Influencing Factors on Saving Behavior among Staff of Universities in Sagaing

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Abstract

The research is conducted to analyze the saving behavior of university staff in Sagaing with factors of financial literacy, parental socialization, peer influence and self-control. The primary data is collected from staff of 2 universities in Sagaing through questionnaires by using two-stage sampling method. After analyzing the collected data, the results show that there is significant relationship between financial literacy, peer influence, self-control and saving behavior. This research can support the local commercial banks to get loyal clients especially university staff by developing relevant strategies. Government can benefit from the research to appear the awareness about the effective savings among university staff by raising their financial literacy.

Key words: Influencing Factors, Saving Behavior, Staff of Universities

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Introduction

Today, a nation's success depends on the people's improvement living in it who have skills, knowledge and competencies. Country which mostly invests in education must obtain efficient long-term benefits of economic, social and political aspects. Education can provide the opportunity to individuals for improving their lives and being responsible people for their country's socio-economic development. The development of the country can be leaded by only the best education system. To improve the education system and sector, the life quality of staff in universities need to be higher. In fact, the quality of life is strongly connected with the standard of living. Personal finance management about income, consumption, saving and investment has a high effect on standard living of staff.

Therefore, saving and economic condition of staff in the education sector need to be powerful. In economic development, saving is the main actor at both of individual and the whole country levels. Saving is keeping money aside to be used in the future. On the other hand, saving is the piece of disposal earnings which are left after consumption. Maps world of finance proposed the saving behavior as the process of understanding and implementing for public about saving who are living in the country by observing the economic status of that country. As everyone accept that the disposable income level of people will be more increasing as long as they will more save which is indirectly connected with the standard of living for people. Individual saving rate also reflects the nation's saving rate. As long as the saving of individual is higher, economic growth and development of country is greater.

Therefore, it intends to solute the research question for influencing factors on the saving behavior among staff of universities in Sagaing.

Thus, the objective of the research is to analyze the saving behavior of university staff in Sagaing with factors of financial literacy, parental socialization, peer influence and self-control.

Literature Review

Theory of planned behavior developed by Ajzen in 1991 is applied in the research. Theory has determined why people carry out actions. Planned behavior theory develops three independent variables of behavior intention. The first is the attitude toward the behavior and refers to the degree to thinking or feeling about something. Attitude towards behavior is used to explain how financial literacy predicts the saving behavior of university staff. The second determinant is a subjective norm which is the perceived social pressure to engage or not to engage in a behavior. Subjective norm is used to examine influence of parents and peer on the saving behavior of university staff. The third indicator is the perceived behavioral control which refers to perceived difficulty or ease of performing a particular behavior. To explain how self-control affecting the saving behavior of university staff, perceived behavioral control is used in the research. The stronger attitude, subjective norm and the perceived behavioral control, an individual's intention to perform the behavior is higher.

The word “saving” has numerous meanings and various definitions. People accept saving is to invest, put money in a bank account, speculate and pay off mortgages (Warneryd, 1999). From the view point of economic, the excess income after using current consumption for a specific time period is ‘saving’ (Browning & Lusardi, 1996; Warneryd, 1999). From psychological view, saving is the practice of not consumption in current time period which is to be used for future (Warneryd, 1999). Saving behavior is the practiced saving after thinking and deciding the needs which will be faced for coming future.

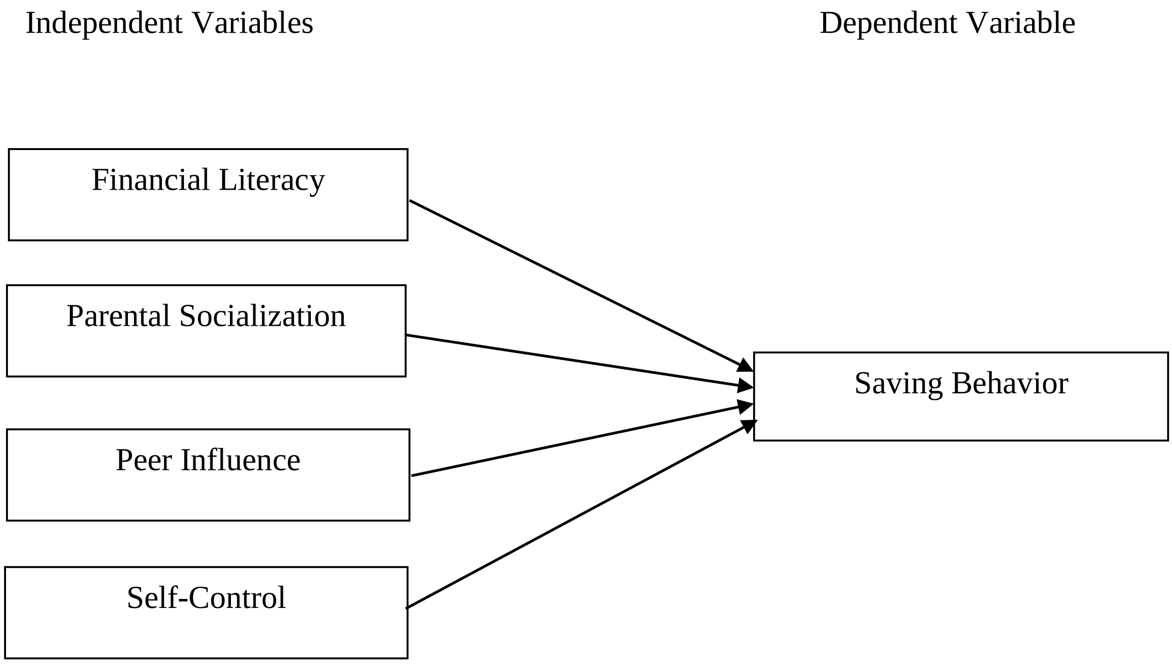
The process of people control their money by the ways of spending, saving, financing, investing insuring and budgeting is the financial literacy (Mahdzan & Tabiani, 2013). Suwanaphan (2013) stated financial literacy is the ability to utilize knowledge and skills for managing financial resources effectively to ensure financial well-being for life-time.

Barbara Amponsha (2015) conducted assessing the effect of financial literacy on saving behavior; a case study of small scale miners in Manso Atwere in Amanise West District to examine the relationship between financial literacy and saving behavior among 155 small scaled miners. The researcher found level of financial illiteracy is high among the respondents. Financial literacy has impact on individual saving behavior because of the educational level of majority which has elementary/basic school. The highest saving place among them is their homes due to savings challenges faced.

Dangol and Maharjan (2018) studied the influence of parents and peer on the youth’s saving behavior in Kathmandu Valley. The result showed that there are significant relationships among peer influence and saving behavior and parental financial teaching and saving behavior. Parent’s encouragement to save is strongly facilitating. Therefore parents' financial teaching establishes sound saving behavior.

Duflo and Saez (2001) stated that peers are influencing on savings decisions about retirement. 12,172 employees of United Stated was surveyed in the research to determine the correlation between information role as independent variable and social interaction as dependent variable in saving decision about retirement needs. The findings suggested that members in the same group accept in a common environment. The reason of being in the same group is members' preferences are similar. Individual behavior correlates with group behavior which is significantly affect their saving behavior.

Miller (2010) defined self-control as the ability to control individual's impulses based on the pre-frontal cortex of the brain. A study was done by Fen Liu et.al (2018) to ensure professional financial advice, self-control and saving behavior of German households. There is significant positive relationship between annual total savings, emergency funds, financial assets, total assets and self-control. The researchers developed professional financial advice can support households that has low self-control to improve their financial condition.



Source: Adapted by Lim Chee Seong, Sia Bik Kai and Gan Guan Joo (2011)

After accepting the framework of Lim et al. (2011), the above conceptual framework is identified based on theory of planned behavior and previous literature studied. It serves as the foundation of this research.

Methodology

Quantitative method is employed in the research because of numerical measurement for empirical evaluation and a deductive approach is used by utilizing current studies and theories as foundation. Primary data and secondary data are used. The primary data is collected via survey questionnaire technique to click answers using multiple choice, open ended and five-point Likert scale ranked as 1=strongly disagree, 2=disagree, 3=neutral, 4=agree and 5=strongly agree. There are totally 6 parts in the questionnaire. Part 1 is the demographic factors of respondents. Part 2 is the financial literacy of staff. Parental socialization and peer influence of subjective norms are in part 3 and 4. Part 5 includes the self-control proportion and final part is the saving behavior of staff. The questionnaires are distributed to 300 staff of Co-operative University and Education University in Sagaing from a total population of 5 universities by using two-stage sampling method and returned 287 questionnaires. The first is cluster sampling and second is simple random sampling method. The sample size of respondents is calculated by using Yamane formula at the second stage of sampling.

$$n= \frac{N}{1+Ne^2}$$

Where, n=the sample size

N= the population size

e= the acceptable sampling error

The data received is processed via SPSS. In order to achieve reliable and rational data outputs, reliability analysis is applied to certify the variables are exempt from prejudice and bias (Sekaran, 2003). All the resulted data of the collected questionnaires are presented as percentage. To examine the influencing factors on saving behavior, multiple regression analysis is conducted in the research.

Results

Respondents Demographic Factors

Gender, marital status, age and income of respondents are presented as demographic profile in the research. (87%) of the respondents are female when (13%) of respondents are male and (73%) of respondents are single whereas only (27%) of respondents are married. The respondents fall at (40%) into the age group of 26yrs to 30yrs and followed by the age group of 31yrs to 35yrs (20%), 21yrs to 25yrs (11%), 36yrs to 40yrs (10%), 51yrs to 55yrs (7%), 46yrs to 50yrs (6%), 41yrs to 45yrs (4%) and the smallest age group is (2%) in 56yrs and greater than. Respondents' percentage for salary shows that (44%) of respondents earn the salary group of 250,001ks to 300,000ks and followed by the salary group of 200,001ks to 250,000ks (35%), 200,000ks and less than (13%), 350,001ks to 400,000ks (6%) and the 300,001ks to 350,000ks group is the lowest at (2%).

Reliability Analysis

Reliability tested for the determined variables is shown in the following table.

Table: Reliability Analysis

Variables	Cronbach's Alpha Value	No. of Items	Indication
Financial Literacy	0.801	13	Very good reliability

Parental Socialization	0.812	6	Very good reliability
Peer Influence	0.756	6	Good reliability
Self-Control	0.608	10	Fair reliability
Saving Behavior	0.639	10	Fair reliability

Source: (Survey data)

According to the table, the variables are considered reliable as Cronbach's alpha value is greater than 0.6 of minimum value for all variables.

Descriptive Statistical Analysis

Mean is used to measure the central tendency while standard deviation is used to measure the variability of data.

Table: Descriptive Statistics

Variables	Mean	Std.deviation
Financial Literacy	3.7355	0.39451
Parental Socialization	3.7985	0.53049
Peer Influence	3.2178	0.66892
Self-Control	3.4296	0.36708
Saving Behavior	3.8505	0.32996

Source: (Survey data)

The above table shows the descriptive analysis of financial literacy, parental socialization, peer influence and self-control as independent variables and saving behavior as dependent variable. According to the result, saving behavior has a highest mean of 3.8505 which represents that respondents agree the overall facts of saving behavior. Secondly, parental socialization has a mean of 3.7985 which indicates that respondents agree that parental socialization. The third fact of respondents agreed over is financial literacy which places mean value at 3.7355. Unfortunately, respondents cannot decide the agreement or not for peer influence and self-control which are presented at mean of 3.2178 and 3.4296.

Multiple Regression Analysis

Multiple regression analysis can be conducted as all the constructs are measured by the Likert scale. The estimated multiple regression function is

$$y = f (x_1, x_2, x_3, x_4)$$

where, y = dependent variable

$f (x_1, x_2, x_3, x_4)$ = independent variables

Table: Coefficients of Multiple Regression Analysis

Model	Unstandardized Coefficient		Standard Coefficient	t	p value	VIF
	B	Std. Error	Beta			
(Constant)	2.374	0.227		10.463	0.000	
Financial Literacy	0.132	0.047	0.158	2.832	0.005	1.087
Parental Socialization	-0.034	0.036	-0.055	-0.964	0.336	1.137
Peer Influence	0.116	0.028	0.235	4.189	0.000	1.097
Self-Control	0.216	0.054	0.240	4.004	0.000	1.250
Adjusted R^2	0.179					
F	16.569***					

Source: (Survey data)

Dependent Variable: Saving Behavior

Predictor: (Constant), Financial Literacy, Parental Socialization, Peer Influence, Self-Control

Based on the results of the table, the following equation is formed:

$$SB = 2.374 + 0.132FL + (-0.034)\ PS + 0.116PI + 0.216SC$$

The equation shows that the coefficient for financial literacy, parental socialization, peer influence and self-control are 0.132, -0.034, 0.116 and 0.216. It could be explained that if financial literacy, peer influence and self-control increase by one unit, saving behavior will increase by 0.132, 0.116 and 0.216 units. Therefore, self-control (β=0.216) has the greatest impact on saving behavior. Financial literacy and peer influence have significant impact on saving behavior at second and third.

The regression output shows that self-control, financial literacy and peer influence are statistically significant at (5%) level because their p-value 0.00, 0.005 and 0.00 are lower than the significant level of 0.05. On the other hand, parental socialization is not statistically significant at (5%) level because its p-value 0.336 is greater than significant level of 0.05. Therefore, parental socialization is not considered which can effect on saving behavior.

The above table shows that the financial literacy, parental socialization, peer influence and self-control of independent variables can explain the saving behavior of dependent variable with (17.9%) of the variation as the adjusted R^2 is 0.179. F value 16.569 can prove to be significant at (1%) level. Similarly, p=0.000($p<0.001$) can prove to be significant at (1%) level. Therefore, the four independent variables are significant contributing to the saving behavior.

Findings and Conclusion

According to the results, there is significant relationship between financial literacy and saving behavior of the university staff in Sagaing ($p<0.05$). If university staff in Sagaing have higher financial literacy level, they will likely to save the money because they have the ability to aware the importance and knowledge of saving. Moreover, peer influence and self-control have a significant relationship with saving behavior of the university staff in Sagaing ($p<0.05$). Individuals' saving behavior is likely to be influenced by peer as peer is the prominent reference for all of man and everyone can be influenced by peer' behavior. Self-control of an individual also plays an important role in saving behavior of university staff. However, parental socialization has an insignificant relationship with saving behavior of university staff in Sagaing ($p>0.1$). As most of respondents are likely to have self-help, self-responsibility and self-decision making, they cannot prefer parents' interference. Thus, the findings can determine that the three independent variables: financial literacy, peer influence and self-control affect the saving behavior of university staff in Sagaing.

In terms of financial literacy, majority of respondents agree that the facts of feeling confidence in making financial or saving decisions and investment which has higher return can have greater risks. (34.1%) of respondents seek out the financial information or advice from friends. When giving 6 choices for the easiest way of liquidity for respondents which are car, current account, fixed account, land, gold and others, (50%) of savers responded gold is the easiest material of turning into cash, followed by current account (42%). It is produced that the gold percentage is the highest as gold saving is the habit of Myanmar people. Actually, staff should save money in banks rather than gold saving for reselling gold can cause many loses.

Although (78%) of respondents agree that they appreciate the advice of parents, that can only support for financial knowledge leading to saving behavior. Respondents do not consider parental socialization as factors of saving behavior but they account it into their own financial management. However, respondents disagree involving in money spending activities with friends. In self-control, (68%) of respondents worry what happens in short run than in the long run. Most of them agree that always control from spending money without immediately spend the money when getting salary.

About the saving behavior, (80%) savers agree having saved money available in the event of emergency and consider whether it is the real necessity before purchase. Most of respondents save for their future needs. (37%) of respondents save less than and (10%) of their income when (11%) of respondents save greater than and (31%) of salary. (66%) of savers save in banks while (32%) save at government credit unions located in university. (97%) of respondents monthly save the money aside from salary without absent. COVID-19 pandemic is stronger and stronger in Myanmar currently. However, (70%) of respondents normally save the money according with their determined saving rate. (24%) of savers report that saving rate is decreased because of more spending money for healthy of body and mind such as healthy food, medicine and stored materials although (6%) can increase saving rate. Additionally, (18%) of respondents experienced consuming much time to save at doing banking transaction.

This research will support the control ability of governmental university staff about financial planning. If they can control highly, they will have more money and higher living standard in future.

The local banks in Myanmar can get benefit from this research by receiving the effective understanding about the saving behavior of university staff in Sagaing. Thus, the research can contribute banks to identify efficient strategies and opportunities for attracting this university staff group as their valuable customers. The banks can develop financial products or services based on needs, wants and challenges of university staff and other honorable clients by periodical reviewing on customer outlets. Peer plays an important role for a high saving level group. University staff who has saved peer will save as peer influence on individuals' mind. The bank can get benefit from peer influence as the university staff is more likely to spread the relevant information by ways of oral or verbal among their peers. People would save if community have custom of saving money, attract to save and banks' services are good. It is perfect if the community which has saving practice can be created.

The findings of the research are also important for policy makers of Myanmar. Having identified the financial literacy is crucial for university staff to preserve effective saving behavior, the increasing level of financial literacy will help the staff to manage their money effectively. Therefore, it is important for policy makers to develop financial education programs based on the needs and financial levels of staff to improve their financial knowledge and skills.

In conclusion, the research has provided financial literacy, peer influence and self-control are influencing the saving behavior among staff of universities in Sagaing. Thus, this is essential for other researchers to conduct further researches by instilling mediating or moderating factors and conducting alternative data collective methods on this topic because the staff's saving of university is foreseen as a vital and essential issue for Myanmar to achieve high saving group and support the national saving rate and economic development.