with an increase or decrease of income. There is thus a short-term lag between income change and change in saving. Keynes's saving theory is based on the absolute income model. In this model, a proportional relationship is assumed between incomes and saving, albeit with a short time lag.

Duesenberry (1949) is author of the relative income model. Households look at their income position relative to that of others rather than at their absolute income position. Consumption and saving are determined by the relation of current household income to income of (reference) households with whom members of a given household compare themselves.

The hierarchical regressions were created to find the best combination of variables that would make a reliable model for the data. All explanatory variables were proven to have an influence on savings behavior in previous research, however, not yet income. Therefore, these combinations were used to show that adding new variables has an influence on the validity of the data but also the significance that income has on annual savings behavior.

The objective of the research was to see if income or being present biased (or a combination of both) has an influence on annual savings behavior rates. Therefore, the first, second and third regressions aim to meet this objective. Solely income has a significant positive relationship with the indicated savings rate, whereas the dummy variable for being present-biased does not influence the savings rate significantly. A combination of the two entails that again only income has a significant relationship with the annual savings rate. However, with the addition of other variables from the data collected, the significance is shifted to other variables including the amount currently on their savings account increases the savings rate, the amount of debt they have has a negative effect, and age has a negative effect. A large effect on savings is the respondents that completed a college degree increases the savings rate by 12%. The stronger model (regression 5) concludes that income frequency and being present-biased are both not significant therefore, there is not enough evidence to prove that there is an effect on annual savings rate.

Taking into consideration the self-indicated present biased variable, the regressions were considered in Table 5. Table 3 noted that the correlation between these

variables were significant and therefore the results in Table 5 are similar to those in Table 4. However, the results differ in that present biased respondents are significant. Indicating that the more present-biased they are, the more they save as a percentage of their income. The model is more defined using this variable because the R² is larger and therefore is a more accurate model. However, above a 5 out of 7 is indicated as present-biased and as a result does not show that there is a clear influence whether they are present-biased or not, and if this influences savings behaviour. Self-indication is sometimes a tricky source because of biased responses, or they respond in the way that they think they should be responding. Thus, the regressions in Table 4 shows a less biased indication because of the quasi-hyperbolic discounting test done in the survey.

2.2 Saving Behavior

The word “saving” 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 (Browning & Lusardi, 1996; Warneryd, 1999). Conversely, saving in psychological context is referred to the process of not spending money for current period in order to be used in future (Warneryd, 1999). 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).

According to Mendes (2013), in order to make a suitable individual financial decision, it can be concluded that financial literacy is more than just a simple assessment of knowledge, reflecting a set of behavior and skill. Besides that, Robb, Babiarz, and Woodyard (2012) mentioned that actions taken by each individual is the reflection of the individual financial well-being, apart from influence from the external factors. That is why it is considered a critical importance of the apprehending relationship between knowledge and personal financial issue. As Bordon, Lee, Serido, and Collins (2008) stated there is no significant connection between financial awareness and effective financial act. Besides that, other research also showed that if an Individual learns to pick up consumer behavior during their old age, it will contribute a strong influence towards the person (Lusardi & Mitchell, 2014). According to Mahdzan and Tabiani (2013, as cited in Hinga, 2012), a positive attitude in an individual saving behavior is shown by the people who save more frequently, as opposed to those who do not save. The probability of having a positive saving attitude is significantly related to the saving regularity. As an example, the

act of setting aside a portion of the income as saving would most likely to lead to higher probability of having positive saving attitude.

In sum, many past studies have examined the relationship between financial literacy and behavior in college students. As Greene (2014) and Baker, Bettinger, Jacob, and Marinescu (2018) examined the relationship between financial literacy and financial act and found that an increase in financial awareness which engage in a positive financial behavior of an individual.

Browning and Lusardi (1996) implied that saving took place when money was left over and explained savings as excess of income over consumption over certain period of time. Saving behavior implied the perception of future needs, a saving decision and a saving action. Warneryd (1999) referred saving in psychological context as the process of not spending money for current period in order to be used in future. In other words, 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 Jeetendra Dangol and Saru Maharjan: Parental and Peer Influence on the Saving Behavior of the Youth 45 in a bank account, speculating and paying off mortgages. According to Katona (1975), someone's willingness to save/ consume would depend on financial expectations and attitudes. Those who want to save should have some willpower for making that decision and they still need to choose to do so. Willingness is determined by the economic environment and people's perceptions of it. Consumer expectations and consumer sentiment influence saving decisions. People save for many different reasons but economic condition influences contractual as well as discretionary saving decisions. Income, perceived need for money, bank accounts, self-control and future orientation are the factors that drive ability to save in childhood and adolescence (Webley & Nyhus, 2006). Receiving money irregularly for certain activities more frequently, having bank accounts, having certain goals in future increases the propensity to save. As receiving money in childhood is the first chance to spend or save real money. Perceived need for money for activities to engage in with the friends, pay off the living expenses in adolescence impacts on consumption and saving patterns. According to Shim, Barber, Card, Xiao, and Serido, (2009); Otto, Schots, Westerman and Webley, (2006), motives, self-efficacy, saving attitudes were important factors affecting the willingness to save in childhood and adolescence. An individual has simple goals in his/her mind for saving. Confidence will be important for the formation of saving goals. Lifestyle while growing up affects consumption pattern. It is necessary to know the reasons for saving and saving

strategies. Keynes (1936) identified eight saving motives, and Browning and Lusardi (1996) added another, providing a title for each motive: (a) precautionary motive, (b) life-cycle motive, (c) inter temporal substitution motive, (d) improvement motive, (e) independence motive, (f) enterprise motive, (g) bequest motive, (h) avarice motive, and (i) down payment motive. Katona (1975) offered six more general saving motives: (a) for emergencies, (b) to have funds in reserve for necessities, (c) for retirement or old age, (d) for children's needs, (e) to buy a house or durable goods, and (f) for holidays. Otto (2013) explained that children's and adolescents' ability and willingness to save did not only develop as a result of social learning (i.e. observation of role models) and direct teaching (such as explanations and guidance with regard to the spending and saving of pocket money or allowances). Skills and attitudes related to saving were indirectly related to parenting behaviors which led to higher self-efficacy beliefs, better self-regulation strategies, and more independent economic behavior.

To analyze what explains the genetic component of savings behavior, we next examined whether our measure of savings behavior is correlated with other behaviors and outcomes that may measure time preferences, impatience, or lack of self-control, such as income growth, education, smoking, and relative body weight. In Panel A of Table 6, we report the overall correlation between the propensity to save and these other measures. We compute the average log income growth rate for each individual between the end of 2002 and the end of 2006. We find a significantly positive correlation between an individual's savings rate and income growth, consistent with the common prediction that patient individuals experience higher income growth. Importantly, for a subset of individuals, data on education (number of years), smoking (number of cigarettes smoked per day), and body mass index (BMI) (weight relative to squared height) are available from the STR's interviews.⁴² We find no statistically significant correlation between education and savings behavior, but significantly negative correlations between an individual's savings rate and smoking and body mass index. That is, those who save less are found to smoke more and are more likely to be obese based on their BMI. Overall, this evidence suggests a certain consistency in behavior (Barsky et al., 1997) because of an individual's time preferences and level of self-control.

We also decompose the covariance matrices for these outcomes into three components corresponding to genetic effect as well as effects of the common and individual-specific environments.⁴³ Based on the decomposed covariance matrices, we compute the genetic and environmental correlations between savings behavior and the

other behaviors and outcomes. This enables us to examine whether the overall correlations are genetic or environmental. Table 6 Panel B shows that the correlations between savings behavior and each of the other behaviors and outcomes are almost entirely due to overlapping genetic factors. For example, lack of savings and obesity is correlated because of genes, not environmental conditions. Only our measure of smoking has a weakly significant environmental correlation with savings behavior.

One explanation for why savings behavior is genetic appears to be that an individual's time preferences are partly genetic. Our evidence of a significant positive genetic correlation between an individual's savings and income growth supports such an explanation. Some individuals are born to be more patient, and this affects these individuals' savings behavior, as well as other outcomes, e.g., the choice of income process. Moreover, the negative and significant genetic correlation between savings rate and both smoking and body weight suggests that behavioral factors such as lack of self-control may also affect savings behavior. For example, to the extent that a high BMI and obesity may be interpreted as an expression of lack of self-control, we conclude that lack of savings correlates with lack of self-control, and this correlation is mainly found to be genetic.

2.3 Previous Studies

In order to develop the conceptual framework for this study, related previous studies are read in order to find out which factors could impact on the saving behavior of the employees.

Dangol (2018) did the research titled "Parental and Peer Influence on the Saving Behavior of the Youth". He explores the parental and peer factors which influence the saving behavior of the youth. His paper is based on a structured questionnaire with various dimensions of the saving behavior, parental and peer influence. Judgmental and convenience sampling techniques were used to collect the data of 390 respondents from Kathmandu Valley. The study reveals that there is significant relationship between peer influence and saving behavior. Similarly, there is significant relationship between parental financial teaching and saving behavior. Among the parental and peer influence, parent's encouragement to save highly affects the saving behavior.

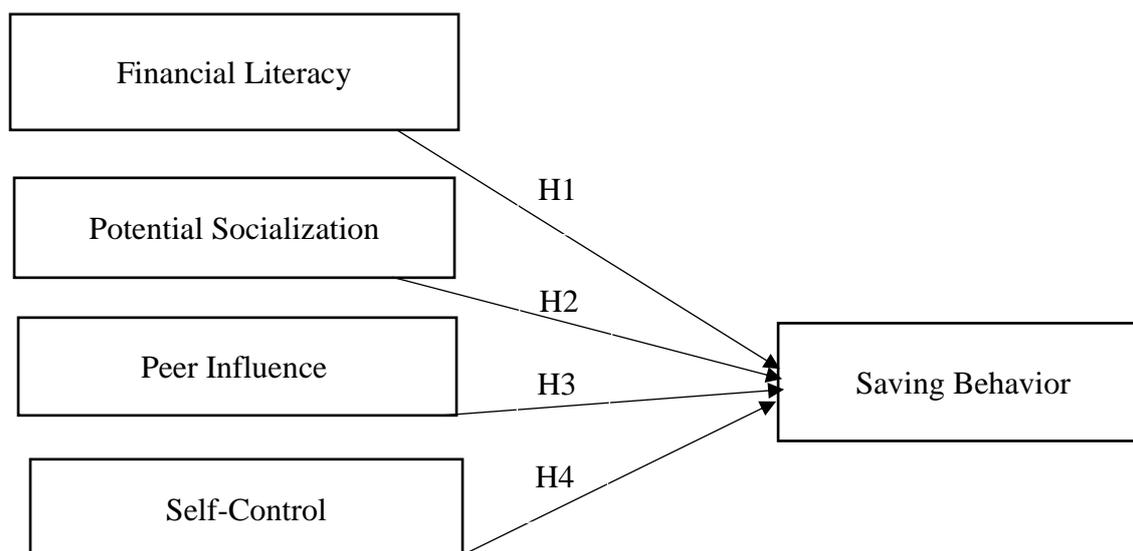
Jamal (2015) analyzes the effect of parental and financial literacy on the saving behaviours of the employees in his study titled "The Effects of Social Influence and Financial Literacy on Savings Behavior: A Study on Students of Higher Learning

Institutions in Kota Kinabalu, Sabah”. The study intended to investigate the determinants of savings behavior; and to examine the mediating effect of attitude towards the relationship between financial literacy and savings behavior. Data was collected using structured questionnaire from 1124 respondents and analyzed using SMART-PLS, a second generation structural equation modelling software. The results indicate that family involvement plays a major role in nurturing students’ savings behavior, followed by financial literacy and peer influence.

Rehman (2011) did the research named “Saving Behavior among Different Income Groups in Pakistan: A Micro Study”. The study explores the socioeconomic and demographic factors influencing household savings of various income groups. For the purpose, authors have selected Multan district as study area. stratified random sampling technique and selected 88, 97 and 107 households from lower, middle and higher income group following per capita income method. It is concluded that education, children’s educational expenditure, family size, liabilities and value of house are reducing factors while total dependency rate and income are inducing factors for household savings of lower income groups. On the other hand, it is inversely affected by children’s educational expenditures, liabilities, marital status, size of land holdings, and value of house. Higher income house hold sare likely to save more due to age, spouse participation, total income and size of land holdings and likely to save less due to age square, children’s educational expenditures, liabilities to be paid by household head and marital status.

Thung(2012) did the research named “Determinants of Saving Behaviour Among the University Students in MALAYSIA”. Primary data are collected using self-administered questionnaire. The samples comprised 420 students from four public universities (UM, UUM, USM, UPM) and two private universities (UTAR, MMU) in Malaysia. His research is aims to investigate whether Financial Literacy (FL), Parental Socialization (PS), Peer Influence (PI) and Self-Control (SC) have significant influence on the saving behavior (SB) of university students in Malaysia by applying the Theory of Planned Behavior (TPB). Conceptual framework of his study is presented in Figure (2.1).

Figure (2.1) Thung (2012)'s Frame Work



Source: Thung (2012)

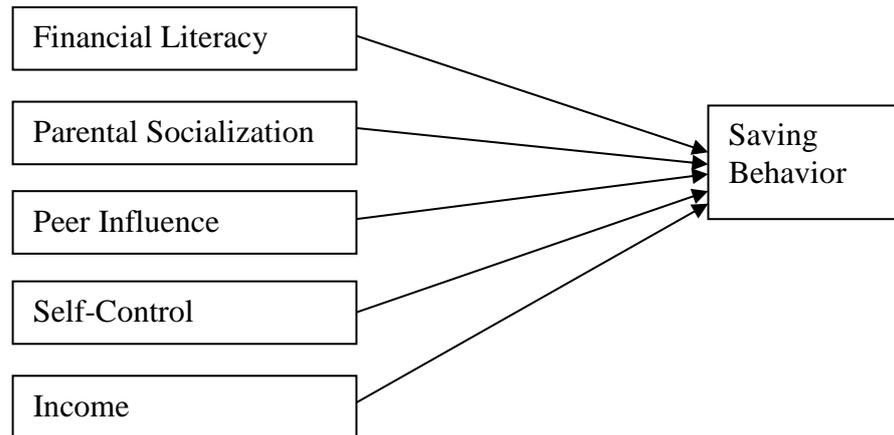
Thung (2012) analyzed the survey data based on the above conceptual framework by SPSS regression. The findings show that all the FL, PS, PI and SC have positive relationship with SB while PS has the greatest impact on SB among the four independent variables.

2.4 Conceptual Framework for the Study

Based on the above literature reviews and previous findings, the following conceptual model is developed for this study in order to examine the influencing factors towards the saving behavior of Employees in Royal Modern Furniture Company Limited. Figure (2.2) presents the conceptual framework of the study.

The above four previous studies are based to develop the above conceptual framework. Dangol (2018) proved that parental and peer influence while parent's encouragement to save highly affects the saving behavior. Jamel (2015) indicated that family involvement plays a major role in nurturing students' savings behavior, followed by financial literacy and peer influence. Rehman (2011) indicated higher income household tend to save more. Finally, Thung (2012) proved that that all the Financial Literacy, Parental Socialization, Peer Influence and Self-Control have positive relationship with Saving Behavior while Parental Socialization has the greatest impact on SB among the four independent variables.

Figure (2.2) Conceptual Framework of the Study



Source: (Adopted from Thung (2012))

According to the Figure (2.1), dependent variables include financial literacy, personal socialization, peer influences, self-control, income which influence saving behavior of Employees in Royal Modern Furniture Company Limited. In this study, regression is used in order to analyze the relationship between independent variables and dependent variables.

CHAPTER 3

BACKGROUND STUDY ON ROYAL MODERN FURNITURE EMPLOYEES

This chapter presents the saving habit of Myanmar, saving behaviour and Saving Trends in Myanmar, and Background Information of Royal Modern Furniture.

3.1 Saving Habit of Myanmar

Savings habits are also dependent on the different employment types. The Making Access Possible diagnostic identified five categories of Myanmar adults who show different approaches to savings: 1) Farmers, 2) Adults employed by or who own a formal enterprise (enterprises that are considered regulated/licensed to operate), 3) Adults employed by or who own an informal enterprise (enterprises that are considered unregulated/un-licensed to operate), 5) Formal consumers (employees who are employed in the formal private sector or in the public sector) and 6) Informal consumers (adults who receive wages from the informal market, such as casual workers, farm workers and those who rely on remittances).¹⁰ The table provides more detail on the savings habits of these six categories.

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, 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.

3.2 Saving Behavior and Saving Trends in Myanmar

Myanmar population is thinly served by financial services, with an estimated 30 percent of adults using products offered by regulated FSPs. Only 6 percent of adults use more than one regulated financial product type (credit, savings, insurance and/or payments), and only 5 percent of adults have a bank account in their name.⁵ Amongst

formal products, credit has the deepest reach (19 percent formal access), while payments stand at just under 10 percent, savings at 6 percent and insurance at 3 percent. ‘Of the total adult population in Myanmar, 62 percent do not report any savings, and amongst those who save, informal saving dominates the savings landscape.’⁶ Figure I provides more detail on the savings landscape in the country.

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 neighbouring 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 jewellery, 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.

3.3 Profile of Royal Modern Furniture

From its establishment in 1997, Myanmar Furniture Co., Ltd. has progressively grown to become one of the leading Furniture Distributors in Myanmar. Company's Mission is building high quality, innovative products at competitive prices in order to satisfy nation-wide customer's requirement.

The Company has started off by importing raw materials from Malaysia to assemble finished goods in Myanmar in 2002. While distributing Chipboard furniture nation-wide, it expanded its creation on Decorated Medium Density Fibre board (MDF) to smarten up the existing furniture by utilizing state-of-the-art technology. Sofa Factory was launched in 2004 with the purpose of promoting the Company's Mission to fulfill the customer's requirements. The Company has, up to now, four Grand Showrooms displaying wide-range of international quality furniture: Chipboard Furniture, Decorated Furniture, Stainless Steel Furniture, Bed Room Set, Sofas, Kitchen & Interior Decoration at Yuzana Plaza, Taw Win Centre (Yangon) & Diamond Plaza, Mingalar Mandalay (Mandalay).

The Services include Door to Door delivery and Free - of - Charge assemble service to Homes, Offices, Cafes & Restaurants, Food Courts, Hotels, Service Apartment, Hospitals & Educational Institutions. Our Sales & Marketing team is happy to consult with any potential buyers about Furniture & Interior Design compromising with the measurement of your place.

The core-value is based on design simplicity, classy presentation in unassuming colors. Our collections appeal to discerning customers who seek and inspirational lifestyles in their homes & impressive interior for business offices. All these are efficiently & effectively ensured to achieve & maintain the most important returns to us "Customer Satisfaction." We are proud to welcome you to visit our humble collections.

CHAPTER 4

ANALYSIS ON SAVING BEHAVIOR OF EMPLOYEES IN ROYAL MODERN FURNITURE COMPANY LIMITED

This chapter is composed of three sections. First section presents the demographics data of the respondents. Second part includes the influencing factor towards saving behaviours. The final part presents the relationship between influencing factors and saving behaviours of the royal modern furniture employees by regression result.

4.1 Demographics Data of the Respondents

Demographics data of the respondents include gender, age, education, monthly salary, and position. These data are collected by using structure questionnaire collected from 157 respondents.

4.1.1 Number of Respondents by Gender

Gender of the respondents is identified in this section. Table (4.1) presents the frequency and percentage of the genders.

Table (4.1) Number of Respondents by Gender

| Gender | Number | Percentage |
|---------------|---------------|-------------------|
| Male | 88 | 56.1 |
| Female | 69 | 43.9 |
| Total | 157 | 100.0 |

Source: Survey Data (2019)

Table (4.1) represents the findings of respondent gender demographics. As shown in table, 56.1% of male respondents have a higher portion on our survey in compared to 43.9% in female respondents. This data means that there are more males than female employees at the royal modern furniture.

4.1.2 Number of Respondents by Age

All the respondents of age level classification are shown in Table (4.2). These respondents are divided into five groups: 25 years and below 25 years, 26 years to 35 years, 36 years to 45 years, 46 years to 55 years and 55 years above.

Table (4.2) Number of Respondents by Age

| Age (in year) | Number | Percentage |
|----------------------|---------------|-------------------|
| 25 and below | 85 | 54.1 |

| | | |
|--------------|------------|--------------|
| 26 - 35 | 42 | 26.8 |
| 36 – 45 | 24 | 15.3 |
| 46 – 55 | 5 | 3.2 |
| Above 55 | 1 | .6 |
| Total | 157 | 100.0 |

Source: Survey Data (2019)

Table (4.2) represents the findings of respondent age demographics. As shown in table, 54.1% is the highest which is between 25 years and below 25 years and the second highest is 26.8% which is between 26 years and 35 years. The third highest is 15.3% which is between 36 years and 45 years. The fourth highest is 3.2% which is between 46 years and 55 years. And the rest respondents are above 55 years and they are the least percentage, which is 6%.

4.1.3 Educational Level of Respondents

Education levels of the respondents could affect on their saving behaviour. Table (4.3) presents the education levels of the respondents by frequency and percentage.

Table (4.3) Educational Level of Respondents

| Educational Level | Number | Percentage |
|--------------------------|---------------|-------------------|
| High School | 119 | 75.8 |
| Certificate/ Diploma | 10 | 6.4 |
| Bachelor Degree | 22 | 14.0 |
| Master | 6 | 3.8 |
| Total | 157 | 100 |

Source: Survey Data (2019)

Table (4.3) indicates the educational level of the respondents. The highest percentage shown in figure is high school level, which is 75.8%. The second highest percentage is Bachelor Degree holders, which is 14%. Moreover, the third highest percentage is a Certificate/Diploma holder, which is 6.4%, and the Master Degree Holders are the least percentage, which is 3.8%.

4.1.4 Number of Respondents by Monthly Salary

Monthly salary levels of the respondents could affect on the saving behavior of the employees. Table (4.4) presents the monthly salary levels of the respondents.

Table (4.4) Number of Respondents by Monthly Salary

| Salary (MMK) | Number | Percentage |
|---------------------|---------------|-------------------|
| 150,001 ~ 300,000 | 125 | 79.6 |
| 300,001 ~ 500,000 | 20 | 12.7 |
| 500,001 ~ 1,000,000 | 9 | 5.7 |
| Above1,000,001 | 3 | 1.9 |
| Total | 157 | 100 |

Source: Survey Data (2019)

According to Table (4.4), the figure represents about the monthly salary of the respondents. The highest percentage shown in figure is between 150,001 to 300,000 MMK which is 79.6%. The second highest percentage is between 300,001 and 500,000 MMK which is 12.7%. Moreover, the third highest percentage is between 500,001 ~ 1,000,000 MMK which is 5.7% and the Above1,000,001 are the least percentage which is 1.9%.

4.1.5 Position of the Respondents

Position of the respondents could affect on the saving behavior of the employees. Table (4.5) presents the positions of the 157 respondents.

Table (4.5) Position of the Respondents

| Position (Level) | Number | Percentage |
|-------------------------|---------------|-------------------|
| Manager | 12 | 7.6 |
| Supervisor | 29 | 18.5 |
| Operator/Inspector | 44 | 28.0 |
| Other | 72 | 45.9 |
| Total | 157 | 100 |

Source: Survey Data (2019)

Table (4.5) indicates the position of the respondents. The highest percentage shown in figure is other level which is 45.9% workers at the furniture. The second highest percentage is operator/inspector which is 28%. Moreover, the third highest percentage is supervisor level which is 18.5% and the Manager level is the least percentage which is 7.5%.

4.2 Influencing Factors

Many factors could influence on the saving behavior of the royal modern furniture employees such as financial literacy, Parental Socialization, Peer Influence, Self-Control and income levels.

4.2.1 Financial Literacy

The ability to consider the financial benefits and choosing the right financial institutions are essential for every person. Table (4.6) presents the financial literacy levels among royal modern furniture.

Table (4.6) Financial Literacy of the Respondents

| No | Statement | Mean | Std. Dev |
|-----------------------------|---|-------------|----------|
| 1 | I have better understanding of how to invest my money. | 3.85 | 0.33 |
| 2 | I have better understanding of how to manage my credit use. | 3.17 | 0.39 |
| 3 | I have a very clear idea of my financial needs during retirement. | 3.96 | 0.43 |
| 4 | I have the ability to maintain financial records for my income and expenditure. | 3.69 | 0.35 |
| 5 | I have the ability to prepare my own weekly (monthly) budget. | 3.01 | 0.43 |
| Total Average Scores | | 3.54 | |

Source: Survey Data (2019)

Table (4.6) indicates Financial Literacy of the respondents. The highest percentage shown in figure is 3.96 which represent many respondents have clear ideas of future financial needs after they retirement. In addition, many people are confident that they can manage their incomes and expenses very well because they have been in touch with financial knowledge. In addition, many respondents believe that they know how to invest their money as they get the knowledge from their parents and friends who are doing an investment and financial management. Similarly, the respondents know how to maintain credit use as they have self-management of their income and expenses.

Additionally, they are managing weekly expense that it might become habitual since they were trained by their parents. According to the overall average score, many respondents have moderate level of Financial Literacy.

4.2.2 Parental Socialization

Children usually see their parents as the role model. Thus, saving behavior of the parents could affect on the saving behavior of the children when they become adults. Table (4.7) presents the parental socialization levels among the respondents.

Table (4.7) Parental Socialization of the Respondents

| No | Statement | Mean | Std. Dev |
|-----------------------------|--|-------------|----------|
| 1 | My parents are good example for me when it comes to money management. | 3.04 | 0.37 |
| 2 | I always talk about money management with my parents. | 2.85 | 0.36 |
| 3 | It's good when my parents control my spending. | 2.68 | 0.30 |
| 4 | It's a good thing to ask my parents to keep hold of my money sometimes to help me save. | 2.85 | 0.37 |
| 5 | Saving is something I do regularly because my parents wanted me to save when I was little. | 3.10 | 0.46 |
| Total Average Scores | | 2.90 | |

Source: Survey Data (2019)

According to the Table (4.7), it is mentioned about Parental Socialization. In this finding, the highest mean is 3.10 which indicates that many people do saving habitually because parents practice them to save money since they were young. Moreover, many respondents see their parents' a good practice of financial management so that they are very familiar with a practice of their parents. Few people discuss with their parents about money management. Similarly, very few respondents ask their parents help to keep their money as they prefer for saving on behalf that they trust their parents. Likewise, the respondents would rather ask their parents to control of their spending. According to overall average score, the respondents did not encounter parental socialization as they prefer to manage their financial matters as they are grown up and they also have ability to do so.

4.2.3 Peer Influence

People usually take the suggestions and recommendations from their friends or peers. People used to do according to their close friends since they go out and spend together. Table (4.8).

Table (4.8) Peer Influence on the Respondents

| No | Statement | Mean | Std. Dev |
|-----------------------------|---|-------------|----------|
| 1 | As far as I know, some of my friends regularly do save with a saving account. | 2.95 | 0.41 |
| 2 | I always discuss about money management issue (saving) with my friends. | 2.45 | 0.35 |
| 3 | I always compare the amount of saving and spending with my friends. | 2.40 | 0.34 |
| 4 | I always spend my leisure time with friends. | 2.45 | 1.29 |
| 5 | I always involve in money spending activities with friends. | 2.71 | 0.30 |
| Total Average Scores | | 2.59 | |

Source: Survey Data (2019)

According to Table (4.8), the findings show that the highest mean is 2.95 which mean that the only few respondents practiced regular money saving. In addition, many respondents are not used to spending money with friends such as shopping, taking a trip, doing sports. Conversely, the people rarely talk to friends for money saving. Moreover, the respondents rarely have a glance of friends' saving and spending for a comparison. According to overall average mean scores, the respondents are less influenced by peer influence.

4.2.4 Self-Control

Self-control is the ability of people not to spend money whenever they are interested the new products or services. Table (4.9) presents the self-control levels of the respondents.

Table (4.9) Self-Control of the Respondents

| No | Statement | Mean | Std. Dev |
|-----------------------------|---|-------------|-----------------|
| 1 | When I get money, I always save it immediately at the bank. (within 1 or 2 days). | 2.50 | 0.37 |
| 2 | I always control myself from spending money. | 3.08 | 0.23 |
| 3 | I control myself not to buy new products in the market. | 3.19 | 0.35 |
| 4 | Before buying the product, I used to consider whether this product is essential for me. | 3.34 | 0.32 |
| 5 | I do not put much money in the wallet. | 3.24 | 0.41 |
| Total Average Scores | | 3.07 | |

Source: Survey Data (2019)

Table (4.9) represents self-control. The highest mean is 3.34 which indicates that the respondents think twice before buying something. Moreover, the respondents do not take money in the wallet so that they cannot spend money easily and it will be limited of spending. Additionally, many respondents control themselves not to buy new products are launched in the market if it is unnecessary. Another thing is that the respondents always control not to spend money much that they get a saving culture from their parents and they learned well about saving money. Very few people run for saving money to the bank whenever they get money and that might be a habit that their parents or friends educate them. According to the overall mean score, royal modern furniture employees have moderate levels of self-control.

4.2.4 Income Levels

Income levels of the respondents could affect on the saving behavior among royal modern furniture employees. Table (4.10) presents the influence of income levels on saving behaviour.

Table (4.10) Influence of Income Levels on Saving Behaviour

| No | Statement | Mean | Std. Dev |
|----------------------|---|------|----------|
| 1 | Monthly income is very important for saving behavior. | 3.20 | 0.57 |
| 2 | My saving level depends on the income. | 3.37 | 0.46 |
| 3 | Income taxation affect on saving behavior | 2.66 | 0.37 |
| 4 | My income enables me to achieve my financial management plan. | 3.19 | 0.46 |
| 5 | Income determines my purchasing and saving powers. | 3.24 | 0.55 |
| Total Average Scores | | 3.13 | |

Source: Survey Data (2019)

In the finding of Income figure, the highest mean is 3.37 which indicates that the respondents can save money according to their income as they have to cut for tax, food, utilities, etc. Moreover, the spending and saving of respondents are concerned with their income. Many respondents think that their saving is depending on how much they earn. Many people can pursue for financial plan goal which mean they earn money adequately. Few people think that tax is much and tax cut affect on their saving that they cannot save money much. According to overall average mean, the respondents are influenced by income on their saving culture.

4.3 Saving Behavior

This section explores the saving behavior practices of the respondents. Table (4.11) presents the saving practices of royal modern furniture.

Table (4.11) Saving Behavior

| No | Statement | Mean | Std. Dev |
|-----------------------------|---|-------------|----------|
| 1 | In order to save, I often consider whether the real necessity before I make a purchase. | 3.31 | 0.37 |
| 2 | In order to save, I always follow a careful monthly budget. | 3.01 | 0.23 |
| 3 | I always have money available in the event of emergency. | 3.07 | 0.33 |
| 4 | In order to save, I plan to reduce my expenditure. | 3.11 | 0.15 |
| 5 | I save to achieve certain goals. | 3.00 | 0.21 |
| 6 | I put money aside on regular basis for the future use. | 2.96 | 0.21 |
| 7 | In order to save, I often compare the prices before I purchase the products. | 3.26 | 0.23 |
| 8 | In order to save, I always follow a careful monthly budget. | 3.14 | 0.28 |
| 9 | I always have money for emergency case. | 3.05 | 0.31 |
| 10 | I save to archive certain goals. | 2.94 | 0.34 |
| Total Average Scores | | 3.09 | |

Source: Survey Data (2019)

As above data shown in Table (4.11), many respondents are very familiar with saving practice so that they always think if the product should be purchased or not. To get more saving, many respondents are narrow down on their spending and they spend only on necessary thing. Many people plan money for unexpected or urgent issue as they are aware of how to manage their financial matters. Besides, many respondents really take care of their monthly earnings so that they can manage money for saving and spending . On the other hand, it is found that some respondents sometimes do not set aside money for their future use. According to overall average mean score, many royal modern furniture has the moderate levels of saving for their future.

4.4 Assessment of the Reliability of the Scale

Likert scales has widely used in this study. Therefore, before they are used, it should be checked their reliability of each dimension. Reliability refers to the extent to which data collection techniques and analysis procedures will yield similar findings to

those of prior researchers. Measurements of reliability provide consistency in the measurement of variables. Internal consistency reliability provide consistency in the measurement of variables. Internal reliability is most commonly used psychometric measure assessing survey instruments and skills (Zhang, Waszink&Wijngaard, 2000). Cronbach alpha is the basis formula for determining reliability based on internal consistency (Kim & Cha, 2002).

In this study, Cronbach’s alpha value is used as a measure of the internal consistency of the scales used in the questionnaire. If alpha is low, then at least one of items are unreliable and must be identified via item analysis procedure. However, as per DeVellis (2003), the Cronbach’s alpha value should ideally be above 0.7. In this study, studies scales were tested for internal consistency reliability using Cronbach’s alpha test as depicted in following Table.

Table (4.12) Results of Cronbach’s Alpha Value

| Scale | No. of Items | Cronbach’s Alpha |
|-------------------------------|---------------------|-------------------------|
| Financial Literacy | 5 | .927 |
| Parental Socialization | 5 | .905 |
| Self-Control | 5 | .845 |
| Peer Influence | 5 | .863 |
| Income | 5 | .947 |
| Saving Behavior | 10 | .956 |

Source: Survey Data (2019)

The results of the Cronbach’s alpha value for all scale are range between 0.845 to .956, suggesting very good internal consistency and reliability for the scale with this sample since all scale are greater 0.7.

4.5 Analysis on the Influencing Factor of Saving Behavior

It is important to consider which factors of saving behavior out of the five factors can significantly explain respondents saving behavior. For this purpose, the multiple regression analysis is conducted, and the results are reported in Table (4.13).

Table (4.13) Regression Analysis of Influencing Factor of Saving Behavior

| Variable | Unstandardized Coefficients | | β | t | Sig |
|------------------------|-----------------------------|-----------|---------|-------|------|
| | B | Std Error | | | |
| (Constant) | .272 | .158 | | 1.721 | .087 |
| Financial Literacy | .412*** | .063 | .472 | 6.493 | .000 |
| Parental Socialization | .048 | .067 | .053 | .718 | .474 |
| Peer Influence | .054 | .053 | .054 | 1.011 | .314 |
| Self-Control | .403*** | .064 | .393 | 6.338 | .000 |
| Income | .029 | .058 | .036 | .501 | .617 |
| R Square | .721 | | | | |
| Adjusted R Square | .712 | | | | |
| F Value | 78.049*** | | | | |

Source: Survey Data (2019)

According to Table (4.13), the value of R^2 is almost 72 percent thus this specified model could explain about the variation of influencing factors on saving behavior. The overall significance of the model, F value, is highly significant at 1 percent level. This model can be said valid. The model can explain almost 71 percent about the variance of the independent variable and dependent variable because Adjusted R square is 0.712.

Among five independent variables, financial literacy has the expected positive sign and is strongly significant at 1 percent level. According to the regression result, positive relationship means that the increase in financial literacy leads to more saving behavior. If there is an increase in financial literacy of the customers by 1 unit, this will also raise saving behavior by .412 unit.

Self-control has the expected positive sign and is strongly significant at 1 percent level. According to the regression result, positive relationship means that the increase in self-control leads to more saving behavior. If there is an increase in self-control by 1 unit, this will also raise saving behavior by .403 unit.

The standardized coefficient (Beta) of risk has the largest value (.472) among four explanatory variables indicating that financial literacy has the greatest contribution to increase the saving behaviour when the variance explained by other variables is controlled for. The overall evaluation reveals that models explain the variation in saving

behaviour because the estimation produced expected signs and significant coefficients for most variables. The increases in financial literacy and self-control have the positive effects on saving behaviour.

CHAPTER 5

CONCLUSION

This chapter includes three parts. Firstly, it represents the findings and discussions. Secondly it presents suggestions and recommendations. Finally, it describes the need for further research.

5.1 Findings and Discussion

This study is intended to identify the employee saving behavior of Royal Modern Furniture and examine the influencing factors of employees saving behavior in Royal Modern Furniture. In this study 157 royal modern furniture employees are selected as the sample population out of 548 employees who regularly save the money.

Regarding demographics data, most of the respondents are males but males and females ratio are not quite different. Most of the respondents are less than 25 years old and the second largest group contains people between 26 and 35 years old. It is found that most of the employees finish high schools while the remaining get degree, master and ph.d. They earn between 150,0001 and 300,000 Kyats since most of the employees are office staffs and workers at the furniture factory.

Regarding financial literacy, many respondents state that they have clear ideas of future financial needs after they retirement since they are low level workers and they are aware of their future. Thus, they understand how to save money, and control their credit use. They usually balance the income and expense in order to save the money. Worrying about their retirement plan is the major thing in this factor and they have the moderate level of financial literacy.

Regarding parental socialization, most respondents state they take their parents as examples while saving. But many respondents do not have many conversations with their parents with financial managements since most of the respondents came from state and they are away from their parents. Thus, they could not hand in their money to their parents who are away. On the other hand, most of the respondents save money since their parents want them to save. Generally, most of the respondents do not have been influenced by the parental socialization

Regarding peer influence, most of the respondents state that their peers do not have saving practice regularly and they are not used to discuss about saving issues. It is found that most of the people do not compare with the saving practice of other people. In additions, people are not used to spending together. Thus, peer influence is less in the saving behavior of royal modern furniture employees.

Regarding self-control, most respondents state that they consider carefully whether the item is essential for them before they buy the products. They have the habits not putting much money in the wallets to prevent much spending. They used to control spending whenever new product is launched. Thus, most of the respondents have the self-control ability with spending.

Regarding income levels, most respondents believe that income levels determines their saving and purchasing levels. They agree that income levels affect on saving behavior and saving amount. If they earn more money, they could save more. In additions, they state that their income levels determines their financial management objectives to achieve or not. Thus, most respondents agree that income levels affect on saving behaviour.

According to the regression result, among five independent variables, only two variables, financial literacy and self-control have the strong positive relationship on the saving behavior of the employees. Among these two, financial literacy has the greater impact on saving behavior of the employees. Other variables do not have the strong relationship on the saving behaviour.

5.2 Suggestions and Recommendations

In order to improve the saving levels, royal modern furniture should focus on the majority demographics of its employees. By focusing those employees in order to have more saving behavior, employees will have more saving money for their future financial goals and for emergency cases.

Regarding financial literacy, royal modern furniture should do some seminars by inviting outside financial experts or bank staffs in order to share knowledge. In additions, some senior should educate their subordinates in order to improve the saving habits among employees. Seminars or workshops should explore the future financial goals of the employees so that they will have big dream for their future.

Regarding parental socializing, royal furniture should educate the employees who have the family and children in order to behave like the role model for their children. Some parents do not recognize that they will be the role model for their children. Thus, by lightening to this point, parents will care about their saving and control spending behaviours. This will affect the saving behavior of their children when they become adults.

Regarding peers, royal furniture should make the activities that make familiar among the employees. But the company should aware to educate all the employees not to spend too much. If the peers do good things, then the partners will do accordingly.

Regarding self-control, royal furniture should educate whether the products are essential for them. In additions, the company should demonstrate about the benefits of buying the products and drawbacks of buying the products by calculating the interest amount they will get when they safe the money at the bank. Besides, the company should arrange bank account for all staffs so that the employees will have to withdraw to spend the money. This will hinder them to spend every cent they have got.

Regarding income levels, royal furniture should focus the market pay and prices of goods. By calculating the pay based on those factors, employees will have the chance to save more. In additions, the company should educate the people to do some income and expense note for themselves. Then, the employees could have control their spending since sometimes people do not notice how much they have spent.

According to the regression result, royal company should pay more attention to financial literacy and self-control of the employees in order to improve the saving behaviours. Especially, royal modern furniture company should pay the highest attention to improve the financial literacy rate among the employees.

5.3 Needs for Further Research

This study focuses only on the saving behaviours of the royal modern furniture company employees by focusing the only five influencing factors. There could be some additional factors that could affect on saving behavior of the staffs. In additions, it does not cover other furniture companies in Myanmar. Therefore, further researches should study additional factors that could affect on saving behaviours by analyzing the other furniture firms in Myanmar in order to shape the picture of saving behaviours of the whole furniture industry in Myanmar.

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Questionnaire for Customers

Dear Participants,

I would like to take this opportunity to thank you for participating in my research project. My area of research title is “**Saving Behavior of Employees in Royal Modern Furniture Company Limited**”.

Your participation is on a voluntary basis and you may withdraw at any time without consequence. No risks are associated with this project. All comments, concerns and survey responses remain strictly and no names will be linked with the final data.

This research project will assist me in completing my MBF.

Sincerely,

Ei Ei Myat

SECTION A : Demographic Profile.

Please place a tick “√” or fill in the blank for each of the following;

1. Gender.
 - Male.
 - Female
2. Age:
 - 25 years old and below.
 - 26 ~ 35 years old.
 - 36 ~ 45 years old.
 - 46 ~ 55 years old.
 - Above 55 years old.
3. Education level:
 - High school.
 - Certificate / Diploma
 - Bachelor Degree
 - Master.
 - Others, please specify:
4. Monthly salary.
 - 150,001 ~ 300,000 MMK
 - 300,001 ~ 500,000 MMK
 - 500,001 ~ 1,000,000 MMK.
 - Above1,000,001 MMK.

5. Position

- Manager.
- Supervisor
- Operator / Inspector
- Others, please specify:

SECTION B

Instruction for completing the questionnaire.

Please assign a level of agreement (or disagreement) for each one of the following situations described below, with reference to TEFEL Packaging Industries Co., Ltd. Please “√” your answer to each statement using 5 Likert scale [(1) = strongly disagree; (2) = disagree; (3) = neutral; (4) = agree and (5) = strongly agree]

Financial Literacy

| No. | Questions | 1 | 2 | 3 | 4 | 5 |
|-----|---|---|---|---|---|---|
| 1 | I have better understanding of how to invest my money. | | | | | |
| 2 | I have better understanding of how to manage my credit use. | | | | | |
| 3 | I have a very clear idea of my financial needs during retirement. | | | | | |
| 4 | I have the ability to maintain financial records for my income and expenditure. | | | | | |
| 5 | I have the ability to prepare my own weekly (monthly) budget. | | | | | |

Parental Socialization

| No. | Questions | 1 | 2 | 3 | 4 | 5 |
|-----|--|---|---|---|---|---|
| 1 | My parents are good example for me when it comes to money management. | | | | | |
| 2 | I always talk about money management with my parents. | | | | | |
| 3 | It’s good when my parents control my spending. | | | | | |
| 4 | It’s a good thing to ask my parents to keep hold of my money sometimes to help me save. | | | | | |
| 5 | Saving is something I do regularly because my parents wanted me to save when I was little. | | | | | |

Peer Influence

| No. | Questions | 1 | 2 | 3 | 4 | 5 |
|-----|---|---|---|---|---|---|
| 1 | As far as I know, some of my friends regularly do save with a saving account. | | | | | |
| 2 | I always discuss about money management issue (saving) with my friends. | | | | | |
| 3 | I always compare the amount of saving and spending with my friends. | | | | | |
| 4 | I always spend my leisure time with friends. | | | | | |
| 5 | I always involve in money spending activities with friends. | | | | | |

Self Control

| No. | Questions | 1 | 2 | 3 | 4 | 5 |
|-----|---|---|---|---|---|---|
| 1 | When I get money, I always save it immediately at the bank. (within 1 or 2 days). | | | | | |
| 2 | I always control myself from spending money. | | | | | |
| 3 | I control myself not to buy new products in the market. | | | | | |
| 4 | Before buying the product, I used to consider whether this product is essential for me. | | | | | |
| 5 | I do not put much money in the wallet. | | | | | |

Income

| No. | Questions | 1 | 2 | 3 | 4 | 5 |
|-----|---|---|---|---|---|---|
| 1 | Monthly income is very important for saving behavior. | | | | | |
| 2 | My saving level depends on the income. | | | | | |
| 3 | Income taxation affect on saving behavior | | | | | |
| 4 | My income enables me to achieve my financial management plan. | | | | | |
| 5 | Income determines my purchasing and saving powers. | | | | | |

Saving Behavior

| No. | Questions | 1 | 2 | 3 | 4 | 5 |
|-----|---|---|---|---|---|---|
| 1 | In order to save, I often consider whether the real necessity before I make a purchase. | | | | | |
| 2 | In order to save, I always follow a careful monthly budget. | | | | | |
| 3 | I always have money available in the event of emergency. | | | | | |
| 4 | In order to save, I plan to reduce my expenditure. | | | | | |
| 5 | I save to achieve certain goals. | | | | | |
| 6 | I put money aside on regular basis for the future use. | | | | | |
| 7 | In order to save, I often compare the prices before I purchase the products. | | | | | |
| 8 | In order to save, I always follow a careful monthly budget. | | | | | |
| 9 | I always have money for emergency case. | | | | | |
| 10 | I save to archive certain goals. | | | | | |