

ASSESSING FACTORS AFFECTING SAVING CULTURE AMONG CIVIL
SERVANTS IN ZAMBIA: A CASE STUDY OF KAMWALA SOUTH
SECONDARY SCHOOL

BY

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A Dissertation Submitted to the University of Zambia in Partial Fulfilment of the
Requirements for the Award of Master of Business Administration in Finance

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APPROVAL

This dissertation by Pethias Mushibwe is approved as a fulfilment of the requirements for the award of the degree of Master of Business Administration in Finance by the University of Zambia.

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Supervisor	Signature	Date
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DECLARATION

I Pethias Mushibwe declare that this study *to assess factors affecting saving culture among civil servants in Zambia: a case study of Kamwala South Secondary School* is my own work and that all the sources used have been cited and acknowledged. I further declare that this report has not been submitted before for any other academic qualification at this university. This report has been prepared in accordance with the postgraduate guidelines provided for by The University of Zambia Research Ethics Committee under the supervision of Dr. Charles Muwe Mungule.

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DEDICATION

I would like to dedicate this study to my wife Sarah Msimuko Mushibwe and children Nkosha, Chikondi, Tasheni and Timothy Mushibwe for giving me enormous support and showing great patience with me throughout the duration of my study.

ABSTRACT

The main objective of this research was to assess factors affecting saving culture among civil servants in Zambia. The specific objectives were based on investigating the link between real income of civil servants and their level of savings in Lusaka, to study the relationship between the rate of return on savings and saving practices among civil servants, and to study the relationship between consumption and savings among civil servants. Additionally, the study utilised a mix method approach and total 60 respondents were sampled using Slovin's formula. Furthermore, data that was collected qualitatively was analyzed using thematic content analysis while data which was collected quantitatively was analysed using bivariate analysis Pearson's correlation. In view of the aforementioned, findings revealed that there was poor saving culture among civil servants with 45% of them unable to save, while the majority cited low income, high number of dependents, lower returns, and other constraints such as the high cost of living in Lusaka as factors inhibiting saving. Among other things, the study recommends that government increases salaries for civil servants, and also partners with relevant stakeholders to design programs aimed at enhancing knowledge and capacity relating to the saving culture among civil servants. This is necessary for the purpose of improving welfare among civil servants in Zambia.

Key Words: *Civil Servant, Constraints, Culture, Saving.*

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LIST OF ABBREVIATIONS

CSO	:	Central Statistics Office
GDP	:	Gross Domestic Product
LCH	:	Life Cycle Hypothesis
PIH	:	Permanent Income Hypothesis
RIH	:	Real Income Hypothesis
SCT	:	Social Class Theory

DEFINITIONS OF OPERATIONAL TERMS

Saving: In financial terms is the preservation of financial resources for various purposes such as financial security, future investments, or expenditure for future survival.

Constraints: Factors that limit individuals in attaining particular objectives or limits ones' ability in carrying out certain tasks.

Culture: In this context can be defined as the characteristic features of everyday existence such as diversions or a way of life shared by a group of people in a place or time.

Civil Servant: Defined as an individual or person who works or serves as an employee in a local authority, state, or federal institution.

CHAPTER ONE: INTRODUCTION

1.1 Introduction

Saving represents one of the most predictable determinants of successful personal and economic development in any nation globally. People desire to save although they tend to postpone saving until they have higher-paying jobs or some form of stability in their lives. In developing countries, where opportunities for structured and institutionalized saving are rare, people could begin saving earlier than expected. In light of the forgoing, the purpose of this study was to assess determinants of saving culture among civil servants.

1.2 Background of the Study

According to Muleri (2013) the term savings has been defined as the amount of earnings that do not go into consumption. This is one of the major factors in the growth of a nation due to its ability to change resources into capital. It positively impacts the economy and the residents of a particular nation (William, 2014). According to Sekgobela (2014), putting some earnings away for savings is crucial to aid in capital formation by the fact that it positively affects the growth of a country economically and living standards of people, hence it is important in order to get to macroeconomic stability.

In Africa, and particularly in Zambia, there is a slow growth in the rate at which people save. Zambia is below 20% GDP of savings compared to countries such as China which is at 44% and Dubai 34% (William, 2014). Culture can be defined as “a way of thinking, behaving or working that exists in a society or an organization” (William, 2014). Alternatively, it can be defined in simple terms, a habit that eventually turns out to be way of life (Sekgobela, 2014). Therefore, saving culture can be regarded as the behaviour of setting aside a part of one’s income for future use (Muleri, 2013).

One may feel the need to save based on several factors, which determine his or her saving culture. These include transaction costs, financial literacy, income levels, trust towards bank and social and cultural beliefs. Kafele (2010) asserts that financial literacy is positively related to the way a person undertakes his or her financial

decisions hence financial education should entail all aspects of finance so as to enable individuals to have the facts at hand in order for the supply of savings products to be effective.

In addition, financial and pension literacy plays a key role in influencing one's saving culture. Poverty can be termed as the biggest mankind's biggest modern-day problem. To avoid poverty, one needs reasonable income, few taxes, also cost of living must be less as compared to one's income. People must have the financial knowledge to use savings wisely in order to avoid poverty. Income levels play a role in determining whether one is able to save (Muleri, 2013).

There is a serious crisis of non-transparency in the way banks in Zambia price their services, which are very high to the consumer. Banks in Zambia have been furnishing borrowers with little or no information on how expensive the money borrowed from a bank is, and switching costs to other banking institutions is a very high cost. This has led to mistrust by consumers as they feel trapped in the commercial banks (Nanna, 2018).

According to research by William (2014), there is a strong savings culture among younger persons in developed countries. Sabri (2011) states that the way children handle money, savings, in particular, is primarily influenced by their parents. Despite the continuous increase in poor saving culture, less academic studies have been conducted to identify the main causes and solutions to poor saving culture in Zambia (Nanna, 2018).

1.3 Study Area Kamwala South Secondary School

Kamwala South Secondary School is a government institution that offers educational services to pupils from grade 8 to 12 and is located within Kamwala South, in the capital city of Zambia, Lusaka. As a secondary school, Kamwala South Secondary hosts teachers as well as administrative staff that are paid for by the government of the republic of Zambia, thereby making them members of the state's civil service. It is home to students from different status quos and has built a reputation for its desirable education output as has been noted from reputable student result from grade 9, grade 12, as well as General Certificate Examination result that are produced every year from its sitting candidates.

1.3.1 Physical Location

Kamwala South Secondary School is located at exactly 15°25'00.1"South and 28°17'02.3"East of the capital city Lusaka. It is bordered by Libala South, Chawama, as well as Asafarm and plays host to people of different social-economic status, cultural and religious ideals.

1.4 Statement of the Problem

The low level of savings in Zambia is reducing the amount of investment in the country, which holds back economic growth. During the early post-independence years through to the 1970's Zambia's gross domestic savings (GDS) as a percentage of GDP averaged 30 percent per annum. The sub-Saharan countries have for a long time been characterised by a worrisome problem of low saving and investment. As statistics show, private savings in sub-Saharan Africa declined from 11.4 percent of disposable income in the 1970's to only 7.5 percent in the early 90's and only recovering to less than 9 percent in the 1990's (William, 2014).

In addition, public saving in sub-Saharan Africa has remained low at less than three percent of disposable income in the 1990's declining from 4.3 percent in the 1990's. The slowdown in gross domestic investment (GDI) as a fraction of GDP has been equally dramatic. It declined steadily from 21 percent in the 1990s to about 17 percent in the 1990s. Consequently, the region has heavily been dependent on foreign savings mostly overseas development assistance to finance the gap between savings and investment averaging slightly less than 11 percent of GDP for the period 1970 to 1995 (Elbadawi and Mwegu, 2016).

According to Opio (2010) it is alleged that Zambians (especially those residing in high density, fast growing areas, like Lusaka) find it difficult to save, with mostly the hardship of high rent and licenses which are not good for investment. The high current account deficit is not sustainable in the long-term and the total external debt is projected to increase from 55.6 per cent of GDP in 2017 to 58 per cent of GDP in 2020, which puts a question mark on the long-term sustainability of the savings-investment gap (CSO, 2018). The dip in the savings may be influenced by bank charges, financial literacy, trust, and social-cultural beliefs among other factors (Karlan, 2014).

With regards to the aforementioned, the country requires innovative solutions to the poor saving culture among Zambians. There have been several studies and research done on the level of savings and the determinants of savings. For instance, a study undertaken by Muradoglu & Taskin (2016) revealed that saving among civil servants is a rare phenomenon with findings revealing that only 38% of civil servants showing a positive culture towards saving. The study revealed that the 72% respondents did not have the ability to save as a result of factors that included low income, large number of dependants, as well as an exponential rise in the country's inflation rate (Ahmed, 2012). While the studies have identified some of the determinants of savings among civil servants, the results are inconclusive in as far as what really is responsible for the low savings rate among civil servants.

It is against this background that this study sought to bring to vivid light the various factors that contribute to levels of saving among civil servants in the context of a modern Zambia and present trends where there were tremendous improvements in financial inclusion and easy access to various financial services, yet the rates of savings among Zambian civil servants still remain low. This qualitative and quantitative study explored the determinants of saving culture among civil servants. The data gathered in the study provided information relating to how saving culture among Zambians may be improved.

1.5 Aim of the Study

The aim of this research was to assess factors affecting saving culture among civil servants in Zambia, specifically Kamwala South Secondary School. Understanding these factors help civil servants, and citizens in general play a role in improving saving culture in the country. With an addition to the body of knowledge currently existent, this study plays a role in improving the welfare of individuals, especially those in the civil service.

1.6 Research Objectives

- i. To investigate the link between real income of civil servants and their level of savings in Lusaka;
- ii. To study the relationship between the rate of return on savings and saving practices among civil servants; and

- iii. To study the relationship between consumption and savings among civil servants.

1.7 Research Questions

- i. What is the link between real income of civil servants and their level of savings in Lusaka?
- ii. What is the relationship between the rate of return on savings and saving practices among civil servants?
- iii. What is the relationship between consumption and savings among civil servants?

1.8 Significance of Study

Few studies have been carried out or exist pertaining to the saving and investment habits among civil servants in Zambia and more especially with the social security services at household or individual level. In addition, scarce documentation exists from national agencies because bodies that collect data for the nation do not differentiate among public sector workers and those in the private sectors. A number of works perused on saving and investment habits of individuals are founded on secondary information which more often than not lends itself not to be passable in the field.

Previous research done on the saving culture among civil servants is an essential factor in measuring the economic growth of every nation. It may also assist in determining elements responsible for the savings culture among public sector workers and to analyse certain constraints to their savings attitude.

The study carries the potential of assisting in the formulation of policies to help bring financial intermediation to the doorstep of civil servants in Zambia. This would also help preserve them from the flurry and bustle that retirees go through to sustain entry to those financial intermediaries. The study also functions as a catalyst to garner interest among Zambian researchers in the field of public sector workers' finances.

1.9 Scope of the Study

The scope of the study was broad in nature in that saving culture is influenced by a number of variables. To address this challenge, the research focused on one particular institution which made it simple to attain and validate information.

Furthermore, the study focused secondarily on civil servants, and primarily those working at Kamwala South Secondary School. Of the total population 63 civil servants, 60 respondents were selected for the study and three distinct objectives were used to narrow down the factors that were being accessed which included variables such as, real income, rate of return, and consumption.

1.10 Limitations of the Study

- Data collection for the study was difficult because the respondents that were selected to take part in the research were away from the institution at the time data was being gathered due to an outbreak of COVID-19.
- Mobilisation of financial resources for the study was challenging given the fact that the research budget presented required a substantial amount of money in order the data collection and analysis to yield valid results.
- Some respondents that took part in the study were sceptical about disclosing some information stating that the data collection instrument had sensitive clauses despite ethical considerations being followed and explained to them.

1.11 Dissertation Layout

Chapter One: the first chapter of the study provides a detailed background on saving culture among different individuals from different social settings from three different perspectives being; global, regional, and local levels. It further played a cardinal role in guiding the study by providing a clear aim, as well as objectives that the researcher was to follow during the whole study process. In light of the foregoing, the chapter described the scope and challenges (limitation) of the study before giving a brief chapter summary among other key aspects.

Chapter Two: this chapter consisted of technical and empirical information on saving culture amongst civil servants. The information in the literature review was sourced from documented and published works which included but not limited to; books, peer-reviewed journal, articles, and online publications. In addition, the chapter presented a conceptual framework which discussed four major theories that have

been developed in trying to understand saving culture and also gave the hypothesis of the study.

Chapter Three: this chapter gave a detailed guide as to how the study was undertaken. It elaborated the study design, gave justification to the target population and how the sample size was derived, as well as the data collection instruments that were used. In addition, the chapter elaborated the inclusion and exclusion criteria of the study and gave a summary at the end among other sections.

Chapter Four: findings, as well as discussion of the findings were presented in this chapter; this was done with the aid of tables generated using two different tools of data analysis that were applied in the study. Data containing frequencies and percentages was presented in tables generated with the aid of Microsoft Office packages 2016 (excel and word). Additionally, data that sought to explain existing relationships discovered in during the study was presented in tables generated with the aid of the analysis tool Scientific Package for Social Sciences Version 26 (SPSS v26). A comparative discussion of findings in this study with other published findings was then given.

Chapter Five: the chapter laid forth a conclusion of the study summed up from the beginning chapter until the findings and discussion of findings of the study. In addition, recommendations meant to address various challenges that were discovered in line with the findings of the study were given as well as recommendations for future research works clearly stated.

1.12 Chapter Summary

This chapter gave an introduction and detailed background on saving culture from three perspectives being global, regional as well as local settings. Furthermore, an elaborate statement explaining the research problem was given citing scholarly articles dating far back as ten years ago for the purpose of identifying knowledge gaps that exist in available literature prior to this study. In addition, the study highlighted a general objective which served as a guide and was further broken down into three different specific objectives. Thereafter, research questions were developed to mirror the specific objectives and the purpose of study generated in the proceeding sub-chapter.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter dealt with savings and types of savings. It also surveyed the various models and motives of savings. The determinants of savings rate among civil servants were also discussed. It concluded with empirical studies on savings among civil servants.

2.2 Definitions of Savings

Solomon (2015) defined, saving as forgone consumption. They explain forgone consumption, as when one does not spend all the income that is brought in within a fed pond. To them, once part of what is gained today is gone away for future usage, there is a delivery. On his part, Ahmed (2012) put it in a simple language as putting money aside for future use. He shows that saving is the outcome of careful management of income and expenditure, so that there is something left to be put away for future use.

2.3 Types of Savings

The types of savings are mainly based on the income available to the household, firm and corporate bodies (Quixia, 2014). The saving type can be classified on the basis of the sectors accounting for the saving distribution. It can be broadly classified under three headings, namely; private sector savings, household sector savings and public sector savings.

2.3.1 Private Sector Saving

Private sector saving is defined as after-tax income minus dividends paid and the savings patterns. Waithima (2018) argues that dividend payments from corporations to individual shareowners drive most of the fluctuations in private saving. The theory that rational private households might shift their saving to offset government saving or borrowing is known as Ricardian equivalence because the idea has intellectual roots in the writings of the early nineteenth-century economist David Ricardo (1772–1823). If Ricardian equivalence holds completely true, then in the national saving

and investment identity, any change in budget deficits or budget surpluses would be completely offset by a corresponding change in private saving (Solow, 2018).

As a result, changes in government borrowing would have no effect at all on either physical capital investment or trade balances. In practice, the private sector only sometimes and partially adjusts its saving behaviors to offset government budget deficits and surpluses. The theory of Ricardian equivalence holds that changes in government borrowing or saving will be offset by changes in private saving. Thus, higher budget deficits will be offset by greater private saving, while larger budget surpluses will be offset by greater private borrowing (Ahmed, 2012). If the theory holds true, then changes in government borrowing or saving would have no effect on private investment in physical capital or on the trade balance. However, empirical evidence suggests that the theory holds true only partially.

2.3.2 Household Sector Saving

According to Clayton & Brown (2013) household saving is defined as aggregate household after-tax income minus aggregate consumption. Personal savings, an important chunk of national savings, are personal disposable income less personal consumption. Many governments also produce savings data for households alone. The household savings ratio is household savings as a percentage of household disposable income.

Household savings ratios vary widely between countries. For example, in 1995 net household savings were 4.7% of household disposable income in the US and 13.4% in Japan (Dove, 2012). There are a number of reasons for this. As far as definitions are concerned, the calculations depend on the treatment of consumer durables, private pensions and life insurance payments, social security, household interest payments, capital transfers and depreciation. Adjusting for such factors reduces the gap between Japan's and the US's savings ratios by around 3 percentage points (Lloyd, 2019).

Other factors which account for a large part of the remaining difference between the Japanese and US ratios include the age structure of the population and the labour force; the distribution of incomes; the availability of consumer credit; the tax

treatment of savings; the social security system; and economic factors. It is important not to confuse personal savings with gross national savings (Husain, 2015).

2.3.3 Public Sector Saving

Public sector saving are general government revenue less current expenditure. Government capital spending is classed as investment. Thus although the budget balance is often taken as a proxy for government savings, there can be a large difference between the two. Public sector savings frequently reflect political decisions and are largely cyclical. Budget cuts in the industrial countries are likely to lead to higher government savings or lower government dissaving as a percentage of GDP in the 1990s, especially in the US, Canada and Italy (Merza, 2017).

A net inflow of foreign capital implies that domestic savings are less than domestic investment: foreigners' excess savings fill the gap. A net outflow of capital implies that domestic savings are bigger than domestic investment. Net foreign savings are conveniently defined as the balance on the current account of the balance of payments with the sign reversed. Current-account deficits indicate the extent to which domestic investment is financed by foreign savings. For example, the US current-account deficit (averaging 1.4% of GDP in 1990 - 95) represented a net inflow of foreign savings of the same proportion (Henderson & Poole, 2011).

2.4 Theoretical Orientation

Conventional economic theory postulates that savings play a crucial role due to its direct link with investment and therefore economic growth (Lloyd, 2019). The debate on the correlation between savings and investment is no longer contentious (Ahmed, 2012). Many factors come into play with regard to how much to spend and how much to 'keep' for future spending. The theory of inter-temporal choice presents an analytical tool on what may be the possible factors to encouraging savings (keeping more for future spending). Again, the same theory reveals the presence of patient (net savers) and impatient consumers (net borrowers) (Lloyd, 2019).

The aspirational culture reveals the impatience of consumers to save for durable spending. Impatient consumers have a negative Marginal Rate of Time Preference under the inter-temporal choice model. The reasons for such behaviour- the degree of

patience of public sector workers forms the crux of inquiry in this paper. Spending culture/attitude is cultivated and promoted by several factors which the paper intends to investigate (Modigliani, 2014).

The permanent income and life cycle hypotheses as explained in the conceptual framework (see figure 1.1) present an important application of the inter-temporal choice model on the decisions about how much to save. Through these hypotheses it can be demonstrated that it is the present value of lifetime wealth, not current income alone that governs current consumption (and hence current savings). Athukorala and Sen (2014) argue that the LCH is excellent in explaining the impact of income growth and demographic changes on savings. It suffices to say that the consumption decisions of individuals are subject to an inter-temporal decision-making process aimed at maximising utility. From this angle, income growth and age structure of the population plays a pivotal role in explaining national saving rate.

Ricardian equivalence theory (Keynes, 2016), has an explanation to offer on the behaviour of household on savings. The theorem asserts that individuals recognise the spending by government through borrowings that may need to be financed through higher taxes in the future. As households would like to allocate resources to smoothen consumption as under the LCH, they realise in this case that, they have to save more in order to accommodate higher taxes in the future and maintain the level of consumption Gonzalez and Ozcan (2018).

Theoretical underpinnings demonstrate that individuals take various factors into consideration and make their decisions accordingly. These factors include the economic environment, that is, the uncertainty or certainty of their future economic status determines how much they also put aside from their current income. As well as their present economic status, the levels of government borrowing make individuals act accordingly (Modigliani, 2014).

Uncertainty can be captured by inflation and unemployment rate. Inflation represents general macroeconomic uncertainty which is expected to fuel higher net saving Gonzalez and Ozcan (2018). On the other hand, unemployment is an indicator for individual income uncertainty which is expected to drive precautionary savings.

Unemployment can be able to reflect this well in the absence of social security support from government in the event of being unemployed.

2.4.1 Life Cycle Theory

This study was guided by the life cycle theory; Modigliani (2014) which has extensively stated how savings works for different people. One of the benefits of Savings is that it enables people to accumulate and have enough money for their needs when they become elderly. The theory argues that the amount of money that is needed for everyday consumption is unequal to the need to save for many persons throughout the cycle. Young individuals mostly have the need to consume more than the willingness to save. Most of their money is spent on shelter and education thus very little is left for savings.

In addition, as an individual grows older, they find means of paying the debts that they had obtained earlier in their life, therefore such cases lead to the increase in the rate of saving. In most cases when people retire and have no income, they are usually left with no choice other than to consume from their savings. Most of them tend to borrow in early low-income years, repay those loans and build up wealth during the high-income years, and then spend off the accrued savings during retirement (Dove, 2012).

In relation to the study, the life cycle theory argues that the financial life of a person occurs in 3 stages of his career or activity. In the first phase, each person earns income but has no enough money to cover his/her needs; this leads to one incurring lots of debt so as to finance their assets like buying a home or other asset, as well as to ensure that their children are well educated. At the second phase, one is able to repay the debts incurred at the first phase and starts planning on how to save so as to get finances for the retirement period. In the third phase one uses up what was saved during retirement (Dove, 2012).

2.4.2 Permanent-Income Theory

Permanent-income theory was introduced by Henderson and Poole (2019); in Morgan, (2019) and states that the huge challenge encountered by people when the level of income is not stable could negatively impact on their saving abilities.

According to Friedman, households that are well off in their level of income are differentiated from other households that tend not to have a stable level of permanent income and (positive or negative) deviations from that level, which was termed as transitory income. Friedman assumed that consumption consists of a planned part that depends on permanent income and an unplanned part that is totally independent of income (Morgan, 2019).

In relation to the study, the permanent income theory is considered an important tool for assessing the income factor that is also the economic and social class in this study. Under economic factors, income, employment or occupation and capital form the largest factor of consumption and saving. The higher one earns, the larger one saves as consumption does not affect an individual's budget and thus much is left to save. Lower income leads to poor saving culture (Clayton and Brown, 2013).

According to (Hussain, 2015) unemployment results into low income and high expenditure in the sense that people who are unemployed often find it difficult raise financial resources which they require in order for them to fend for their livelihoods hence their expenses in these circumstances can be considered be classified as high expenditure, and thus, unemployment leads to poor saving culture. Lack of capital means less income and thus, lack of capital which leads to poor saving culture. In relation to Social Class that influence low-income include a large number culture. Thus, the study has employed the use of social, political and economic factors as the independent variable in relation to Permanent-income theory income factor.

2.4.3 Social Class Theory

According to Keynes, (2016), the Theory of Social Class was proposed by Karl Marx, to focus mainly on social class. The main focus on social class was that one's social class dictated one's social life. The Theory of Social Class states that when one is in the higher class he/she lives in abundance while those in the lower class tend to live in hardship and poverty while they struggle through life. Marx argues that the major factor that determines where one is placed in the social class depends on who has control of the wealth, and is based on the ability to access money, land, production factors and luxury which consists of high and valuable livelihoods. Against the rich and wealthy is the social class that consists of people with high

levels of poverty. The lowly, working class work for hourly wages on the land or in the factories.

Thus, given that majority of employees are run by low- and middle-income earners, the influence of high transaction cost, less financial literacy, low income levels and less investments insured against bankruptcy and cases of customer-bank mistrust, the resulting consequences dominant in many economies is a poor saving culture which is the independent variable.

2.4.4 Maslow Hierarchy of Needs

This theory was postulated by Abraham Maslow when he analysed the factors that affect the motivation status of individuals. The hierarchy of needs is explained in a triangular method where the needs that are most important fall at the bottom while the needs that one needs for self-satisfaction come at the top. According to Maslow when the needs are lower in the pyramid it means that they are of utmost importance and that one may need to abandon the higher needs in order to pay attention to sufficiently meeting the lower needs (Dove, 2012).

2.5 Importance of Savings

Savings is very important even in times of emergency because it offers the financial protection to the individual who has been saving. It is necessary to have saving plans because it will aid in meeting financial goals such as securing one's future, providing for children's education and matching the requirements of the family (Merza, 2017).

Emergencies in future: The funds are necessary in society to see the consequences in future like sudden accident, repairing of car and house building.

Secure future: After retirement, savings are a source of funds with which individuals keep a decent and reasonable lifestyle when all the income streams stop.

Sudden death: Savings helps to deal with the fiscal troubles that may arise in cases like the sudden disease of any family member.

Specific purpose or goal/satisfaction: This might be one of the reasons for savings, for example issues like funding the child's education and for the down payment of a car.

Economic development: Savings play a really significant role in building up of the national economy. Through savings, the national income increases that lead to the growth of the economic system.

Significant to the Bankers: The amounts deposited by the public & business concerns in the banks get converted into an investment or savings. The saving is created in the form of various deposits in the banks, thus this investment indirectly helps the nation.

2.6 Saving Culture

The researchers in the study of economics and finance have identified various genes that might cause some kind of influence in shaping the attitude towards savings culture.

2.6.1 Income

Income has been regarded as the most significant element in determining the saving behaviour of an individual. Different strains of the working relationship between economy and income have been identified and tested (Asghar and Ahmed, 2014). Some surveys found a statistically significant event of income on saving, and other studies found its insignificant effects, whereas, few written reports have analysed the saving functions by including different socioeconomic factors, while some others estimated kinds of savings such as savings in the form of assets (Ahmed, 2016). Akpan, et al (2011) argues that income has been reckoned to be one of the main determinants of the saving part. The saving function represents the divergence between income and consumption spending.

2.7 Conceptual Framework (Saving Motives and Models)

There are several saving motives and models that have been produced. They include; Keynesian absolute income hypotheses, Duensberry's relative income hypothesis, Friedman's permanent income hypothesis and Modigliani life cycle hypothesis.

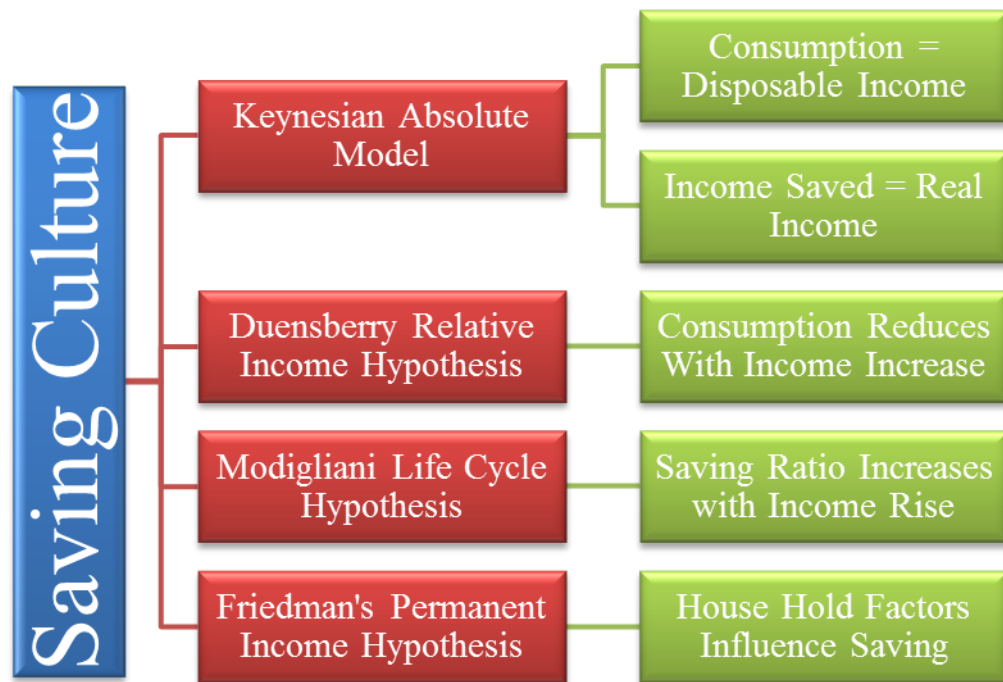


Figure 2.1: Shows the conceptual framework of the study guided by four hypothesis of saving

The conceptual framework above illustrates theories that explain various factors that affect saving culture. Murdaglu & Taskin (2010) argues that the long run proportionality and the short run non proportionality of consumption income relation in terms of trend factors like growing urbanisation, increasing equality in the distribution of income, and introduction of new consumer goods, which had operated to drift the consumption function up ward with rise in income in the decades under Kuznets' study. Thus, the modified Absolute Income Hypothesis (AIH) as propounded by Smithies includes time as an additional explanatory variable in consumption function. This simply means that with a change in time and trends, saving culture among varying sectors changes as well (Keynes, 2016).

However, Duesenberry disagreed with the absolute income hypothesis and showed that it was doubtful whether the net effect of the trend factors cited in the AIH had been consumption-encouraging to an extent good enough to offset a rise in savings-income ratio during the decades in question. He explained the constancy of saving-income ratio in the absence of trend factors. The Relative Income Hypothesis (RIH), as presented by Duesenberry, is based on inter-dependence and irreversibility of consumption behaviour. According to the inter-dependence hypotheses applicable to

cross-section data, an individual in a higher percentile group in income distribution consumes a smaller proportion of his income. The strength of such interdependence of consumer behaviour would depend on the degree of social mobility and strength of demonstration effect (Duensberry, 2019).

Additionally, another theory that elaborates factors affecting saving culture in the framework is Modigliani's Life Cycle Hypothesis. The hypothesis emphasises that as long as income rises secularly, Y and Y_t rise together and saving-income ratio depends only on the rate of growth of income (Duensberry, 2019). Assuming secular growth of income around 2% to 3%, the saving- income ratio is shown to fluctuate around 10% and 14%, which is also the long run MPS. In case of cyclical fluctuations of income, the MPS is derived from the coefficient of Y in the transformed equation (Leff, 2019).

Friedman's Permanent Income Hypothesis is based on a division of both consumption and income into permanent and transitory components. The permanent components, although not directly observable, are systematic and form the basis of the theory. Though permanent consumption is not defined precisely, there are three definitions of permanent income being: Permanent income, Y^* is whatever the household thinks that it is; Permanent income is equal to the household's discounted wealth-human plus non-human at the relevant rate; Permanent income consists of a trend component plus an exponentially weighted average of past incomes with geometrically declining weights (Henderson & Poole, 2011).

2.7.1 Keynesian Absolute Income Hypothesis

It was recognized by Keynes (2016). It is also referred to as the Keynesian consumption function. This function implies that individuals save out of their current income to smooth the expected use of goods and services over time. The shock of the precautionary savings is seen through its impact on current consumption, as people will put off their current use to be able to preserve the utility level of use in the future if income drops. The focus is therefore, only based on the consumption of current income and ignores potential future income. The higher precautionary savings level would reflect on higher wealth of growth in net worth.

Keynes's basic model of uptake was that current consumption expenditures are limited primarily by current disposable income. Thus, he links consumption (C) to income (y) levels. So according to Keynes, the Keynesian consumption function is written in linear pattern as: $CT = a + bY_t$.

The coefficient, b, which Keynes called the marginal propensity to consume (MPC) and which was defined as $\partial C / \partial Y$, where, dC=Change in consumption and dY=Change in income. The saving function can be mapped in a general pattern as: $S = f(Y)$ where: S is saved, why income is (national or disposable), and f is the notation for a generic, unspecified functional form. The actual functional form of the equation can be analog, with a constant slope, or curvilinear, with a changing slope. The most usual pattern is linear, such as: $S = c + dY$ where: S is saved, income is Y, c is the intercept, and d is the gradient. It is frequently useful to express the saving function using parameters for the expenditure function.

$$C = a + b Y$$

Where: C is consumption expenditures, Y again is income, a is the intercept, and b is the gradient. In this case, the saving function can be specified as:

$$S = -a + (1-b) Y$$

Where: S is saving and Y is income. Yet, straight off the intercept is -a rather than c and the slope is (1-b) rather than d. This alternative specification shows the association between the saving role and the expenditure function. The intercept of the saving function (-a) is the negative of the intercept of the consumption function (a). The gradient of the saving function (1-b) is one minus the gradient of the consumption function (b), meaning that the meat of the marginal propensity to consume (b) and the marginal propensity to save (1-b) is equal to one, which means that a lot of additional income is used up and the rest is kept open.

In a closed economic system, according to Keynes, $MPS + MPC = 1$ since an increase in one unit of income will be either eaten or made unnecessary. Both the average and marginal propensities are generally considered to be between zero and one.

2.7.2 Life Cycle Saving Motive

Developed by Modigliani (2014), it asserts that people save to finance their retirement and dis-save during retirement. The model emphasized how saving could be utilized to transport purchasing power from one stage of life to another. Granting to the example, the younger savers there are relative to old dis-savers, the greater will be a nation saving rate. It presumes that individuals seek to fan out their lifetime consumption evenly over their lives by accumulating enough savings during their earning periods to keep up their consumption standard during retirement.

A person is seized to accept comparatively low income at the outset and at the final stage of their lifetime, so the conclusion in the model about saving is that it is dependent on age. LCH emphasizes saving for retirement as a principal motivation for deferred consumption. Younger families are required to have negative saving since they typically experience relatively low pay and incur debt for education, home purchase, and other expenses.

In the halfway period of the animation cycle, saving is expected to be positive because individuals pay their debts and start to lay aside some money for retirement. Upon retirement, households are expected to dis-save (that is spend money previously saved). Therefore, differences in consumption and saving among households are believed to be partly the product of age differences and the pattern of saving and dissolving creates an upside-down U-shaped pattern across age categories over time (Modigliani and Brumberg 2014).

2.7.3 Permanent Income Hypothesis

Presented by Friedman in 1957 the permanent income hypothesis shows that savings are negative when current income is lower than permanent income. It means that savings is high when current income is higher than permanent income. Friedman's formal definition of permanent income was the sum of money a family could consume "without reducing its wealth." Since the family has lived forever, this means intuitively that the household can in each period consume only the "interest" on its human and financial wealth and can never deplete the star.

Therefore, permanent income can be conceived of as the annual return on households' stocks of human and nonhuman wealth. Friedman created a distinction between permanent income and transitory income. He said that transitory income is the difference between actual received the income and permanent income. In his statement he showed that the higher the transitory income the higher the saving rate.

2.7.4 The Relative Income Hypothesis

The earliest explanations on relative income hypothesis were presented by the Duesenberry (2019). It maintains that a household's consumption depends not exclusively on its current disposable income, but also on current income relative to past stages and comparative to the income of other households. According to the model, at any point in time the propensity to save by an individual can be seen as a rising function of his percentile position in the income distribution. A fraction of an individual's income devoted to consumption depends on the degree of his or her income relative to the incomes of the neighbours. Again the aggregate savings ratio is independent of absolute level of income over time, though it may depend on income distribution. Hence the variance of income between consumption and savings depends on the individual relative rather than absolute income.

According to Dovi (2012), the theory also assumes that an individual's consumption behaviour will be determined by his/her habitual use. If an individual has already gained a certain criterion of living and his or her real disposable income goes down under his/her previous peak income, he or she will not dilute the current use of goods and services, but rather will spend more from the disposable income to the extent of de-saving, in an endeavour to recover his previous consumption level. On the other hand, if his or her income is raised higher than his/her peak income, the hypothesis assumes that he or she will not aspire to a higher standard of living than the one already attained thereby raising the saving ration (Duesenberry, 2019).

2.8 Determinants of Savings Rate

The civil servant's decision to consume in the present or in the future is influenced by the current or permanent income. The meaning of 'incentives' as a determinant of savings is that although there has been a long footing fright about the effects of the level of per household income upon proportion of income that is kept, there has been

no comparable concern about the result of variance in the relative prices of fresh income streams upon savings and investment. Some of the important determinants are real income per-capita, demographic factors, real interest rate and social barriers.

2.8.1 Real Per-Capita Income

The real per-capita income of the individuals proves to be a foremost determinant of the saving rate. When the income of an individual increases, the consumption culture improves the sensation in which some character is left out which leads to saving as to secure one's unforeseen future. As rightly pointed out by the neoclassical growth model (Solow, 2018) that higher savings rate will go to higher steady situation levels of income (or production) per-capita, while the endogenous growth theory models imply that higher savings rates would go to higher layers of growth of income per-capita. Thus, in common, both the variables should be well thought-out. The literal (in stable domestic prices) Gross Domestic Product (GDP) per-capita is used as an approximation of actual income. These two indicators rightly give an outlay to the saving culture.

2.8.2 Demographic Factors

The saving can be most often determined by the demographic features like the sex ratio, the age distribution, and the rate of the dependent population. Economy is extremely influenced by whether the female's contribution towards saving is more or the male is contributing to its highest floor and again if the trouble of the age distribution in the family contributing to the saving is optimum then the economy rate is defined in a dissimilar position. Aggregate savings are overstated by the age distribution of the population if the carve up of dependent population is more eminent than the income earning groups, the savings ratio will be depressed (Duesenberry, 2019).

Granting to the life-cycle hypothesis a larger working population next of kinship group to the older population contributes to enhance the savings rate. In an instance if the income earning population is comparably high to that of the dependent population, then the delivery rate will have a cost increase which is in some fashion will lead to income generation in a nation in a long-term foundation (Solow, 2018).

2.8.3 Real Interest Rates

Dovi (2012) argues that every banking institution including other financial institutions encourage people to economize with an expectation of passing on a considerable measure of rate of interest on the saving amount. This pace of involvement determines the delivery rate of the individuals with a sentiment to encourage people towards saving. When the rate of interest is high people are more interested to keep rather than invest and when the rate of interest is less people are less inclined towards saving rather than they are likely to invest more in an expectation of producing a higher rate of replication. Thither is a minus and an inverse relationship between savings and rate of interest. Critically, an increase in interest rates will suffer an indefinite effect on savings because of a positive substitution effect towards future consumption and a negative income effect due to increased real proceeds on saving wealth.

2.8.4 Social Barriers

The society we live in is full of constrains likely due to variations and distinctness in the historic period, gender, culture, custom, societal taboos, and many more which by playing an important role determines the saving behaviour of any region, province or nation. Income plays a major part in identifying the saving distinctness among different groups, but income cannot always remove all the barriers for availing the opportunities because of the variations proposed in the context of culture, gender, and division. Persons belonging to various ethnic groups have equal admittance to training, work, and other basic services by the societal and financial establishments as well as the investment opportunities available (Bendig et al., 2019).

2.9 Empirical Literature

A study in the rural areas of Ghana in 2018 by Bendig et al., (2019), assessed how savings are influenced by remittances, risk exposure and shock experience. A total 350 rural folks were selected. The findings revealed that education, household size, remittances, death of a relation and other shocks had a statistically significant effect on savings. On the female being the head of the family, unemployed, self-employed, Brakwa region and risk assessment had a negative relationship with savings.

In a study by Rehman et al (2010) to evaluate the socioeconomic determinants of households saving behavior in Pakistan, 293 households from the Multan District was used. The survey was taken between 2019 and 2010. It was brought out that education, children's education expenditure, household size, age squared, liabilities paid by household head, marital status and the worth of the house reduces household monthly savings. On the other hand, age of the family head, female to male ratio in the house, spouse participation, urban area of residence, overall dependency rate, home income, size of land holdings and the number of hot shocks positively influenced household savings.

With household savings in Morocco, Khalek et al., (2019), assessed the outcome of different economic and demographic factors on savings. They employed a total of 300 households in their study from March to April 2017. They used simple linear 25 regression to verify the hypothesis. It was disclosed that the income and the interaction of gender had a statistically significant positive relationship with savings. On the contrary, household size, number of unemployed persons and gender had an opposite relationship with savings in the rural and urban regions.

Amu and Amu (2012) used data from 160 rural households in the Housing Municipality to examine their savings culture. The authors used descriptive statistics and found that informal ways of saving are predominant compared to the conventional ways of savings. Likewise, families were reported to cause an atypical practice of saving conduct and as such only saved as and when they had surplus income. The authors recommended sensitization programs for rural folks around the relevance of savings.

In a study by Choudhury, (2015), among rural and urban households in India revealed that population and income had a direct relationship with saving in the urban, rural and the entire regions of India. Nevertheless, there were disparities among the marginal propensity to eat up in the rural, 0.0156 and urban, 0.5373 in India. These were accomplished when he employed data that has been assembled over time from 1950-1962.

Ahmad and Asghar's study in 2014 revealed that savings had a confident relationship with age square, income, gender and exercise position of rural and urban

respondents. On the contrary, dependency ration, wealth and age of respondents were found to inversely relate to saving of urban and rural respondents. They used primary data 27 from 8933 rural and 5374 urban respondents. This achieved by deriving a savings function from HIES (1998-2019).

In a study by Wen and Ishida, (2001), they observed a direct relationship with interest rates and income in the savings level of rural families in China. The appraisals of these variables were held through a regression of savings on income and interest rate from data obtained from 1979 to 1998.

Touhami et al. (2019), used multiple linear regression analysis in their micro-econometric analysis of household savings in Morocco. The results were that, savings rate impacts positively on household income in rural and urban areas. Family size was reported to suffer a negative effect on savings in urban neighbourhoods, whereas in rural areas, this had no impact on savings. The findings further suggested that, gender seemed to be important in influencing household saving culture, because males were found to be saving more than females. Further empirical results of their work showed that age and assets of families had no impact on household savings culture.

According to Murdaglu and Taskin, (2016), the savings pattern among families in the United States of America conducted a regression analysis and found the educational condition of the house to have considerable effect on savings. They indicated that household heads with higher education had higher savings. Again, they found out that household who experience negative impacts in the past end up having lower wealth and savings and those who receive inheritances or other transfers have higher savings. Another finding was that households who have large pension save more and households who do not plan for retirement have low savings. The end of the survey was that poor preparation was revealed to be a major factor low savings among many United State of America families.

Quixia (2014) in his survey data used descriptive statistics in analyzing the impact of rural enterprise on household savings in three selected regions in China; Jiangsu, Shandong and Sichuan. The empirical result shows that income seems to be an important determinant of savings. He found a positive correlation between income

and savings rate. Family size was found to induce negative effects on savings rate but insignificant. He further used logic regression analysis and found that education level has a direct impact on people sacrificing current consumption for the future, thus the masses with a high educational degree, hold a higher trend of presenting.

Quartey and Blackston (2018) studied whether there is a relationship between family savings and income, consumption, interest rate and debt in South Africa. A regression analysis was performed along a panel data. The survey discovered that whilst there is a lineal relationship between income and household saving as well as between household savings and interest rates; an inverse and significant relationship exists between household consumption and household savings plus between household debt and savings. To conclude, he said that income is the main and important variable in determining the household's decision to keep open in South Africa.

Metin-Ozcan, Gunay and Ertac (2003), did a similar study and examined the empirical determinants of private savings behaviour in Turkey for the period 1968-1994 using the ordinary least squares (OLS) estimation method. The independent variables were grouped into six groups, namely: government policies (public government savings); demographic factors (urbanization ratio, youth dependency ratio, old dependency ratio and life expectancy ratio); income and growth variables; financial variables (ratio of money and quasi-money to gross national product (GNP), credit to private sector and real interest rate on saving deposits); uncertainty variables (inflation) and external variables (terms of trade and current account deficit).

Findings of the study indicated that government savings to GDP ratio and the Turkish economic crisis had significant negative effects on saving behaviour. The growth rate of income was found not to be statistically significant. It was also found out that a deeper financial system, inflation and terms of trade shocks all had a positive impact on private savings. The effect of the current account deficit was found to be insignificant in Turkey. Overall, empirical findings showed that financial market development, macroeconomic stability, life expectancy, external factors and economic crisis may be the core policy instruments in Turkey for the saving behaviour.

Bulir and Swiston (2016) examined the factors influencing Mexico's private saving rate using annual data for the period 1980–2014. The independent variables which include public savings, external savings, real growth, the level of development, private credit and dependency ratio were regressed using non-linear ordinary least squares (OLS) method. Results obtained indicated that saving in Mexico is not significantly out of line with fundamentals such as the level of financial development, incomes, GDP growth, and demographics. The analysis suggested that the country's high reliance on external saving, a relatively high dependency ratio, and its less-developed financial system are the main factors holding back private saving. The paper found out that movements in private saving have not been associated with similar shifts in investment, as changes in public saving and external saving have tended to offset movements in private saving.

Nwachukwu and Egwaikhide (2017) did an error-correction model of the determinants of private saving in Nigeria. The model allowed separation of long and short-run effects of various factors on saving rate. Annual data for the period 1970–2015 was used in the study and the independent variables employed include real per capita gross national disposable income (GNDI); growth rate of real per capita GNDI; real interest rate; rate of inflation; public saving rate; external debt service ratio; terms of trade and the degree of financial depth. These variables were regressed over the variable private saving rate. Results obtained indicated that real interest rate shows that the real rate of return on bank deposits has a statistically significant negative effect on saving behavior in Nigeria.

Whilst results for the variables terms of trade changes, external-debt-service ratio and the inflation rate point to a strong positive relationship between the two variables and the private saving rate, the income growth variable indicated that the variable have a significant negative impact on the private savings rate. The coefficient for public saving rate was both positive and significant, thus rejecting any substitutability between public and private saving. Results indicated that the coefficient for real per capita GNDI is positive and statistically significant which provides support for the argument that, for countries in the initial stages of development, the level of income is an important determinant of the capacity to save, (Nwachukwu and Egwaikhide, 2017).

2.9.1 Related Works

Table 2.1: Shows a matrix for reviewed literature and identified knowledge gaps.

No	Title	Year	Authors	Findings	Knowledge Gap
1.	“Analysis of Savings Determinants among Agro-based firm Workers in Nigeria: A Simultaneous Equation Approach”, Research in Humanities and Social Sciences, Vol.1, No.3	2011	Akpan, S., Udoh E., and Aya, E.	Findings indicated that real income has been reckoned to be one of the main determinants of the saving part.	Few written reports have analysed the saving functions by including different socioeconomic factors Which made this study necessary for understanding factors affecting saving culture.
2.	Money, Banking and Economic Activities	2019	Lloyd, T. B.	Banking institutions including other financial institutions encourage people to economize with an expectation of passing on a considerable measure of rate of interest on the saving amount.	No peer reviewed articles were made available hence the study did not have much empirical evidence to substantiate its findings.
3.	An Error-Correction Model of the Determinants of Private Saving in Nigeria	2017	Nwachukwu, T. E., and Egwaikhide, F. O.	Real interest rate shows that the real rate of return on bank deposits has a statistically significant negative effect on saving behavior.	The study utilised outdated information that traced back between 1970 and 2015 which presented a lot of knowledge gaps

2.9.2 Chapter Summary

This chapter reviewed existing literature that exists on determinants of saving culture in the past 10 years. Additionally, the chapter discussed various models and

hypothesis of saving that have been developed and how they influence each other. Furthermore, a conceptual framework describing the factors affecting saving culture among civil servants in Zambia was included with four identified variables thoroughly explained. The chapter also took into consideration empirical literature derived from peer reviewed articles in journals and summed up information in tabular matrix highlighting the title of publication, year, authors, key findings and the recognised knowledge gaps which the study sought to bridge.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter describes the methodologies, which were used in the study. It describes the research design, target population, study setting and scope of the study area, it further gives a detailed elaboration and justification of the data collection tools and processes used as well as the inclusion and exclusion criteria which the research employed.

In addition, this chapter also gives an insight on data analysis methods and tools which were employed during the study, of which, thematic content analysis was utilised to analyse qualitative data, while bivariate analysis Pearson's correlation was used to analyse quantitative data. The chapter further elaborates the means through which data was collected from the respondents, and the ethical considerations that the researcher employed during data collection from the respondents at Kamwala South Secondary School. Lastly, a summary of the chapter is drawn to ensure that the researcher followed each step indicated in the methodology when conducting the study.

3.2 Justification of Methodology

The study opted to use a case study design because the dissertation was based on the real life situation of the respondents that took part in the study at Kamwala South Secondary School. In addition, a mixed method approach for data collection and analysis was adopted because there was need to limit biasness in the study on the part of the investigator as well as respondents. Slovin's formula was appropriate in calculating the required sample size because it takes into account a small margin of error which makes the findings more valuable.

3.3 Research Design

The research design can be defined as the way in which the study is designed, which means, method adopted to carry out research study (Mugenda & Mugenda, 2003). The research employed a case study design because Gonzalez and Ozcan (2018) defines a case study design as a research strategy and empirical enquiry that investigates a phenomenon within its real life context. In addition, a mixed method

approach employing both qualitative and quantitative methods of data collection and analysis was utilised by the researcher. However, the investigator showed a biased toward quantitative methods due to the nature of the study whose variables comprised mostly of information that was quantitative in nature.

3.4 Target Population

Population refers the total group of items, individuals, objects and events showing common characteristics (Mugenda & Mugenda, 2003). The study setting (Kamwala South Secondary School) is located approximately 5 kilometres south of the central business district of Lusaka within Kamwala Township off Nationalist Road. The target population was comprised of 63 teachers as well as administrative workers at Kamwala South Secondary School from which the sample size was calculated. The entire population of civil servants at Kamwala South Secondary School was discovered to be at 63 at the time the study was being undertaken.

3.5 Sampling Technique and Sample Size.

By using Slovin's formulae below, a sample size of 60 respondents was used in this research generated from a total target population of 63 potential respondents at Kamwala South Secondary School. Stratified and random sampling methods were used as the sampling techniques in deriving study respondents.

Where 'n' was estimated to be the sample size, 'N' being study area total population and 'e' margin of error being 0.025, the sample size was therefore calculated as;

$$\text{Slovin formula; } n = \frac{N}{1 + Ne^2}$$

$$1 + Ne^2$$

$$n = \frac{63}{1 + (63 (0.025)^2)}$$

$$1 + (63 (0.025)^2)$$

$$\underline{\underline{n = 60.5 \text{ rounded off to 60 respondents.}}}$$

3.6 Data Collection Instruments and Procedures

In this project study, questionnaires with structured questions, in person surveys, were used to gather data. It was appropriate to use questionnaires since confidentiality was upheld and it made it easy to analyze the information gathered. Questionnaires are time saving and make it easier for information to be collected from a large sample. Self-administered questionnaires were used in this study.

3.7 Data Sources

Data sources can be described as credible foundations of information that the researcher considered and utilised upon conduction of the study. Among others, these included primary as well as secondary sources of information.

3.7.1 Primary Data

Primary data was obtained with the aid of data collection instruments by the researcher from the respondents that took part in the study. This information was given with the aid of questionnaires that were distributed and returned after completion of filling in by the respondents.

3.7.2 Secondary Data

The study also took into account information necessary for review through sources addressing similar items the study included. This entails that the study reviewed peer-journals, articles, online publications, as well as book as secondary sources of data during the study.

3.8 Data Analysis

The mixed method approach was used for data analysis applying both quantitative and qualitative approaches for data analysis. Charts, tables, frequencies and bar graphs were tools that the researcher utilized to present data. The researcher pared down the abundant subjective data that was gathered and determined the useful variables in both quantitative and data analysis.

Mostly quantitative data was obtained using the questionnaires and analyzed using bivariate analysis Pearson's correlation to give it a broader and more meaningful picture of the sample. The investigator conducted a bivariate analysis using Scientific

Package for Social Sciences (version 26) in order to derive significance among relationships in Pearson's correlation. Qualitatively, data was analysed using thematic content analysis as it explored the subject matter to its minute details, thereby giving the research more data to work with.

3.9 Inclusion and Exclusion Criteria

This section took into consideration factors that determined what characteristics individuals that were supposed to take part in the study constituted of. The section was subdivided into two subsets being inclusion criteria, as well as exclusion criteria.

3.9.1 Inclusion Criteria

The study included civil servants from Kamwala South Secondary School holding different positions in different fields with varying social and economic characteristics. The respondents that were targeted in the study were of various ages and have been in their professional fields of practice with varying years of experience.

3.9.2 Exclusion Criteria

The study excluded individuals that were not in the civil service at Kamwala South Secondary School because the study sought to only investigate the saving habits of individuals that have and are currently working in government institutions.

3.10 Hypothesis

H₁: Relationship between Expenditure and Saving Culture among Civil Servants

Expenditure in the contemporary world has tripled as a result of an ever developing society which has constantly converted variables that were in the past considered wants into basic tools necessary for the sustenance of everyday livelihood. As a result, these changes have culminated in people spending more money on various commodities as well as access to services as a means of coping with modern times. This makes it extremely difficult for people to spare resources for future use as new inventions in technology and other aspects of development continue demanding for consumption (Dove, 2012).

H₀: Relationship between Banking Services (Rate of Return, Ease of access, and Safety of Finances) and saving culture

Banks have in the recent century become the pinnacle of saving culture among individuals of different status quo from all walks of life. Since the introduction of the banking system, a number of financial institutions have developed strategies and mechanisms meant to expand their business opportunities. These mechanisms revolve around rates of return on financial savings, ease of access to ones savings, and safety of individual savings (Ahmed, 2012).

Findings from a cross sectional survey in Kenya conducted in 2018 (Solos, 2018) elaborate that banking services have little influence on the saving culture of individuals such as civil servants in African countries because a majority of them are too poor which leaves little room for the to save. Of the 2016 respondents that took part in the study to establish the relationship between banking services and saving habits among citizens in Nairobi, findings show a correlation significance of -0.013 at 2 tailed were relationship is significant at less than $.05^{**}$ 2 tailed. Therefore, there is a negative relationship between banking services (rate of return, ease of access, and safety of finances) and saving culture among civil servants.

H₁: Relationship between Consumption and Saving Culture among Civil Servants

The amount of money that one uses has the ability to greatly influence the decisions that they make with regards to saving (Dove, 2012). In an ever changing world where economies are constantly failing and livelihood becoming more expensive and difficult, people that generate more resources have a higher chance of investing for security among other factors which gives them the ability to save resources Gonzalez and Ozcan (2018).

In a similar study conducted in the United States of America, it was established that respondents that 87.5% of individuals that make up the higher quartile (earn more money) of urban America have put away resources for future use through the development of ventures such as trust funds, saving accounts, and security investments. Furthermore, the study indicated that 92.3% of respondents that earn less money and in instances have to earn more than a single low paying job find it

difficult to save their resources. In light of the above mentioned, it is therefore stated that there is a positive relationship between monthly incomes and saving culture among civil servants (Ahmed, 2012).

3.11 Data Validation

Data validation in the study was done for the purpose of checking the accuracy and quality of source data before using it. This was done in the methods being range check, type check, as well as check digit. In beginning, Scientific Package for Social Sciences version 26 was coded to ensure data that was entered to represent particular variables was within correct parameters. In the event that data that was entered for a particular variable went beyond the parameters set for each variable, either range check, type check, or check digit, the information was presented with an error hence requiring the researcher to recheck the information for the purpose of accuracy.

3.12 Ethical Consideration

This research was guided by the following ethical principles;

- i. Quality and integrity of the research
- ii. Seek to always have informed consent
- iii. Respect the confidentiality and anonymity of the research respondents
- iv. To ensure participants participate in the study voluntarily
- v. To avoid harming the participants
- vi. The research will be independent and impartial.

3.13 Chapter Summary

This chapter presented the methodology that was adopted in the study. It also focused on describing the study setting as well as giving the detailed statistics of the target population. In addition, slovin's formula was utilised to derive the sample size that was used in the study from Kamwala south secondary school. Furthermore, data analysis tools were given and the type of data collection instruments given. In addition, the study highlighted the inclusion and exclusion criteria that were adopted as well as the study hypothesis that helped guide the study. Lastly, the chapter gave a

detailed explanation of the data validation process that was followed for accuracy of information that was used in analysing the findings.

CHAPTER FOUR: PRESENTATION AND DISCUSSION OF FINDINGS

4.1 Introduction

This chapter brings forth various views presented by respondents that took part in the study that was designed to assess factors which influence the saving culture among civil servants in Lusaka, Zambia. In order to ensure that the various factors that were sought out were adequately investigated, the research was guided by three specific objectives which were designed to:

- i. Investigate the link between real income of civil servants and their level of savings in Lusaka;
- ii. Study the relationship between the rate of return on savings and saving practices among civil servants; and
- iii. Study the relationship between consumption and savings among civil servants.

4.2 Background Information of Respondents

This section of the study focused on giving detailed demographic information of the respondents. The information consisted of the respondents' age, gender, qualification, and years of professional qualification experience. This information was cardinal in understanding saving culture among the respondents.

4.2.1 Age Range and Gender Distribution of Respondents

The study found it necessary to study the age range of respondents as this was meant to give the researcher an insight of the thought process of respondents in their saving habits because age influences various factors that culminate in the saving habits of respondents. In this regard, the findings of the study showed that majority of respondents were in the age range of 20 to 25years old which represented 55 percent of participants.

Of the total sample size of 60 respondents 25 percent were between the ages 26 and 35. In view of the aforementioned, respondents that were between the ages of 36 and 40 represented a total of 12 percent, and ages above 41 represented a total of 8 percent of the study sample. These findings were a tally of various target groups of

individuals that are in the civil service in Lusaka. Furthermore, findings of the study on the age of respondents have been illustrated in figure 1.0 below.

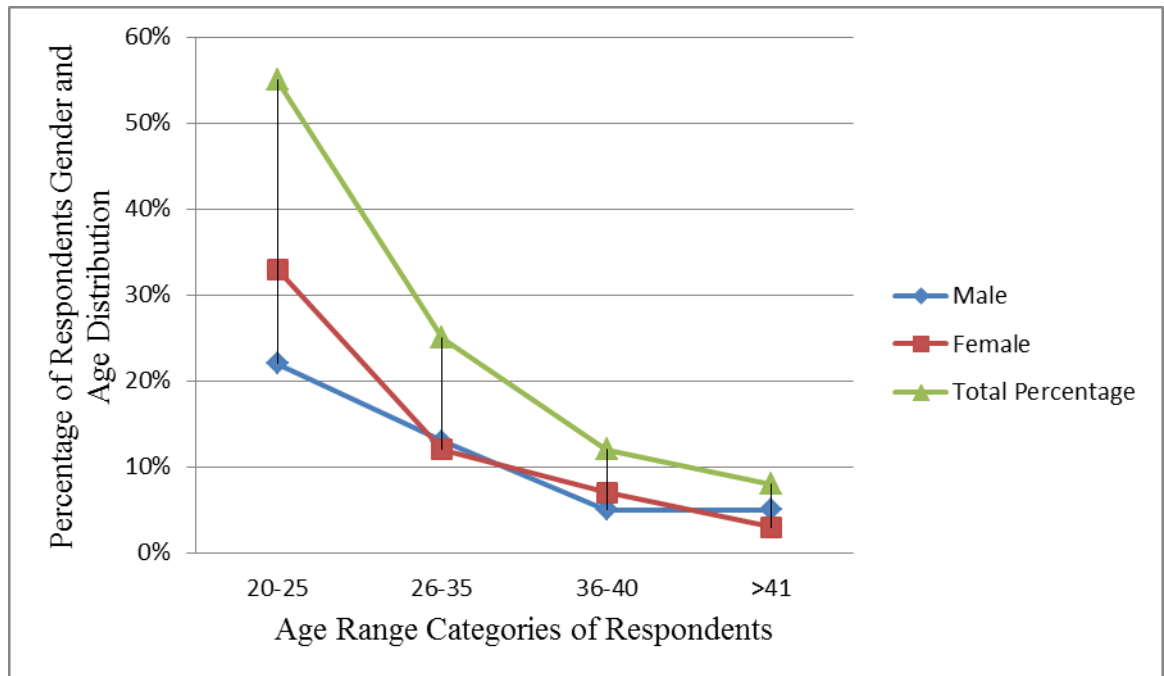


Figure 4.1: Shows the age range and gender distribution of respondents that took part in the study.

Table 4.1: Shows correlation between age, income, and saving habits of respondents.

Variables showing demographic factors and saving		Age Range of Respondents	Income Range of Respondents	Saving Habits
Age Range of Respondents	Pearson Correlation	1	.914**	-.257*
	Sig. (2-tailed)		.000	.047
	N	60	60	60
Income Range of Respondents	Pearson Correlation	.914**	1	-.548**
	Sig. (2-tailed)	.000		.000
	N	60	60	60
Saving Habits	Pearson Correlation	-.257*	-.548**	1
	Sig. (2-tailed)	.047	.000	
	N	60	60	60

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

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

From the findings of the study, it is evident that the majority of respondents that took keen interest in being part of the study were female of youthful age and have not been in the civil service for a very long time. In respect to the findings, the researcher was not biased in viewing respondent's responses merely on age, despite it having an influence on various factors that might impact on savings, but on the premise that the respondents were all in the civil service and working within Lusaka.

4.2.2 Professional Qualifications and Institutional Positions

From the investigation that was undertaken to understand fully the factors that influence saving habits among civil servants, the investigator focused on respondents

of different education qualification and position at Kamwala South Secondary School. The study brought out four prominent positions that were involved in the study which were teacher, head of department, headmaster, as well as others. These professions were tallied against academic qualification so as to assess whether or not there is an existing relationship between qualification and profession with saving culture.

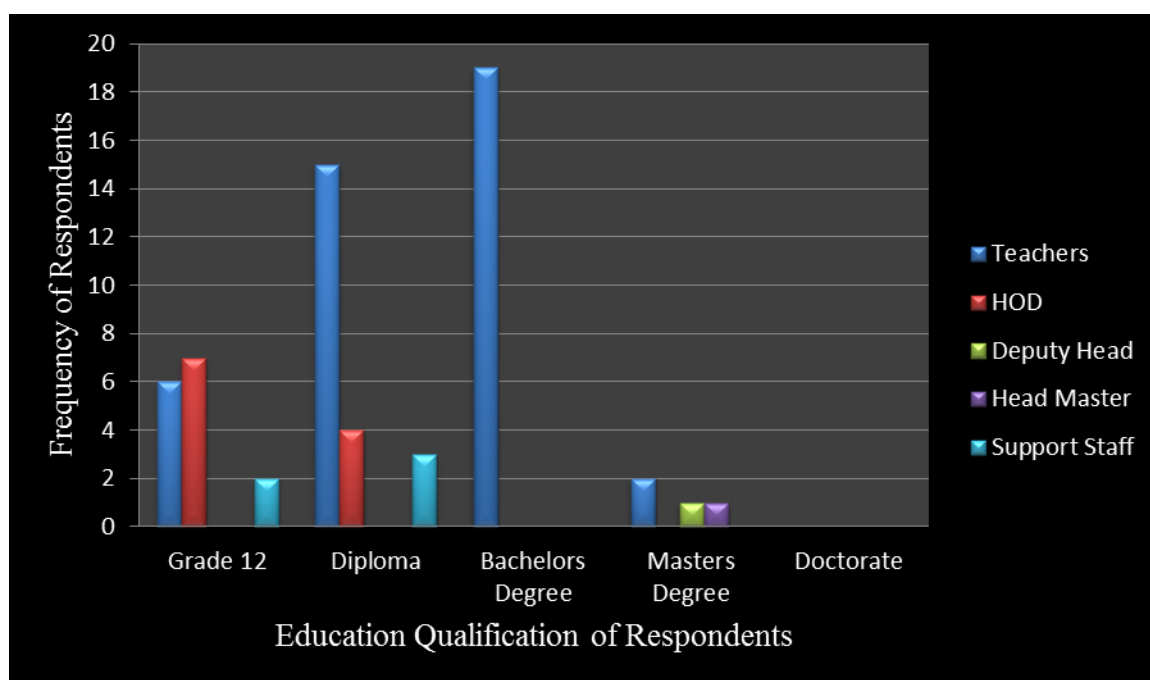


Figure 4.2: Represents the professional qualifications and professional field of respondents in the civil service.

4.3 Real Income and Savings

Results of the study indicate that 39% of respondents have a real income of less than ZMK5, 000. Of the 39%, only a total of 7% indicated that they do save from their monthly income while the remaining 32% indicated that they do not save citing that their real income is not enough to suffice for their daily survival let alone savings. In addition, 15% of the 20% respondents that receive real income of the range ZMK5, 001 to ZMK10, 000 indicated that they do save with the other 5% not saving.

In light of the foregoing, respondents with real income ranging between ZMK10, 001 to ZMK15, 000 all indicated that they do save representing a total of 20% of the total study sample. Furthermore, the study showed that 13% of respondents with real income of ZMK15, 001 to ZMK20, 000 saved while 5% respondents with the same

income range did not save. Of those obtaining ZMK20, 000 and above, 3% of the total study sample saved.

Table 4.2: Shows the relationship that exists between income earned by respondents and their saving habits.

Category	Variable (Saving)	N=60	Percentage (%)
<ZMK5000	Yes	4	7
	No	19	32
ZMK5001-10,000	Yes	9	15
	No	3	5
ZMK10,001-15,000	Yes	12	20
	No	0	0
ZMK15,000-20,000	Yes	8	13
	No	3	5
>ZMK20 000	Yes	2	3
	No	0	0

Source: Field Work Data, 2019.

The findings in table 1.0 above show that of the total study sample, 58% of all respondents have the habit of saving based on various reasons while the remaining 42% respondents do not save. However, findings in table 1.0 above further indicate that individuals with lesser real income save less as compared to individuals with higher income.

4.4 Consumption and Savings

Regarding consumption and savings, the findings indicated that a total 78% of the respondents had dependents that they looked after while the remaining 22% did not have dependents. However, a total of 100% of the respondents, indicated that dependents influence expenditure which impacts on saving culture with 73% of the respondents believing that expenditure influences saving and 27% indicating otherwise.

Table 4.3: Represents the relationship between consumption/expenditure and saving habits among civil servants in Lusaka.

Category	Variable	N=60	Percentage (%)
Dependants	Yes	47	78
	No	13	22
Dependants	Yes	60	100
Influence	No	0	0
Expenditure			
Expenditure	Yes	44	73
Influences Saving	No	16	27
Total	N/A	60	100

Source: Field Work Data, 2019.

Findings of the study indicate that there was a significant relationship between dependants and expenditure which influences saving among civil servants (.000 Pearson's correlation significance level .01 at 2 tailed) while there was no significance for a direct correlation between dependants and saving (.129 Pearson's correlation significance level .05 at 2 tailed). In addition, findings show significant relationship between expenditure and saving habits (.030 Pearson's correlation significance level .05 at 2 tailed).

Table 4.4: Show's the correlation between dependents, expenditure, and saving habits of civil servants.

Variables representing consumption factors and saving		Dependents	Dependents Influence Expenditure	Expenditure Influences Saving	Saving Habits
Dependents	Pearson Correlation	1	. ^a	.872**	-.198
	Sig. (2-tailed)		.	.000	.129
	N	60	60	60	60
Dependents Influence Expenditure	Pearson Correlation	. ^a	. ^a	. ^a	. ^a
	Sig. (2-tailed)	.	.	.	.
	N	60	60	60	60
Expenditure Influences Saving	Pearson Correlation	.872**	. ^a	1	-.280*
	Sig. (2-tailed)	.000	.		.030
	N	60	60	60	60
Saving Habits	Pearson Correlation	-.198	. ^a	-.280*	1
	Sig. (2-tailed)	.129	.	.030	
	N	60	60	60	60

a. Cannot be computed because at least one of the variables is constant.

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

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

4.4.1 Reasons for Saving

The findings of the study showed that respondents hold different reasons as to why they save their financial resources. From the total study sample, 35% respondents

indicated that they saved because of good rates of returns that are offered by their saving institutions which is a means of generating a profit. Furthermore, 45% of respondents indicated that their reason for saving is for the safety of their finances. From the total study sample, only 15% respondents indicated that they save for ease of accessibility when they want to use their finances while 5% respondents gave an array of reasons as to why they save.

Table 4.5: Shows the some of the reasons that respondents gave on why they save.

Category	N=60	Percentage (%)
Rate of return	21	35
Safety of Finances	27	45
Ease of Accessibility	9	15
Other	3	5

Source: Field Work Data, 2019.

It is evident that different individuals have different reasons for saving; the table above indicates that majority of individuals opt to save primarily for safety of their finances in a contemporary biting economy.

4.5 Returns and Savings

Findings on returns and savings indicate that various returns mechanisms influence civil servants to save resources. From the investigations, a total of 3% respondents strongly agreed that attaining a lump sum of finances to fund projects was the reason for them to save while 5% of respondents were neutral on the matter. 2% respondents respectively disagreed and strongly disagreed to the attainment of a lump sum amount gain being their reason for saving.

In addition, 17% respondents strongly agreed while 10% respondents agreed that financial security was the reason for them to spend. Furthermore, findings indicate that 7% respondents agreed that their reason for saving was to minimise their spending habits while 13% and 5% strongly agreed and agree respectively that their decision to save was based on them gaining additional income. 2% strongly agreed that saving was a habit whilst 8% disagreed. 12% strongly agreed to return on savings while 4% agreed with 2% disagreeing.

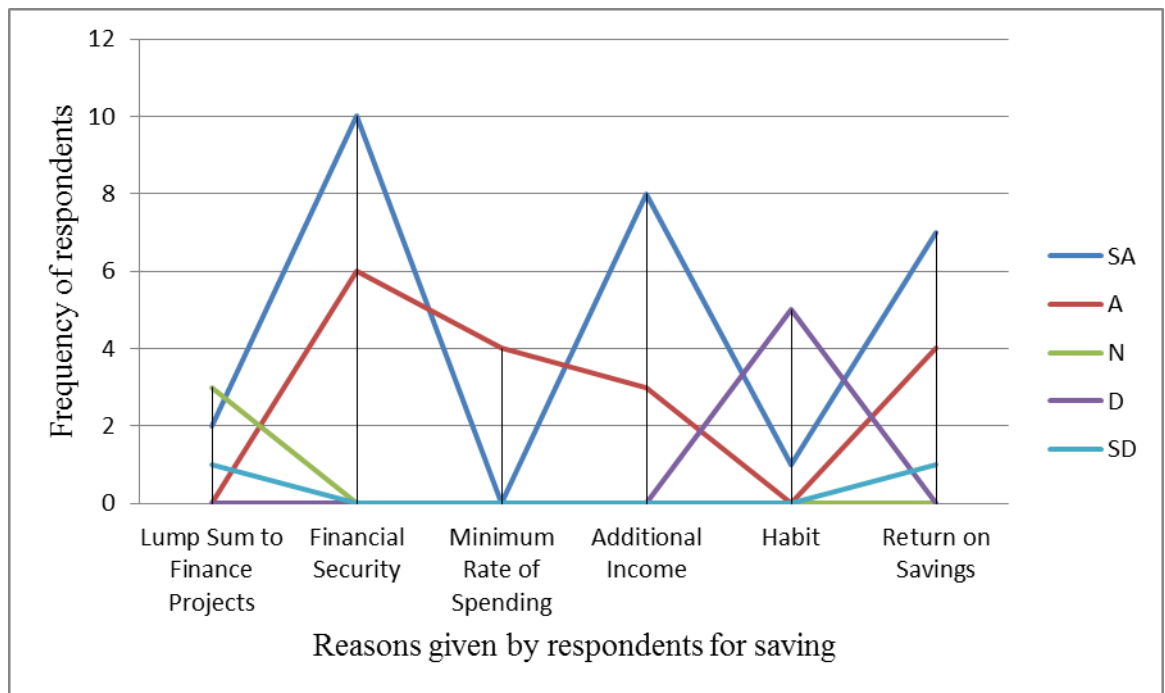


Figure 4.3: Represents the impact of returns on saving among civil servants.

Table 4.6: Shows the correlation between rate of return, safety of finances, ease of access and saving habits.

Variables representing rates of return and saving		Rate of Return	Safety of Finances	Easy Access	Saving Habits
Rate of Return	Pearson Correlation	1	.811**	.572**	-.726**
	Sig. (2-tailed)		.000	.000	.000
	N	60	60	60	60
Safety of Finances	Pearson Correlation	.811**	1	.464**	-.527**
	Sig. (2-tailed)	.000		.000	.000
	N	60	60	60	60
Easy Access	Pearson Correlation	.572**	.464**	1	-.497**
	Sig. (2-tailed)	.000	.000		.000
	N	60	60	60	60
Saving Habits	Pearson Correlation	-.726**	-.527**	-.497**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	60	60	60	60

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

The study revealed that returns on savings are one of the major reasons respondents opt to save resources. From the figure above, returns come in various forms and individuals seek to exploit their preferred form of returns. Majority respondents cite financial security as a reason behind their saving habits whilst rate of returns, additional income, and realising lump sums for financing projects follow suit as

motivating factors. These attributes all culminate in returns as a motivator in saving habits among civil servants.

4.6 Constraints of Saving

The study revealed that 2% respondents strongly agreed that financial commitments were a hindrance to their saving culture while 7% respondents agreed. 3% respondents were neutral while 2% respondents strongly disagreed. Furthermore, while 17% respondents strongly agreed to low income being a major drawback to their saving habits, 5% respondents strongly disagreed. Another 17% strongly agreed to high dependency levels influencing their saving habits, only 12% agreed to this factor. In this regard, 3% respondents were neutral on high inflation being an influence affecting saving culture among civil servants while 2% disagreed and strongly disagreed respectively to this notion.

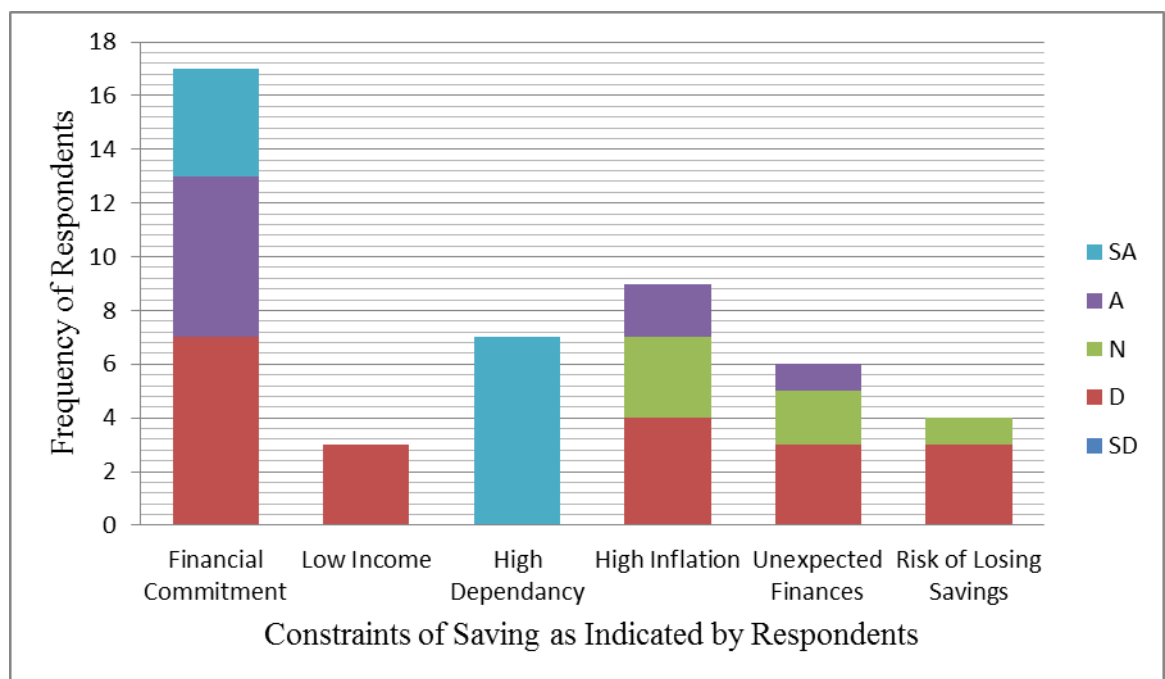


Figure 4.4: Shows the constraints that hinder saving culture among civil servants.

In view of the aforementioned, 2% respondents were neutral on unexpected resources affecting savings while another 2% disagreed and strongly disagreed to this notion. The risk of losing saving had 2% respondents strongly agreeing to this factor as having an influence on savings while 2% and 3% disagreed and strongly disagreed in this respect. Furthermore, speculations as a key influence on saving among civil servants was strongly agreed with by 3% of the study sample while 3% also agreed.

2% respondents disagreed while 3% strongly disagreed. Additional 2% respondents strongly agreed to uncertainty over returns on savings having an influence on saving habits while 5% respondents were neutral with 3% strongly disagreeing.

4.7 Data Validation

Data sets were coded in both, Scientific Package for Social Sciences and Microsoft Office Excel 2016 for validation during data analysis. This enabled the researcher to adequately scan through all information that was entered in the analysis packages for errors hence limiting the amount of misplacement of information in the respected variable settings that were utilised while conducting analysis.

4.8 Discussion of Findings

The study provided an insight into the factors that determine the saving habits of civil servants in Lusaka. According to the results, about 45% of the respondents have no saving habits. The most important covariates identified in the multiple logistic regressions are age, education, number of dependent family member, rate of return, inflation, and expenditures.

The first factor which affects no saving is the number of dependent family members of the employees. The odds ratio indicates that for every one number increase of dependent family member, the probability of not to save of the same employee increases 0.872 times that of an employee who has no dependent family member which was also illustrated in a strong significant relationship of .000 significance level .01 2tailed. This indicates that employees with large number of dependent family members are more likely not to save money as compared to those with small number of dependent family members. This bivariate analysis indicates that after controlling other variables in the model, the odds of saving is decreased by 55% for each unit increases in number of dependent family members.

Reviewing a similar study brought to vivid light the existing relationship between the age of the respondents with their income earned and how these variables influence saving habits. From the findings, it was observed that a coefficient correlation of 0.914 with a significance of .031 at 0.05 2 tailed indicated that older individuals who have been in the civil service longer show greater chances of saving (Ahmed, 2010). According to Solomon (2015) the civil service in majority countries globally has the

tendency to promote individuals who are older and have massive experience. By holding key positions, in government institutions, older individuals are entitled to hefty pay cheques and other financial benefits as opposed to employees that are newly employed.

Ease of accessibility of finances of the employees is the other covariate which shows significant impact on the saving habits. The chance of "no saving" depends on the ease of accessibility of finances for employees. Those who found it easier to access their finances at different saving institutions could have better saving habits as compared to those who are not satisfied in the sector (coeff -.457, at 2 tailed $P=0.01$).

The probability of not saving is high for those employees who are highly affected by inflation. The odds ratio related to high rate of inflation was a 20% compared to low rate of inflation (10%).

Furthermore, expenditure also has an impact on the saving habit of employees. The results of binary logistic analysis shows that the probability of "not to save" for employees with monthly expenditure above ZMW2500 is -.548 times to that of employees whose expenditure is below ZMW1000 in the (coeff -.280 were $P=0.05$). This result shows that employees that have expenditure above ZMW2500 per month have a low rate of saving habits than those whose expenditure is below ZMW1000.

The study revealed that the level of education of employees impacted monthly income which was also found to affect the saving habit of employees. The probability of "not to save" for masters and above showed a correlation of 0.47 at $P=0.05$ times as compared to those whose level of education was certificate and below (coeff 0.000). Similar Studies indicate that savings increase with level of education, (Beverly and Clancy, 2001). Solomon (2015) found that highly educated individuals tend to have higher average saving habits.

Finally, rate of return and safety of finances showed a significant relationship and have also impacted on the saving habit of employees. Those who had higher rates of returns that were influence by safety of finances as indicated by a Pearson's correlation 0.811 (the relationship was strongly significant showing .000 at significance 0.01 2 tailed) had more chance to save when compared to those who had little or no knowledge on the rate of return despite also showing a strong significance

(coeff $-.726$, $P=0.000$). Gardiol (2012) and Masson et al., (2018) indicate that rate of return and safety of finances for working class individuals improves saving habits of employees.

CHAPTER FIVE: CONCLUSION AND RECOMMENDATIONS

5.1 Conclusions

The main objective of this study was to identify factors that affect the saving culture of employees. The mixed method analysis of saving habits (with a bias towards quantitative methods) shows that of the total number of employees considered, 45% were found to have no saving habits and 55% of them were found to have saving habits at the time of the study period. Data analysis showed that age, education, number of dependent family members, inflation, safety of finances, rate of returns, ease of accessibility and cost of expenditures were the major factors that affect the saving culture of employees in Lusaka. Family size and lower income are also indicators of low saving habits of civil servants.

Bivariate analysis of Pearson's correlation indicated that number of dependent family members and job satisfaction in the sector were significantly related with saving habits of employees. Married employees have higher saving habits than those who are not married.

Monthly salary, and supporting others with money are significant predictor in addition that were identified using Bivariate analysis. In addition, the number of dependents in the family, and cost of expenditure correlated negatively with the parameter of saving culture of civil servants.

5.2 Recommendations and Future Research

To minimize factors of no saving culture of civil servants in Lusaka, the level of education should be considered when an employee has a complicated living condition. When this is the case, appropriate monthly salary should be given special attention. Putting the above consequences of no saving habits, the following recommendations should be implemented by the concerned bodies:

- Since the level of education is one of the problems identified in this study, attention should be given to education and training of employees. The government with the aid of other stakeholders should ensure that they conduct an array of training programs on the importance of saving among civil servants.

- Above half percent (50%) of employees in the civil service that undertook this study are earning less than ZMW10, 000. This indicates that there is a reduction in their saving culture, thus, government should give attention for those people to solve this problem. This can be done by increasing the monthly salaries of civil servants, implementation of small medium enterprise for civil servants or providing them with gratuity every after a stipulated number of years.
- Extended working time has been observed, and as a result employees' satisfaction to their work is low. Hence, either additional allowance should be given or their monthly salary should be increased for the employees.
- Work more on awareness creation and advocacy. Through the use of unions, the government can liaise with civil servants on how best they can improve on their earnings so as they can better fend for themselves as well as their families.
- Support and promote the activities of saving associations. Managing bodies in the civil service should come up with incentives meant to improve worker attitude towards saving.

5.3 Future Research Works

- There is need for further investigation on the factors that determine saving culture among employees outside civil service in Zambia in order to have comprehensive policy development that can influence saving amongst nationals regardless their line of employment.
- Government needs to conduct studies that can bring about strategies and measures that can facilitate for improved attitudes among citizens for the purpose of saving.

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Appendix A: Questionnaire

SCHOOL OF BUSINESS

Determinants of saving culture among civil servants.

The study is being conducted for a Master of Business Studies in Finance at University of Zambia. Your response is very important to this study and will be kept strictly confidential. The results will be used for Academic purpose only. Thanks for your willingness to participate.

A. SOCIO-DEMOGRAPHICS

1. Sex: 1. Male () 2. Female ()

2. Age _____

3. Professional Qualification

- a) Grade 12 Certificate ()
- b) Diploma ()
- c) Bachelor's ()
- d) Master's ()
- e) Doctorate ()
- f) Other (Specify).....

4. Position in civil service

B. REAL INCOME AND LEVEL OF SAVINGS

5. Average income per month

- a) (a) <ZMK5000 ()
- b) (b) ZMK5000-10000 ()
- c) (c) ZMK10 001-15 000 ()
- d) (d) ZMK15001-20 000 ()
- e) (e) >ZMK20 000 ()

6. Does your monthly income give you the opportunity to save?

a) Yes

b) No

/i/ if no, give a reason for your answer.

.....
.....
.....

C. CONSUMPTION AND SAVINGS

7. Do you have dependents?

a) Yes b) No

/i/ If yes, does the number of dependents influence your expenditure?

a) Yes b) No

8. Does your expenditure influence your saving habits?

a) Yes b) No

9. Which of the following factors influence your decision to save?

- a) Rate of return on savings ()
- b) Safety of savings ()
- c) Ease of accessibility ()

D. REASONS FOR SAVING

10. In your opinion, what are the reasons why you save?

Please tick (v) the most appropriate answer to each question based on the scale below.

Strongly Agree(SA)	Agree(A)	Neutral(N)	Disagree(D)	Strongly disagree(SD)
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Question #	Reasons why I save:	SA	A	N	D	SD
1	To get a lump sum to finance projects					
2	For financial security					
3	To minimize the rate of spending					
4	For additional income					
5	As a habit					
6	Return on savings					
7	For bequests					

F. ATTITUDE AND PERCEPTION TOWARDS SAVINGS

11. In your opinion, what are your attitude and perception towards savings?

Please tick (v) the most appropriate answer to each question based on the scale below

Statements	SA	A	N	D	SD
Savings of money ensures secured life					
I always have an inner urge to make additional income to save for a better future					
I am even prepared to cut my expenses for saving					
Nowadays habit of saving is not properly taught to people					
Savings is an inborn habit for many people					
Save today smile tomorrow is a mantra of the salaried class					
Savings is a tough task, but it is a must					
It is my best belief that if there is money anyone can save					
Present days increase in wants considerably reduce saving					

G. CONSTRAINTS / CHALLENGES TO SAVINGS

Please tick (v) each question based on the scale below.

Question	Challenges	SA	A	N	D	SD
G.1	Uncertainty about returns influences my saving					

habit.

G.2 High financial commitment influences my saving habit.

G.3 Low income level influences my saving habit.

G.4 High dependency influences my saving habit.

G.5 Inflation influences my saving habit.

G.6 Risk of losing savings influences my saving habit.

G.7 Unexpected finances influences my saving habit.

G.8 Speculations influences my saving habit.