



COLLEGE OF BUSINESS AND ECONOMICS

DEPARTMENT OF MANAGEMENT

MBA PROGRAM

**“DETERMINANTS OF EMPLOYEES’ SAVING PRACTICE
IN PUBLIC SECTOR ORGANIZATION”: CASE OF BUNO
BEDELE ZONE OF BEDELE TOWN**

BY: KAPITO EFA

ADVISOR: ENDALE ALEMU (ASSI. PROF)

JUNE, 2022

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**A THESIS SUBMITTED TO MANAGEMENT DEPARTMENT,
COLLEGE OF BUSINESS AND ECONOMICS, METTU UNIVERSITY
IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE
AWARD OF MASTER’S DEGREE IN BUSINESS ADMINISTRATION**

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METTU, ETHIOPIA

MATTU UNIVERSITY

SCHOOL OF GRADUATE STUDIES

Advisors' Approval Sheet

This is to certify that the thesis prepared by Mr **Kapito Efa** entitled “**Determinants of Employees’ Saving Practice in Public Sector Organization: Case Of Buno Bedele Zone Of Bedele Town**” submitted in partial fulfilment of the requirements for the Degree of Master of Science (MSc) of school of Graduate Studies at Mettu University through the college of Business and Economics with field of specialization in **Business Administration** and as thesis/dissertation research advisor, I hereby certify that I have read and evaluated this thesis/dissertation prepared under my supervision. Therefore I recommend that the student has fulfilled the requirements and hence hereby can submit the thesis to the department.

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We, the undersigned, members of the Board of Examining of the final open defense examination we certify that we have read and evaluated his thesis entitled the title **“Determinants Of Employees’ Saving Behaviour In Public Sector Organization: Case Of Buno Bedele Zone Of Bedele Town”** prepared by **Kapito Efa** and examined the candidate. Thus, we that recommend that the thesis has been accepted in partial fulfilment of the requirements for the degree of Master of Philosophy in **Business Administration** field of study.

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Declaration

I declare that this thesis entitled “**Determinants of Employees’ Saving Practice in Public Sector Organization: Case of Buno Bedele Zone of Bedele Town**” is my work and that all sources of materials used for this thesis have been appropriately acknowledged. This thesis is submitted in partial fulfilment of the requirements for MA degree in **Business Administration** at Mettu University. I seriously declare that this thesis is not submitted to any other institution anywhere for the award of any degree or diploma. The thesis deposited at the University Library to make available to borrowers under rules of the Mettu University Library.

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The successful completion of this study was done with the support of Almighty God to whom I owe a great gratitude as I shall continue to remain thankful to Him.

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List of Acronyms / Abbreviations

ACSI Amhara Credit and saving Institution

CCContingency Coefficient

CSA.....Central Statics Agency

DBEDevelopment Bank of Ethiopia

DECSIDE debit Credit & Saving Institutions

EPRDF.....Ethiopian People’s Revolutionary Front

ETBEthiopian Birr

FAO.....Food and Agricultural organization

MBA.....Master of Business Administration

MFIs.....Microfinance Institutions

MIE.....Microfinance Information Exchange

NBE.....National Bank of Ethiopia

Abstract

Saving is an important behaviour that can promote long run economic growth particularly at individual and household level and considered as an important variable in the theory of economic growth determining both national and individual wellbeing. However, saving level in Ethiopia is very low and little is known empirically about its determinants. This paper was analysed with the objectives of assessing the saving habits and identifying the demographic variables that significantly influence saving decision of public sector employees in Bedele town, Ethiopia. In order to meet these objective primary data were collected by distributing self-administrated questionnaires using simple random sampling techniques; accordingly 279 sample respondents were selected from the total population of 920 employees. The data were distributed to the respondents using treaty sampling technique. Descriptive statistics and inferential analysis was used to analyse the effect of explanatory variables, like age, working experiences, income level, and expenditure, and family size, social and capital factor on the dependent variable which is saving decision. A total of eight explanatory variables were included in the regression. The results obtained from the analyses conclude that only detail awareness or training and expenditure level of the employees have positive and significant impact on saving decision of the public employees. However, the rest, six (6) variables have negative and significant impact, in this case. Finally, it is recommended that to create wide range of awareness in urban areas through financial education and training relating to saving and finance.

Key words: Employee Saving Culture and Determinant Factors,

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CHAPTER ONE

INTRODUCTION

1.1. Background of the Study

Saving is considered as an important variable in the theory of economic growth determining both national and individual wellbeing. A nation's productive capacity depends on a healthy capital formation. In many developing countries like Ethiopia, developing saving culture is most important activity for accumulation of capital and economic growth. Ethiopia is a developing country where, there has been low in national saving rate in the year 2012 was 12.4% of the GDP (Girma T., Belay K. Bezabih E. and Tena H., 2014). From developing countries point of view Ethiopia has low saving rate compared to other countries like Kenya, Ghana etc. To study saving issues in Ethiopia need to look determinants of saving culture of employees from three aspects: the demographic features of household's impact, access of financial institution and level of consumption of the household (Dereje, B. (2010).

Saving is very important issue in meeting unforeseen events or emergency faced by individual and household bases or organization. Saving rates around the world vary widely: on average East Asia saves more than 30 % of gross national disposable income or GNDP, while Sub-Saharan Africa saves less than 15 %. Regional differences have been rising: over the past three decades saving rates have doubled in East Asia and stagnated in Sub-Saharan Africa and in Latin America and the Caribbean. The saving rate of most of developing countries is very low, so the concern of these countries must be improving the habits of their saving (Dereje, B. (2010).

According to (FDRE, 2010), resource mobilization is the most important factors of economic growth and development, adequate financial resource mobilization was found to be the major one. Domestic financial mobilization probably related with the domestic saving of the nation, is recognized the most basic micro economic variable.

Employees save essentially for two reasons: to cover future expenses (children's education, buying big-ticket durable goods, eg a car) and for retirement. Saving is an important variable for every country to be studied in economic growth and development of the country. It also an essential issue of economy for both individual household and organization. According to

classical economist (Adam, smith 2004) saving is an important determination of economic growth and saving component can be based on individual or on house hold bases which proves to be the wellbeing.

According to (A Rijab, 2021), shows that adequate saving is important for capital formation and has direct impact on economic growth, and is vital for achieving macroeconomic stability. National savings is the sum of savings by public and private sector. Public savings can be mobilized by increasing revenue resources and by controlling non-development public expenditure, thereby generating a budgetary surplus. Private savings can be organized by banking system, development of financial institutions and the stock exchange. In private savings, large portion of savings is due to large share of household sector. Low level of domestic savings is said to be one of the reasons for slow and stagnant economic growth in the developing countries, (Kelley and Williamson, 2004)

Low level of income has a deadly effect on saving; average propensity to save is low and numbers of the poor outstrip the rich in developing countries. Because of low income and formal financial intermediates scarcity developing countries are overwhelmed by insufficient saving, (Sawani M. , 2000).

There are different methods of saving mechanisms. These are formal sector (banks, insurance), semiformal According to National Bank of Ethiopia (NBE), Nov 28, 2019, the saving and credit cooperative are considered as semi-formal financial institutions, which are not regulated and supervised by National banks.)Sector (microfinance institutes, saving and credit co-operatives...) and informal sector ("Iqub", rotating saving, "Iddir", save at home, "Maheber").

In Ethiopia the alternative to banks and insurance companies as sources of savings is the Iddir. The Iddir is a grassroots insurance program administered by a community or group to meet emergency situations. It is an informal association of people who share a common interest such as family membership, friendship, residence in the same district, affiliation by employment, and membership in the same ethnic group for the purpose of securing mutual aid and financial assistance under certain conditions. The original purpose of the Iddir was to provide the financial withdrawal for the burial of the dead, but it has evolved into an

association that offers a multitude of services for its members. These services include financial and material assistance (Aredo,Dejene, 1993)

The domestic house hold saving rate of Ethiopia is very low, this low level of saving rate result in hindering the future expectation of economic growth and development of the country. Developing country to undergo the development path line the saving rate of these countries must be increased from the current status.

There is a lack of adequate domestic savings in most developing countries and as a result, more reliance is placed on foreign savings in the form of capital flows into the country. The issue of low levels of domestic savings is a major problem in developing states due to high levels of unemployment, low wages, the engagement of a large proportion of the population in the informal sector, and poor performance of the economy (Reddy M,NaiduV,andVosikata S (n.d.))states that, the low level of domestic saving limits the country's rate of investment; restrain the rate of economic growth and make the country more vulnerable to international capital shifts.

According to National Bank of Ethiopia survey study, Ethiopian's saving culture is regarded as poor despite the performance improvement from 6% in 1998 to 9.5% in 2003 E.C, in Ethiopia from the total population only six million household saves money in financial institutions on average 875 Birr per year. Saving rate of Ethiopia to GDP is 9.5% which is, the worst saving rate in the world as compared to China, Bangladesh & South Africa which have a better saving rate in the world (Haruma, 2011). In the coming ten years industry sector is expected to lead the economy which was agriculture previously. In order to realize this industry sector the saving cultures of employees currently realized need to be promoted, (Aron Hailesellasie, 2013).

Hence, Bedele City public sector employees was characterized by poor saving cultures which result in very small domestic savings available for investment. The purpose of the study was to identify the determinants saving cultures of employees in public sector organization in area of study.

1.2. Statement of the Problem

There are a number of reasons, including low income, deductions from employee salary, and lack of access to simple way financial services, have been contributing to low savings rate in developing countries specifically in SSA. In addition, institutional factors, and higher expenditure patterns have found to be associated with lower levels of saving in SSA (Beck T, Demirguc Kunt, and Peria M.S., 2008).

Africa saving rate is low, which slows down capital accumulation. Low level of domestic saving rate influences the ability of financial institutions including banks to lend to small and medium enterprises due to the limited availability of capital. It is said to be one of the reasons for slow and stagnant economic growth in the developing countries (Agrawal, Sahoo & Dash, 2010; Bordoloi & John, 2011). Hence a serious problem confronting poor countries is the savings and investment gap. Because of this gap, these countries find it difficult to finance investments from domestic savings needed for growth. Sub-Saharan countries are facing low saving rate problem, so Ethiopia is not unique to the region.

As stated in the background of the study many developing countries like Ethiopia is saving is very low. For instance study conducted in Ethiopia by (Yonas, 2016) showed that, "utilization and factors affecting individual saving in Ethiopia" was not incorporate in his studies concerning the impacts of access of financial institution on the saving practice of employees. And other researcher, (Haile, 2017), title of "saving habits and its determinants" were not consider in his research the independent variable like consumption level of the family and effects of access of financial institution have on the saving culture of employee and they were used only descriptive research design.

Therefore, determinants of saving practice of employees' title should be open to be studied because of the above skill and methodological gap stated. The inaccessible institution of formal financial organization in the study area could be the series problem for the developing culture of saving of employees.

The average saving gross rate as %age of Ethiopia GDP is 20.91% (World, 2022). Knowing the saving habits of individual and household is an important issue; due to dynamic economy environment variation in income and household saving practice among the employees access

to credit and infant stages of financial institution result in less growth in productive investments.

The current national investment activities of Ethiopia largely rely on foreign direct investment than those domestic investment because of limitation of domestic household saving is very low (Zelege, B. (2019). The Causal Relationship between Saving and Investment In Ethiopia). In addition there is also a situation people are not actively undertake savings because of lack of awareness. To this end in most public sectors employees are faced difficult to finance their housing construction, educate their children and other family related activities. This is due to the fact that low income for consumption of the families lack of awareness on saving and limited access to financial institution.

In addition to the above scholars, (M.F, 2017), further study on "saving habits and its determinants" in Dire Dawa found that rate of individuals' saving is very low and only small proportion of their existing level of saving is used for investment. However were not consider in his research the independent variable like consumption level of the family and effects of access of financial institution have on the saving culture of household. Besides they rely on study household community but not focus on employees of public sectors.

To the knowledge of the researcher limited studies have been conducted to assess the Determinates of saving practice of the household in Ethiopia, (Haile M.F and Yonas, 2016,2017) done at macro level and cannot address the determinants associated with employees of public sector organization. Thus; the main purpose of the study was to identify the determinants of saving amount of public sector employees in the study area.

1.3. Research questions

Fundamentally, this study has been conducted to get answers to next research questions:

- 1) What is the current status of saving practice of employees in the study area?
- 2) To what extent the access of formal saving institution in the study area have impact on the saving practice employee in the study area?
- 3) What are the determinants of saving practice of employees in the study area?

1.4. Objectives of the Study

1.4.1. The General objective

The General Objective of the study is to assess the determinants of saving practice of employees of public sector organization in Buno Bedele Zone Bedele town.

1.4.2. The Specific Objectives

This study was intended to achieve the under mentioned particular objectives.

1. To examine the status of saving practice of employees in the study area.
2. To identify whether access of formal saving institution in the study area has the impact on the saving practice of the employee.
3. To examine what are the determinants of saving practice of employees in the study area

1.5. Significance of the Study

This study will support policy makers', planners' and researchers' understanding of the determinants of saving habits of employees in the study area and may serve as an important tool for any possible information towards improving saving culture. This study perhaps give a great benefit to individuals and family for their future hope as well as benchmark for their children and generation, to saving institution such as banks and micro finances (which are serving as agent by linking the borrower and lender as per their need and requisition) will improve their performance regarding deposit purpose to give the loan and give other new and existing services in order to pay interest for depositors and collect their own service charges and other income allowed to them legally who would like to engage in saving and link activity since it will investigated determinants of saving. It will have significant contribution to the researcher and scholars as it will form a background reference for future studies and contributes to the existing knowledge of literature. Finally, it will contribute to a researcher in partial fulfilment of MBA degree in business administration. Therefore, in general, this research is to contribute to the efforts of the country in improving saving practice of employees. Furthermore, it can be used as a base source for other researcher.

1.6. Scope of the Study

This study was covered about employees of public sector organization in case of Buno Bedele Zone Bedele City. It conducted at Bedele Town that located in the Buno Bedele zone of Oromia Regional State. The saving practice of employee's activity under taken in our country is measured in different determinants particularly in Buno Bedele Zone Bedele City is demographic features of the employees, consumption level of the employees and access of formal financial institution. This is why the researcher focuses on them. Besides, time it was conducted was in 2014/ 2022.

Besides, this study was utilized descriptive research design and mixed research methodology. The concerned data of the study were gathered from 279 employees as respondents. Both probable (simple random) and non-probable (purposive) sampling technique was employed. For the required questionnaires means of data collection were applied. Both descriptive and inferential statistics methods of data analysis were utilized. It has tried to approve whether there is a relationship between the selected independent variables and the dependent variable or not. Nevertheless, the interaction effect among the independent variables don't considered in the study because this is beyond the purpose of the study.

1.7. Limitation of the study

In the process of undertaking the study, there are a certain constraints, which will affect a researcher. Among those constraints, some of them are lack of time, financial problem and absences of sufficient references, which is concerned with the thesis. However, despite these over mentioned limitations, the researcher has executed this job through overcoming those challenges. And do the best thesis on study.

1.8. Organization of the Paper

The research paper would have had five typical chapters. Chapter one was dealt with the introduction by encompassing items such as: backgrounds of the study, statement of the problem, basic research questions, objectives of the study, significance of the study, scope of the study, background of the study area and Definition various terms.

Whereas Chapter two totally would concern about literature review. In this chapter different related literature material were reviewed. For instance, issues like: theoretical concepts, empirical evidences, and conceptual frameworks of this study would have been reviewed.

In third chapter the research methodology of the study was incorporated. Specially, under this chapters points such that: research approaches, research design selected for this study, target population of the study, sample size for study, selected sampling techniques, types of data sources, method of data collection and method of data analysis and presentation of the findings of the study.

Following presentation of research methodology, in chapter four, the discussion and analysis section of the study was addressed. To make it more clear, to each and every research questions of this study would got its answers.

Last but not least, in the final chapter which termed as chapter five of this, this study would get its conclusion. Most particularly, in this section, point such as: summarization of the findings, conclusion and recommendation of this study would have been addressed.

CHAPTER TWO

LITERATURE REVIEW

2.1. Introduction

In this chapter, the researcher was review relevant literature connected to our topic. This was involved bringing up the theories that we will use our study. The researcher will discuss issues on determinants of saving amounts and defines relevant concepts in order to enhance our understanding of the topic and provide answers to our research questions. Summarily, this theoretical framework will enable us build a conceptual model that will the road map for our empirical observations.

2.2. Theoretical Review

2.2.1. Overview of Saving in Ethiopia

Ethiopia has a strong practice of saving, which is viewed from informal type of saving and activities of credit association takes place for longer period of time in the form of Iqub, Iddir, and Maheber etc. The saving practice and credit association institution in Ethiopia were established since 1960s. Saving can be known as the monetary or non-monetary (physical products) set aside for future use. Community lives in Ethiopia which, have low income and inadequate awareness of saving importance need motivation for saving. The communities live in less developed financial institution, save in different informal form of saving like Iqub, Iddir etc. Now a day way of saving practice has been changed to the modern types to save in the form of physical asset (like durable goods financial asset like stock, bonds, shares etc).

Financial institution plays an important role in encouraging people or Community to save, change saving into investments in the creation of capital. The advancement of community can affect the attitude toward saving. The community which earns low amounts of income, their opportunity of saving is low which is convenient to save and withdraw at time request.

2.2.2. Meaning of saving

Saving means sacrificing the current consumption in order to increase the living standard and fulfilling the daily requirements in future time. Saving is the action putting aside apart of current income in order to consume or invest it later on. The money saved can be kept at home, deposited in a saving account or invested in different types of capital. Because of many low income house hold in developing country have small informal business, they invest part of their saving in the production unit in order to increase future income.

Savings Amount is the amount of money setting aside a portion of disposable income not spent on consumption of consumer goods, but accumulated in an account (Loayza, N, and Shanker.R, 1994). As several studies shows lower saving rate results in lower investment and economic growth in the world (Issahaku, 2011). Because the above reason government in developing countries give attention to domestic saving and foreign investment for sustainable economic growth and development (Tesfamariam, 2012).

Personal saving has two primary functions. First, savings provide the economic security of a safety net. By transferring resources from the present to the future via savings, individuals are prepared to face unexpected and irregular financial circumstances. Second, saving leads to accumulation of wealth that enables individuals to improve their living standard and to respond to new opportunities (Gokhale, 2013). Households save essentially for two reasons: to cover future expenses (children's education, buying big-ticket durable goods, eg a car) and for retirement.

Formal financial institutions are institutions that have been engaged in saving and credit service delivery both for rural / urban community and having modern accounting and reporting systems e.g. private and government banks, and regional and federal MFI are considered as formal institutions in case of this study. **Income** is the inflow of resources to the household in a given period of time. Moreover, it is described as the stock of resources that are held at a given period of time. Asset or Income in other words considered as they can be consumed though time. **Dissaving**, however, defined as a decrease in assets and this is related to consumption of assets.

Savings theories traditionally predict that current consumption is related not to current income, but to a longer-term estimate of income. In recent years, few studies have been

presented nationally on this issue using aggregate saving data. But still this issue is needed to be discussed more at micro level to find solid policy framework in the future. In Ethiopia for the last long decades there are a number of traditional saving systems which undergo long period of time and contributes to the growth of economy and social wellbeing of the community. Saving decision are the center for short term means spending dynamic for the business analysis and management of monetary policy and for the long run means aggregate saving determines size of aggregate capital stock with consequences for wages, interest rate and standard of living. The problem associated with saving culture can be taken up both at micro and macro level.

One of the most important determinants of saving practice employees household characteristics: income, consumption expenditure, family size and other demographic characteristics. The saving rate also depends upon the availability and easy access of financial institution nearby. Many of household characteristics like level of education, gender ratio, age; marital status affects the saving behaviour of house hold. Most of rural employee's households have low income for which they are incapable of saving.

2.2.3. Types of Savings

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

2.2.3.1. *Household Sector Saving*

The savings done or accrued by the individual members in a household consists of household sector saving. The household saving contributes to a larger share in the economy which comprises of the individuals saving practice at a larger scale including the financial as well as the financial assets. The individuals at the household level make a share to the national income computation of a country.

2.2.3.2. *Private Corporate Sector saving*

The savings made in the private owned corporations are called as the private sector corporations. The private corporate sector comprises of (i) non-government non-financial

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

2.2.3.3. *Public Sector Saving*

The public sector's savings are constituted into two, those government savings, and savings generated by the public sector undertakings in the form of internal resources. One process of estimating public sector saving is to scrutinize the relationship between public savings and the consolidated returns shortage of government which is an alternative measure of government savings.

2.3. Empirical Review

2.3.1. Determinants of savings

The continent Africa has been identified as having an unsatisfactory growth in saving rates, which slows down capital accumulation. Africa's low saving rate influences the ability of banks to lend to small enterprises due to the limited availability of capital. Sub Saharan countries are also facing low saving rate problem which is below 17%, so Ethiopia is not unique to the region. Examining and explaining determinants of saving and asset building have garner attention from scholars across numerous disciplines. Economic theories put primary emphasis on income and age as predictors of saving and asset accumulation (modigliani, 1963).

In addition of this, There are many studies that have been done on a large number of countries to identify the determinants of savings behaviour in pooled time series and cross-sectional data (forexample see Loayza, Schmidt-Hebbel & Serven, 2000; Elbadawi & Mwega, 2000; Aryeetey & Udry, 2000; Sinha, 1998; Schmidt-Hebbel, Serven, & Solomano, 1996; Collins, 1991). However, saving behaviour shows considerable variation across countries depending on their socioeconomic structure. In this section the variables that can affect saving practice are discussed.

2.3.1.1. *Demographic Characteristics*

The demographic employee characteristics include income, consumption level, size of the family, education level, gender, age composition; marital status has a direct impact on the

culture of saving of the household. The importance of saving reveals that it is important for children education, children's marriage, medical expense, scarcity of grains, social security purpose precaution for natural event like flood drought etc.

2.3.1.2. *Size of the employee family*

The size of the family also an important determinant of saving practice of the employees, large family size is very prominent in the urban and rural areas of public sector employees household.

2.3.1.3. *Income of employee*

(Keynes, 1936) Keynes developed the absolute income hypothesis. The theory posits positive relationship between absolute income and saving. Such proposition is supported by much empirical evidence. This finding challenges the recent revolution of micro finance institution to mobilize micro saving from the poor. The implication of this findings for financial institution to target the middle- and high-income group for saving mobilization and reduce the pressure to mobilize micro saving from the poor. (Modigliani and Brumberg R, 1954) Develop life cycle hypothesis, theory assumes no biggest motive and the individual aim to zero saving during the whole life. Saving in one period of life will be matched with dissaving in country. With the assumption of raising income, individual should borrow when young, save for retirement when middle aged and dissave when retired (Deaton A. , 2005).

The life cycle hypothesis is supported by much empirical evidence. (M, 1957) Developed the permanent income changes theory, states that, permanent income changes are consumed and temporary income changes are saved. However the empirical evidence contradictory with some studies support the permanent income changes and others reject it. Aron et al., (2013) study showed that income level is a significant factor for the saving practice of households. The study revealed that when the income level of households increase the saving rate also increase by some %. Similarly, Modigliani (1995) noted that for poor and developing countries the saving ratio tends to raise with income, while in developed countries there is no significant, systematic relationship between income and saving.

2.3.1.4. *Level of education and saving practice*

Education has been included as a proxy for human development which increases the human productivity and capabilities, thereby increasing personal income as well as savings (Zhang,

Zhang, & Lee, 2003). This is the indirect positive effect of education on saving through increased income. Aron et al. (2013) found a positive relationship between educational level and saving practice of households. On the other hand, Kulikov, Paabut, and Staehr (2007) found that education as a human wealth ensures employability and stability of income and, hence, it can have negative impact on saving. Odoemenem et al. (2013) found that education level did not have significant influence on saving.

2.3.1.5. *Age and saving practice*

Some research studies states that the higher the old aged population in the nation the lower is the saving rate in the economy (Bovenberg & Evant, 1990). Ashok, Kumar, and Jagadeshwara (1985) found that savings was low for younger and old groups and high for middle age groups. Aron et al. (2013) in their study found age as a significant and negative factor for the saving practice of households that the higher the age of households, the lower is the saving of the households. However, a study by Rehman, Chaudry, Faridi and Bashir (2011) found insignificant relationship between lower income group age and saving levels. Odoemenem, Ezihe, & Akerele (2013) study also revealed that age composition did not have significant influence on saving.

2.3.1.6. *Gender and saving practice*

There are some empirical studies in Netherlands by kalwij (2003), Canada by Gagnon, Gagnon, and Khoury (2006), Uganda by Kiiza and Pederson (2002) and Ethiopia by Aron et al. (2013) which revealed that female individuals had better saving behaviour than males because of the life developed style by the community and they are expected to cover the principal household consumption and costs in any social interaction. Whereas empirical study in Philippines by Bersales & Mapa (2006) showed that male individuals were better saver because female had no power to control income even for their own income. According to study of Odoemenem et al. (2013), sex had significant influence on saving whereas, Rehman, et al. (2011) found that female to male ratio was insignificantly affect saving levels.

2.3.1.7. *Consumption expenditure and saving practice*

Households' savings is generally defined as the difference between household disposable income and household consumption expenditures (J., 2009).

The effect of the precautionary savings is realized through its impact on current consumption, as individuals postpone their current consumption in order to maintain the utility level of consumption in the future if income drops. Thus saving is only possible if someone has more than enough to meet the basic needs and can only save what is left after paying for such basic needs (Otto, 2009).

2.3.1.8. Religion of Household

Religion plays an important role in determining the saving culture of the employee's households. The different religious groups engage in different occupation amounting to different income in fact with a different attitude or tendency towards saving.

2.3.1.9. Access of financial institution

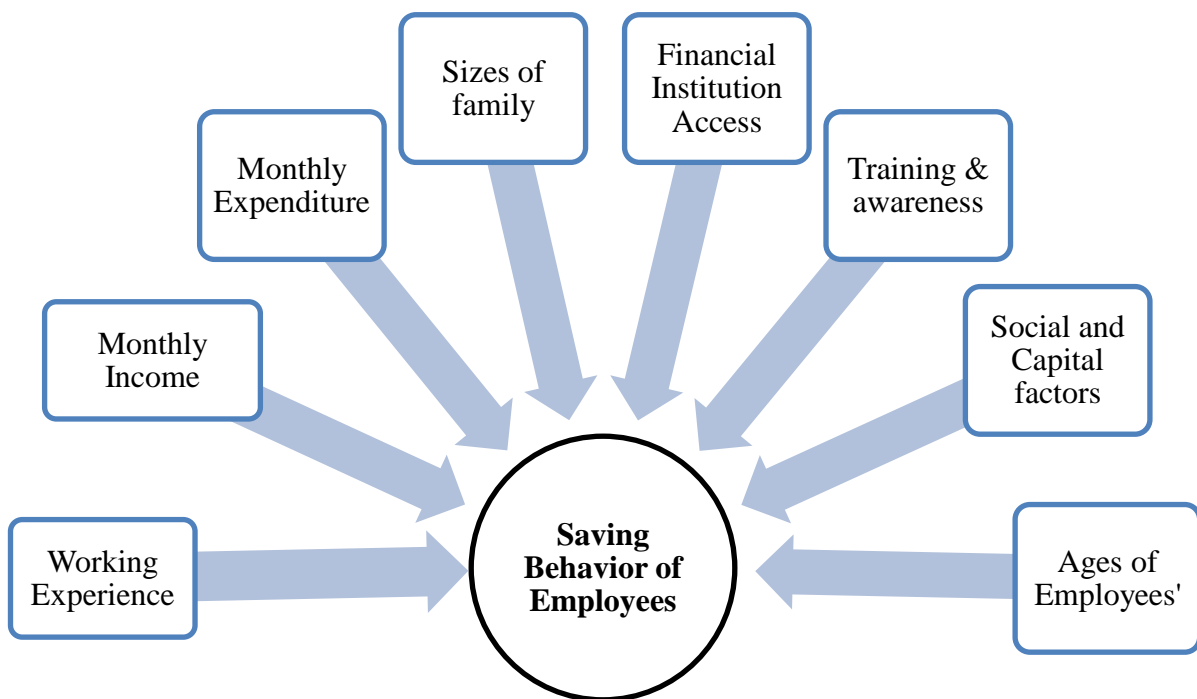
Financial institutions are Private (shareholder-owned) or public (government-owned) organizations that, generally speaking, act as a waterway between savers and borrowers of funds (suppliers and consumers of capital). (Carpenter S.B. and R.T.Jensen, 2002) Focus on the role of institutions which collect saving and stress on the role of formal (banks) and informal institutions (savings committees). They found that "increased income leads to a greater desire to participate in some form of savings institutions but as income increases more individuals shift to the formal sector".

The empirical literature review revealed that there are different factors that affect employee's savings. Most of these empirical studies focus on aggregate national savings using macro data. Besides, there is no study conducted on microeconomic level on the determinants of employees saving in western Ethiopia and limited studies are found in the country. Therefore, this paper will be attempted objectively to identify major micro level determinants of savings at household level focusing on the effects of the socio-economic characteristics of the households on saving behaviours and their view on income, expenditure and access of financial institutions. The study is also to contribute to the existing research gap through a better exploration of its determinants.

2.4. Conceptual Frame Work of the study

Keeping in view the importance of public organization employee saving in Ethiopia, some conceptual and empirical evidence from international economy is reviewed based on saving in developing countries and major contribution to savings literature comes from (Modigliani F. and Blumberg R., 1954) stated that lifecycle hypothesis, whose basic assumption is that individuals spread their lifetime consumption evenly over their lives by accumulating savings during earning years and maintaining consumption levels after retirement. The permanent income hypothesis (M., 1957) argues that consumption is proportional to a consumer's estimate of permanent income. However, these theories of saving were originally developed by and for developed economies.

This research would like to measure and assess the determinant factors of employee saving cultures. Therefore, it helps to understand impacts of these listed factors on employee saving culture according to ideas/beliefs. The framework is summarized as below:



Source, Own construct, 2022)

Figure2. 1: Conceptual Framework of Factors Affecting Employee Saving Culture

CHAPTER THREE

RESEARCH METHODOLOGY

3.1. Introduction

This chapter describes how the study would be conducted in data collection and analysis. It describes the research design, the area of study, the research approaches, the research sampling, the population of the study, the sample size, data collection methods, the data collection instruments and the analytical tools for data analysis.

3.2. Description of the Study Area

Western Ethiopia from February –June 2022. Buno-Bedele is one of twenty Zones in Oromia Region found 480 KM away from Addis Ababa with total population of 1.59 million. Out of them, females constitute 49.5% and 82% of the population were living in rural area (Zonal health office statistic, 2015) Buno Bedele Zone constitutes 10 district, one City administration and 322 kebeles.

3.3. Research Approach

According to Teshome (1998), using of both quantitative and qualitative approach at the same time is more advisable. Because quantitative data provides precise summaries and comparisons, while the qualitative data provided general elaborations, explanations, meanings and relatively new ideas. Taking all these into account, both quantitative and qualitative were used for this study. This study applied qualitative and quantitative type of data.

3.4. Research Design

Different researcher uses different research design. Descriptive research contains both surveys and fact-finding inquiries of various kinds. The major purpose of descriptive research is description of the state of affairs as it exists at present. In social science research, term Expose factor research is used for descriptive research studies. The main characteristic of this method is that the researcher has no control over the variables; he can only report what has happened or what is happening (Kothari, 2004).

On the other hands, Njana (2009) discusses three types of research design. Namely: exploratory (this emphasizes discovery of ideas and insights), descriptive (concerned with determining the frequency with which an event occurs or relationship between variables), analytical (this is concerned with determining the cause and effect relationships).

So, in this regard, this study applied descriptive and explanatory research design type of research. Because, the principal purpose of it was to measure the extent effects and state the effects of independent variables.

3.5. Target Population

Population in statistics is the specific population about which information is desired. According to (Mugenda, 2003) a population is a well-defined or set of people, services, elements, events, group of things or households that are being. This study covers thirty-two (32) public sector organizations in the city. At the time of conducting research, it is often impossible, or too expensive to collect data from all the potential units of analysis was included in the research problem.

So, the target population of this study included those who are earning fixed income in the form of salary and employed in public sectors. Target population of this study was being 920 public organization employees working in Bedele town. The information obtained from Social Security Agency of Bedele town.

3.6. Sampling procedures and Techniques

3.6.1. Sample Size Determination

A sample is a small proportion of the target population selected using some systematic procedures for study. Sampling is a research procedure that is used for selecting a given number of subjects from a target population as representative of that population (Mugenda, 1999).

The population of this study was constituting all thirty-two sectors (32) and nine hundred twenty (920) employees of public sector organization of Bedele city. The research used simple clustering random sampling techniques to select sample respondents from the whole population which actually nine hundred twenty (920)) (Manucipality, 2022).

Table 3.1: Estimated population of the study area

No	Clusters of sectors Clusters	Number of Employees			Number of Sample		
		Male	Female	Total	Male	Female	Total
1.	Economic sector	111	151	262	39	44	83
2.	Social sector	205	109	314	52	39	91
3.	Administration sector	202	142	344	56	41	97
	Total	518	402	920	147	124	271

(Source: Developed by researcher, 2022)

Therefore, based on above figure, the researcher used Yamane formula to determine sample size for the study. The sample size is considering confidence level, the value of the standard variation at a given confidence level of error. Therefore, the sample size of population is determined using the formula developed by Yamane (1967).

$$n = \frac{N}{1 + N(e)^2};$$

Where;

n-----the sample size,

N----- The population size which equals with 920

e----- The level of error 0.05; and

1 -----is constant.

Therefore, through substituting the given value, in the above formula,

$$n = \frac{920}{1+920(0.05)^2} = \underline{\underline{n=279.}}$$

Consequently, 279 public sector employees were selected as sample population of this study as respondents.

3.6.2. Sampling Techniques of the Study

Stratified random sampling used to get information from different sizes of the public sector organization. This technique was preferred because it is used to assist in minimizing partiality when dealing with the population. With this technique, the sampling frame was organized into relatively homogeneous groups before selecting elements for the sample. According to (M.Ruane, 2004) this step increases the probability that the final sample were representative in terms of the stratified groups.

This study covers thirty-two (32) public sector organizations in the city that were stratified in to three (3) strata: strata1, Economic sector employees' strata1, strata2, Social sector strata and strata3, is Administration sector employees 'strata. The sampling frame were prepared from those three strata by giving sequential order and finally an employee was be systematic random sampling procedure was applied.

3.7. Types and Sources of Data

Based on the research problem and objectives, both primary and secondary data sources were used. More specifically, for primary data source, the selected methods to collect the necessary data were questionnaire; while secondary data source was document. The primary data source was collected from thirty-two (32) different public sectors of employees through, close ended questionnaire and interview to respondent.

To substantiate the primary data, secondary data was collected from unpublished materials & annual reports and etc. were used here.

3.8. Data collection Instruments

Here, the cross sectional survey method was employed by using close ended structured questionnaires among the representative of employees in the town. Primary source of data used as methods of data collection. The primary data to be derived using close ended questionnaires because of benefits such as: clarity, time (fast), cost (cheap), privacy and can be submitted physically or online, that will be administered personally by the respondents. The questionnaires were translated from English to Afaan Oromo versions to help in reducing the impact of language barriers.

The questionnaires are designed to answer the questions identified in the problem statement and include questions that are relevant to the study and followed a logical sequence to avoid misunderstanding. Close ended questionnaires prepared and adopted with the context of enhance the validity, reliability and accuracy of data collected for the study.

3.9. Method of data analysis

The study was employed statistical packages for social sciences (SPSS) version 20.0 and analyze the results will be presented in charts, bar charts, tables, graphs and %ages for easily understanding. Multiple linear regression model analysis was employed in order to describing the relationship between the dependent and independent variables (Gujarati, 2000). Descriptive method employed to explain the demographic and socio economic behaviour of employees' characteristics. The specific method used in the data analysis is frequency, %age table and computation of descriptive statics.

After the accomplishment of the data collection there will careful analysis and interpretation of this data, which will be collected from the respondents. The data was edited, coded, tabulated, and classified for the data preparation.

Both descriptive and inferential statistics used to analyse data from the field. Descriptively, data will be analysed using tables and pie chart to group the reaction of respondents to the questions asked. The inferential statistical tools used to analyse the relationship between the independent and dependent variables are the Pearson Product moment Correlation analysis, variance inflation factor (VIF) and contingency coefficient (CC).

All in all, the descriptive statistics was presented in mean, median, standard deviation and proportions while the inferential statistics includes Regression Assumption Tests (normality, linearity and Mult-Collinearity tests), Pearson correlation and multiple linear regression models. The multiple linear regression models will be used to measure the relationship between the independent variables and the dependent variable that are explained in the model.

3.9.1. Description of Variables

Table 3.1: Dependent Variable and independent variables Definitions

Variables	Type	Variable definition	Variable measurement
Dependent Variable			Five point Likert's Scale
Employee Saving Cultures	Nominal	Habits that employees have to save money from income they earned	Five point Likert's Scale
Independent Variables			Five point Likert's Scale
Monthly Income	Continuous	Amounts of money that employees gained as an income per a month	Five point Likert's Scale
Expenditure	Continuous	Total amounts of monthly expense as consumption	Five point Likert's Scale
Sizes of family	Continuous	Number of total individuals who live per a household	Five point Likert's Scale
Financial institutions access	Continuous	financial related services that received by employees	Five point Likert's Scale
Training & awareness creation	Nominal	For the aim of improving employee's understanding on saving given training service	Five point Likert's Scale
Social & capital	Continuous	Amount of money that employee used for helping other and investing	Five point Likert's Scale
Age of employee	Continuous	Total year that show how long lived since birth	Five point Likert's Scale
Work experience	Continuous	Time that indicate how long the employee has worked in organization	Five point Likert's Scale

(Source: own works, 2022)

3.9.2. Model Specification

The Mathematical Model of multiple regressions below used to determine the quantitative association between the variables:

$$\text{EmpSCi} = \beta_1 + \beta_2 \text{Inc} + \beta_3 \text{Exp} + \beta_4 \text{FS} + \beta_5 \text{FIA} + \beta_6 \text{TAC} + \beta_7 \text{SCF} + \beta_8 \text{Ag} + \beta_9 \text{WeXP} + E_i$$

Where the abbreviations of the terms in the model are as follows:

Inc----- monthly income

Exp – Monthly expenditure levels

FS – Family size

FIA – Financial institutions access

TAC – Training and awareness creation service

SCF – Social and Capital Factors

Ag – Ages of employee

Wexp – Working experience of employee possess

EmpSCi – employee saving culture

E_i- Residual term

β - Coefficient

3.10. Ethical Consideration

A letter of Ethical clearance and permission was obtained from the college of post graduate research associate dean of Mattu University. Interview was conducted after obtaining a consent form from each individual. All individual information will be kept confidential and identification of an informant will only possible through numerical codes.

CHAPTER FOUR

DATA PRESENTATION AND DISCUSSIONS

4.1. Introductions

The major purpose of the study is to assess the factors that affect the saving performance of government employees at Bedele Town. To address this, the most necessary research questions, in line of this objective are formulated and discussed based on the literature reviews as it has been clearly explained in chapter one.

This study is focused on 279 (two-Hundred- Seventy- nine) of 32 public sectors employees a sample units of the study. In this case, these study sample units are taken as a sample from out of the whole target population of 920 those are actively functioning in 32 public sectors by this time. However, about 249 respondents which means **89.25%** of them were answered the distributed questionnaires correctly, only.

Furthermore, the necessary primary data were collected from the respondents through the means of close-ended questionnaires. The questionnaires method data collection was applied, to get the crucial raw data from the sampled populations. At this point, the self-administered questionnaires were structured in 5 Likert Scale Style and in some other forms. This instrument of data collection was interpreted into Oromiffa languages for ease of respondents.

In general, this chapter was encompassing four key sections. First, the general description of respondents' data would be discussed as in section one. To make brief, some key issues would be concerned; such as: the general description of respondents' profile data in terms of gender(s), age(s), marital-status, educational status(s), and other characters of the respondents were articulated and summarized in a brief and detail circumstances *in the beginning section* of the chapter.

Following this, as per of *second section*, the analysis and conversation of **research question one** which deals with the examination of the status of saving practice of employees in the study area would be addressed. This research questions along with its sub-sections can be

vividly and precisely analysed descriptively and graphically discussed and interpreted accordingly.

Next, in section **three (3)** in which generally dealt with to identify whether access of formal saving institution in the study area has the impact on the saving practice of the employee. In last but not least, in **section five**, that concerns about factors affecting saving practice of employees in the study area would have been analysed descriptively and discussed accordingly. Generally, the data analysed here are come from the gathered data through using questionnaires method(s) from the sampled populations for the purpose of this task.

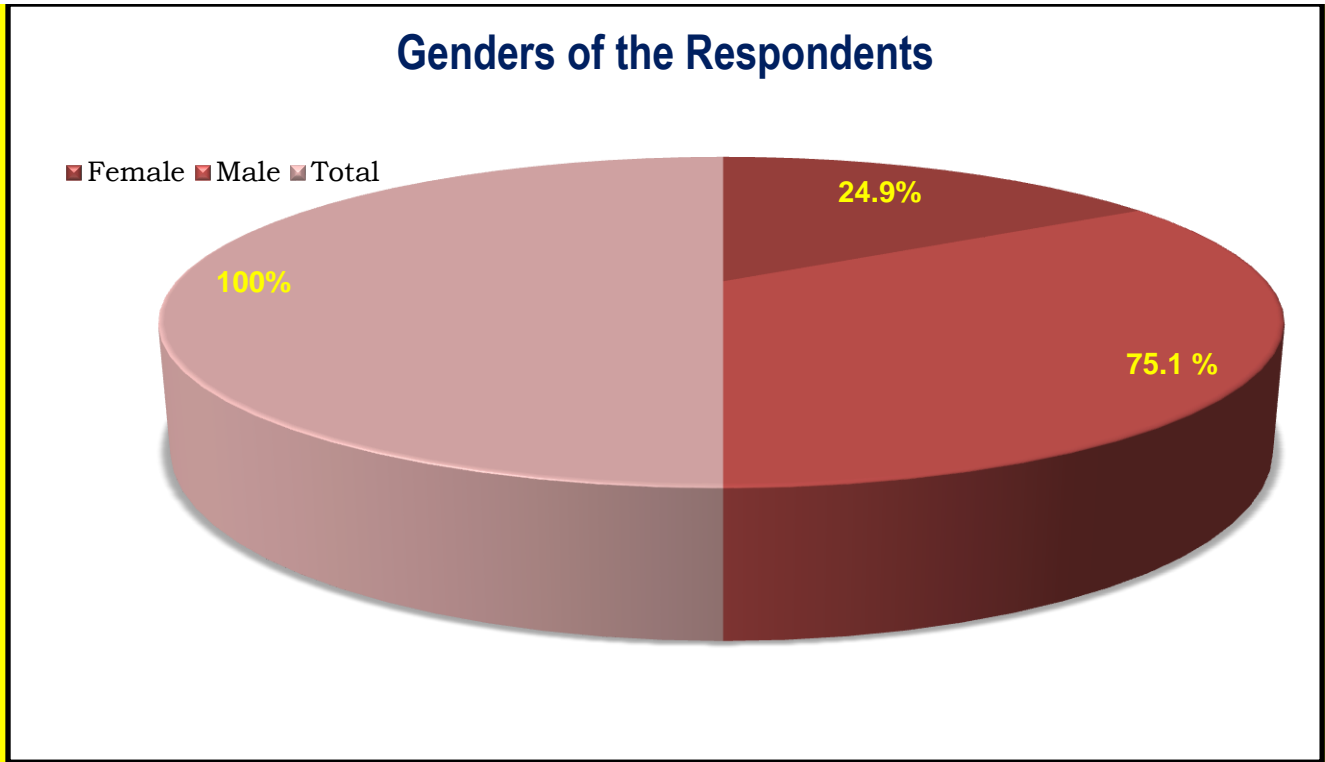
Most notably, the questionnaires were self-administered and delivered to the 279 respondents. However, despite this, only 249 (two-Hundred-Forty-Nine) respondents were filled the answers to almost all questionnaires which were distributed to them as much as it was required. Consequently, the questionnaires *response rate* was estimated to be **89.24%**. The rest 10.76% of the respondents did not return back the question paper. This may be due to several unknown reasons.

4.2. Description the Characteristics' of the Respondents Profiles

As it has been remarked previously in the introduction section, under this sub-section the general information of the respondents of this study was demonstrated in brief and detail manner as hereunder. In this account, it emphasized on issues such as: gender, age, marital-status, educational status, religions, working experience in terms of years, responsibility in the given organization and state of residential home of respondents would be briefly discussed as hereunder case.

4.2.1. Description of Gender(s) of Respondents

In line of this study consideration, the characteristics of sex profiles of the respondents of this study was exhibited as below by Figure 4.1;



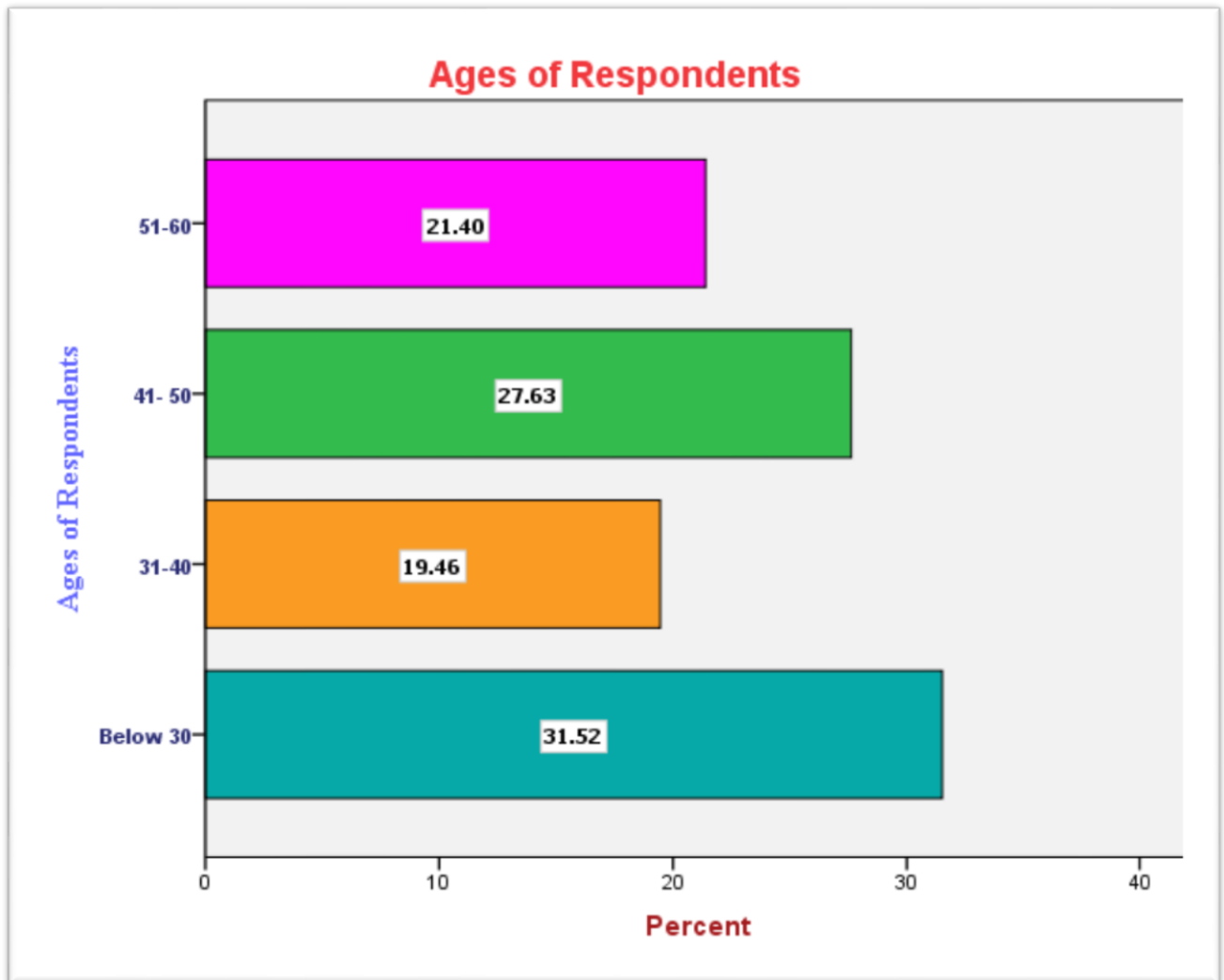
(Source: Researcher's own works, 2022)

Figure4. 1: Gender profile description of respondents'

As it has been observed from figure 4.1, of the total sample respondents (249), about 62 (24.90%) of the respondents were female headed while 187 (75.10%) are male headed. The chart gives information on the composition of the respondents in terms of sex. The reason that the researcher included this part is for example, to make sure that respondents are in appropriate mix in terms of gender. As the chart indicates, there is an appropriate mix of gender in the study.

4.2.2. Description of Age(s) of Respondents

Regarding the age information of the respondents of this study is presented and discussed explicitly as in hereunder Figure 4.2;

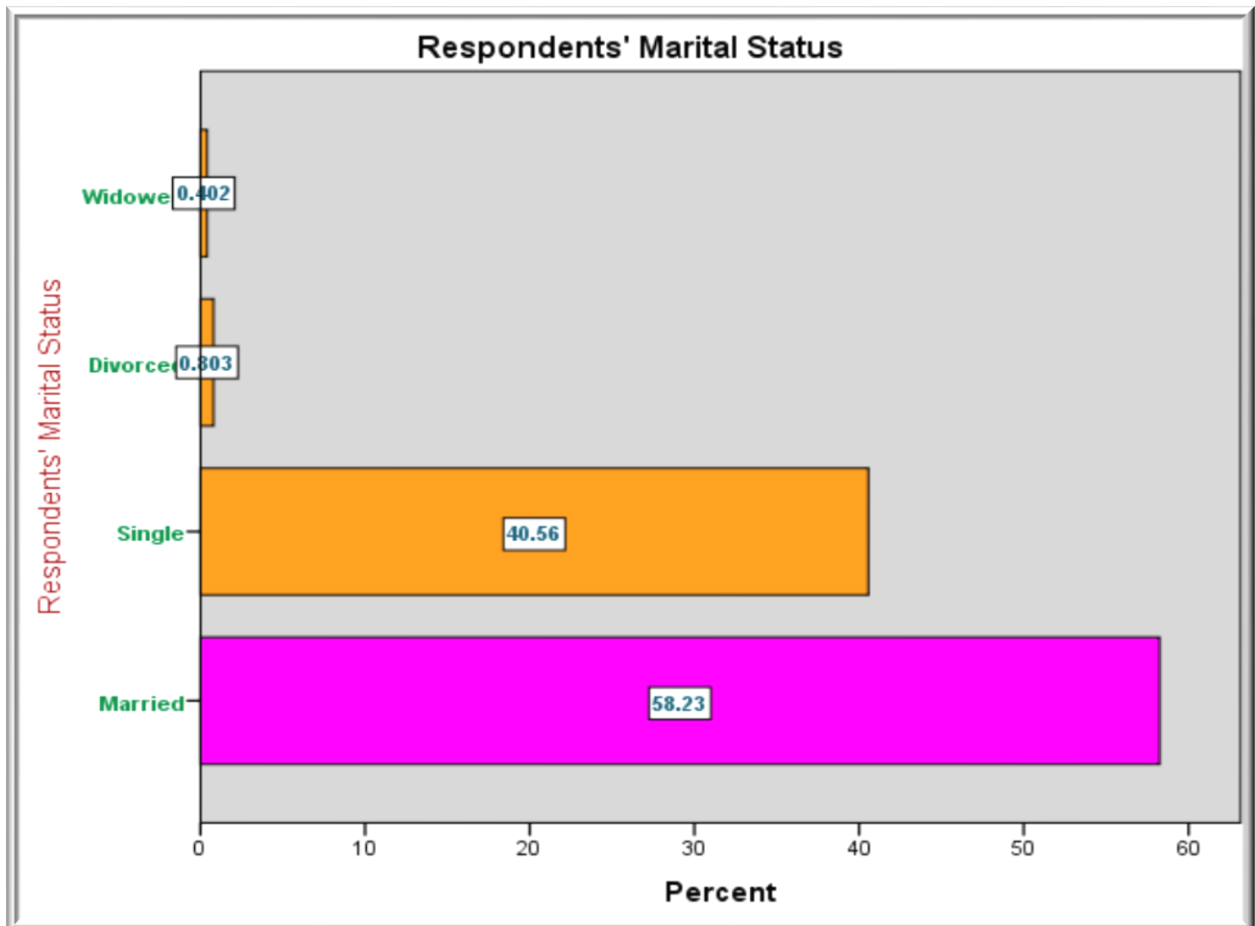


(Source: *Researcher's own work, 2022*)

Figure 4. 2: Descriptions of Age(s) of the Respondents (in years)

Above figure 4.2 results showed that the majority (31.52%) of the respondents were aged below 30 years. Next, around 27.63 % of the respondents' age was ranged from 41 to 50 years. About 21.40 % of the employees have age between 51 and 60 year. Finally, those aged between 31 and 40 would be about 19.46 %. In summary, this result infers that employees are more concerned about career and promotion.\

4.2.3. Description of Marital-status(s) of Respondents



(Source: *Researcher's own work, 2022*)

Figure 4. 3: Graphical Summary of the Respondents' Marital Status

Above results implies that the majority (58.23%) of the respondents were married couples. On the other side, around 40.56 % of them were single, while the remaining 0.803 % of them was divorced and 0.402 % of them were widowers one.

4.2.4. Depiction of Educational Status of the Respondents

Table4. 1: Summary of Educational Status of the Respondents

Respondents' Educational Qualification				
	Frequency	%	Valid %	Cumulative %
Level I-IV	67	26.9	26.9	26.9
Diploma	121	48.6	48.6	75.5
BA/BSC	57	22.9	22.9	98.4
MA/MSC	4	1.6	1.6	100.0
Total	249	100.0	100.0	

(Source: Researcher's own computation, 2022)

The result shows that 67 (26.90%) had completed level 1-4; 121 (48.60%) had completed Diploma; 57(22.50%) had completed BSC/BA and lastly, about 4 (1.60%) of the respondents were MSc/MA and no PhD holders in the district.

In conclusion, this indicates that the need for training and development is there and worth considering. Therefore, the public institutions under study are supposed to provide an effective training and development packages and/or strengthen the existing one, if any.

4.2.5. Respondents Work Experience, Religion, and Responsibility Profiles

Table4. 2: Summary of Work Experience, Religion, and Responsibility

		Count	Table N %
Working experience of respondents (in year)	<10	28	11.2%
	11-20	80	32.1%
	21-30	70	28.1%
	31-40	50	20.1%
	>41	21	8.4%
	Total	249	100.0%
Respondents Religion	Orthodox	79	31.7%
	Protestant	88	35.3%
	Muslim	78	31.3%
	Catholic	3	1.2%
	Wakefata	1	0.4%
	Total	249	100.0%
Responsibility in the organization	An experts	195	78.3%
	Dept header	35	14.1%
	Manager/Boss	7	2.8%
	Other Positions	12	4.8%
	Total	249	100.0%
	What is your HOME of dwelling	My own House	61
Rented House		188	75.5%
Rent free		0	0.0%
Total		249	100.0%

(Source: *Researcher's own computation, 2022*)

In the place this study was performed, about 43.3 % of the employees had less than twenty (20) work experience. While, nearly, 48.2 % possessed working habit that ranged between 21 to 40 years. But, 8.4 % had more than 40 years' work experience. Regarding religions, 31.7 % orthodox, 35.3 % protestant and 31.3 % of them were Muslims in their religions. However, the rest 1.6 % of them were catholic and Wakefata in this case.

Besides, concerning their responsibility in the organization, about 78.3 % of them were experts; while, remaining 22.7 % had various like: boss/manager, dept head, or other

positions. Finally, about 75.5 % of public sectors employees were dwell in the rented house, but, 24.5 % had constructed their own residence home.

4.3. General Saving practice of employees

Table4. 3: Descriptive Statistics on Monthly income levels of employee

		Count	Table N %
1) Family size of the Employee in number	One	5	2.0%
	Two	26	10.4%
	Three	85	34.1%
	Four	35	14.1%
	5 & Above	98	39.4%
	Total	249	100.0%
2) Salary status of the Employee	1001-2000	53	21.3%
	2001-3000	42	16.9%
	3001-4000	8	3.2%
	4001-5000	76	30.5%
	> 5001	34	13.7%
	< 1000	36	14.5%
	Total	249	100.0%
3) Do you have other additional Income?	No	171	68.7%
	Yes	78	31.3%
	Total	249	100.0%
4) If your answer for above is question yes how much is your income monthly from additional income	< 1000	81	32.5%
	1001-2000	72	28.9%
	2001-3000	25	10.0%
	3001-4000	71	28.5%
	4001-5000	0	0.0%
	> 5001	0	0.0%
	Total	249	100.0%
5) Does your husband/wife have her income?	Yes	43	17.3%
	No	206	82.7%
	Total	249	100.0%
6) If yes, how much his/her income is	< 1000	106	42.5%
	1001-2000	94	37.8%
	2001-3000	49	19.7%
	3001-4000	0	0%
	4001-5000	0	0%
	> 5001	0	0%
	Total	249	100.0%
7) Your salary amount has increased in the last five years?	Yes	109	43.8%
	No	140	56.2%
	Total	249	100.0%

(Source: *Researcher's own computation, 2022*)

From Table 4.3 above information, the statistical descriptive analysis results demonstrate the general saving practice of employees. So, here some critical and important parameters are illustrated in line to specific objective of this study.

According to the answers of the respondents of this study, regarding the family size of employees, about 39.4% of them had minimum 5 and above family numbers. And, around 48.2 % of them were governing 3 up to 4 individuals in their houses. Despite this, only 2.0 % were dwelling as a single individual.

Concerning their monthly salary levels, about 35.8 % of them earn below 2000 ETB monthly. Whereas, 20.1 % got 2001 up to 4000 ETB per month, 30.5 % obtained about 4001 to 5000 ETB in a month, and, but only 13.7 % got above 5001 ETB in the month. Similarly, merely, about 31.3 % have an additional income source in this case. 68.7 % did not have additional income. Even, those had an extra income which is below 2000 ETB would be about 61.4 %. The rest 38.6 % on employees had about 2001 to 4000 ETB income additionally within a month.

On the other hands, according to respondents' responses, about 82.7 % of them did not have their own monthly income as both of husband and wife. Rather, one spouse only earns monthly income and the whole family dependent upon it. However, 17.3 % of them had monthly income both husband and wife. Even though the additional income which was below 1000 ETB husband or wife gain as an additional income became 42.5 %. Around 57.5 % of them were gain to 1001 to 3000 ETB.

Ultimately, question requested if there a tendency of salary/income increment in the last five years, among the whole requested respondents, about 56.2 were said that as there was no income progression so far in the last five year. Whereas, 43.8 % suggested that as there was income increment in the last five year. This result infers that majority of the employees in the study area, perceived that no salary increment in the past five year. On the other hands, costs of life are highly doubling until this moment. As a result of this matter, money saving interest of employees was massively affected.

In conclusion, considering general saving practice of an employee, in the study area, factors such that: family size, levels of monthly salary, absence of an extra income, husband or wife partly involvement in income earning and very less earning amount, and, additionally,

absence income increment tendency in the past five years are realized as major practice of employee saving challenge in this case.

4.4. Analysis of Determinant Factors that Affect the Roles the Employees Saving

Here various items such as factor analysis, Tests of Hypotheses., multiple correlation analysis, and regression analysis of the study variables would be performed. The analysis was carried out to address the **third research question** of the study. Under this section three different kinds of analysis can be accomplished. These are: Factor analysis, Tests of Assumptions and Tests of Hypotheses. Before doing these two, some common assumptions for both methods need to be tested. These three assumptions are: test of normality, test of linearity and test of multi-co linearity assumptions or conditions for dependent variable is tested.

4.4.1. Factor Analysis

Factor analysis was more importantly, performed for the aim of reducing less significant variables. So, as it has been illustrated in the literature review sections of this paper, this paper consists of eight (8) independent variables and one (1) dependent variable. Hence, before proceeding factor analysis, items have been grouped into five (5) variables: income, expenditures, access to finance institutions, ages, working experience, family sizes, social and capital factors, and training and awareness factors on employee saving culture. Factor analysis was run by using principle component analysis according to items in each domain across and components extracted by way of **varimax rotation**. And it was saved as **regressional coefficients**.

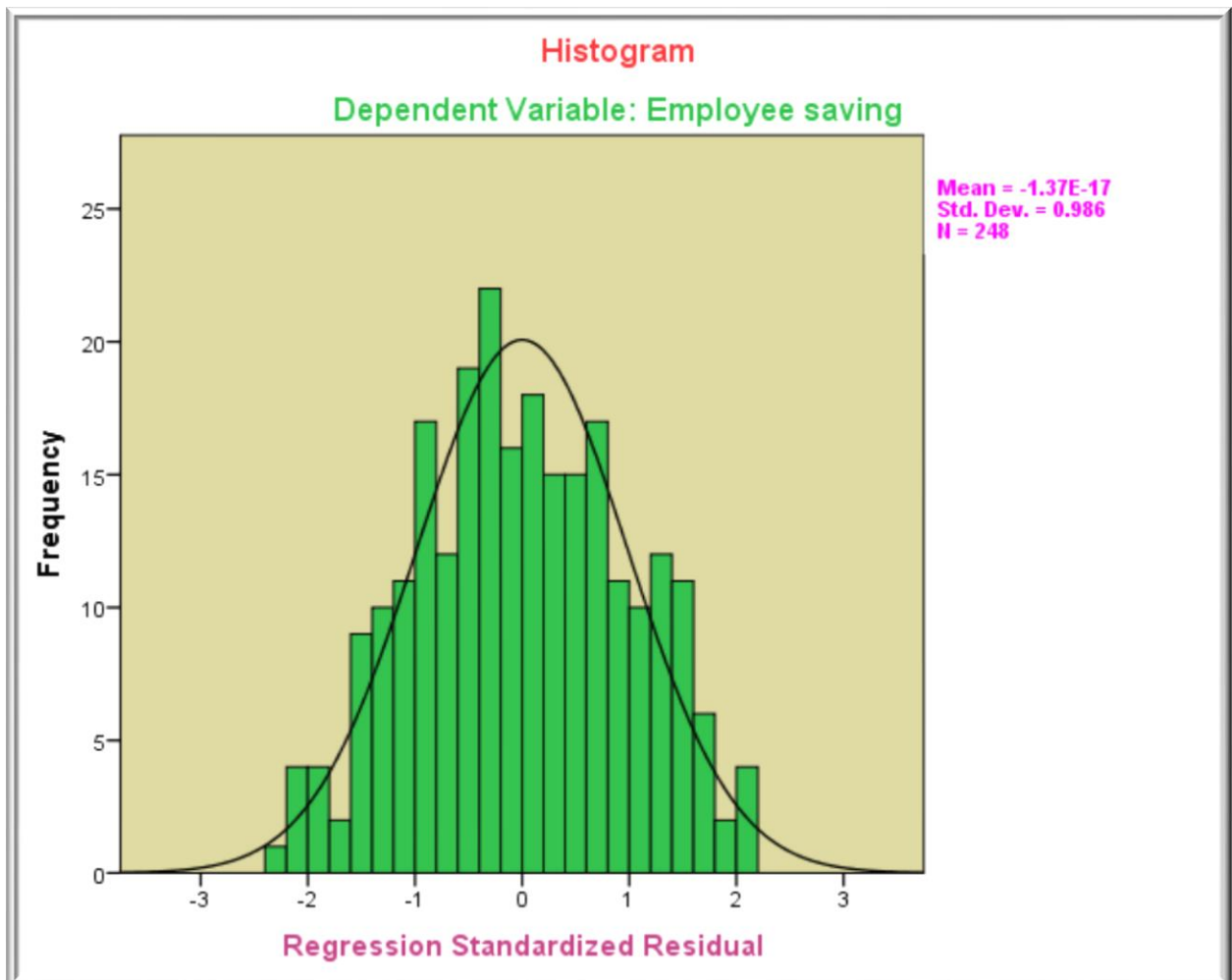
Therefore, as it has been observed from the table4.5 underneath results, in this study respect, all independent variables have KMO value that greater than the minimum **requirement value of 0.5**. This implies that all of these variables are adequate to measure sample adequacy. On the other hands, *Bartlett's test of sphericity* is used to whether these variables are significant or not. In this case, all variables are significant, because, its **p-value is less than** the level of significance of this study.

Table4. 4: KMO and Bartlett's Test for All Study Variables

Determinant Factors	Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	.654
	Approx. Chi-Square	781.360
	Bartlett's Test of Sphericity df	496
	Sig.	.000
Monthly income	Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	.607
	Approx. Chi-Square	35.035
	Bartlett's Test of Sphericity df	6
	Sig.	.000
Family sizes	Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	.590
	Approx. Chi-Square	12.192
	Bartlett's Test of Sphericity df	6
	Sig.	.005
Expenditures	Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	.650
	Approx. Chi-Square	8.952
	Bartlett's Test of Sphericity df	6
	Sig.	.000
Financial Institution Access	Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	.602
	Approx. Chi-Square	4.496
	Bartlett's Test of Sphericity df	3
	Sig.	.012
Training & Awareness on Saving	Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	.562
	Approx. Chi-Square	9.474
	Bartlett's Test of Sphericity df	3
	Sig.	.038
Social & Capital	Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	.582
	Approx. Chi-Square	6.14
	Bartlett's Test of Sphericity df	1
	Sig.	.003
Ages	Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	.620
	Approx. Chi-Square	3.059
	Bartlett's Test of Sphericity df	3
	Sig.	.000
Working experience	Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	.509
	Approx. Chi-Square	15.873
	Bartlett's Test of Sphericity df	6
	Sig.	.014
Employee Saving	Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	.635
	Approx. Chi-Square	346.72
	Bartlett's Test of Sphericity df	10
	Sig.	.000

(Source: Researcher's own work, 2022)

4.4.2. Test of Normality of the model

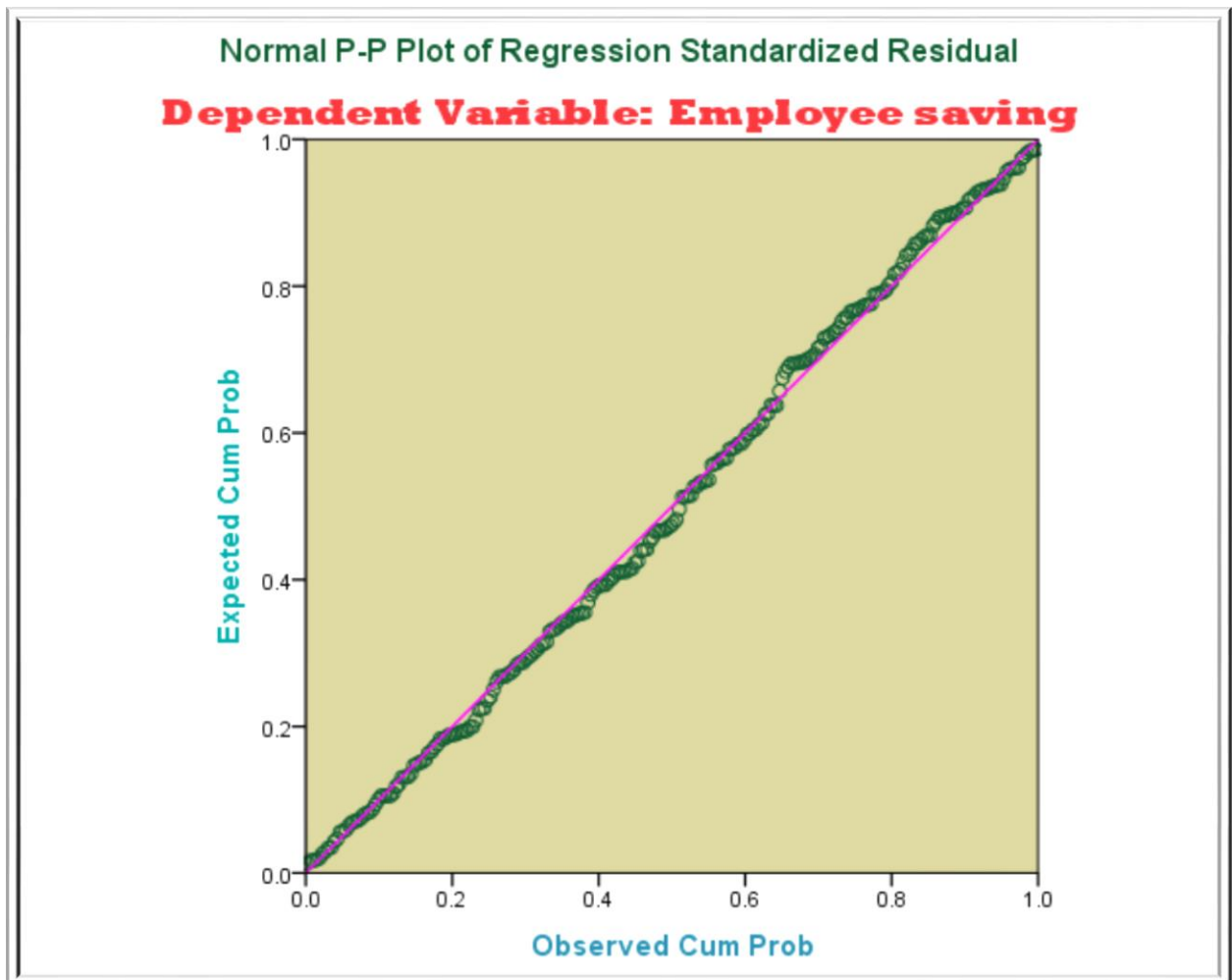


(Source: *Researcher's own survey, 2022*)

Figure 4. 4: Histogram for normality test of the model

Above figure 4.4 result shows that the graph neither skewed to the right nor to the left, rather it distributed normally. So, this implies that normality of the data was fulfilled. Thus, this study data were normal. Or, this implies that absence of outplayed data.

4.4.3. Test of Linearity of the model



(Source: Researcher's own work, 2022)

Figure 4. 5: Linearity test of the model

The linearity of the relationship between dependent and independent variables was fulfilled when the expected value of dependent variable is a straight-line function. So, in this study veins, it resembles as above line. Thus, the relationship between independent variables and dependent variable are linear one in this study case.

4.4.4. Test of Multi-Collinearity Assumption of the Variable

Table4. 5: Test of Multi-Collinearity of variables

Model	Correlations			Collinearity Statistics	
	Zero-order	Partial	Part	Tolerance	VIF
1					
(Constant)					
Monthly Income	-.136	-.127	-.123	.944	1.060
Expenditure	.155	.093	.090	.874	1.145
Financial Access	-.120	-.068	-.066	.923	1.083
Training & awareness	.077	.081	.078	.955	1.047
Social and Capital	-.161	-.122	-.118	.965	1.036
ages	-.128	-.099	-.095	.975	1.026
Working Experience	-.070	-.028	-.027	.939	1.064

a. Dependent Variable: Employee Saving

(Source: Researcher's own work, 2022)

As it can be seen from Table 4.6 of below indicates that if there is a correlation between the dependent variable and the independent variable. A tolerance value less than 0.1 and VIF greater than 10 indicate there is multi-co linearity between the variable. The result indicates all the tolerance values are greater than 0.1 and the VIF value is less than 10. These indicate that there is no multi-Collinearity problem between the studies variable.

4.4.5. Pearson Correlation Analysis

Table 4. 6: Result Correlations analysis between Regress and Repressors variables

		Employee saving	Monthly Income	family size	Expenditure	Social and Capital	ages	Financial Access	Training & awareness
Employee saving	Pearson Correlation	1			.154*				
	Sig. (2-tailed)								
	N	249							
Monthly Income	Pearson Correlation	-.136*	1						
	Sig. (2-tailed)	.032							
	N	249	249						
Family size	Pearson Correlation	-.181**	.078	1					
	Sig. (2-tailed)	.001	.217						
	N	249	249	249					
Expenditure	Pearson Correlation	.154*	-.064	-.108	1				
	Sig. (2-tailed)	.015	.311	.089					
	N	249	249	249	249				
Social and Capital	Pearson Correlation	-.160**	.078	1.000**	-.108	1			
	Sig. (2-tailed)	.011	.217	.000	.089				
	N	249	249	249	249	249			
Ages	Pearson Correlation	-.127*	.002	.058	-.145*	.058	1		
	Sig. (2-tailed)	.045	.974	.363	.022	.363			
	N	249	249	249	249	249	249		
Financial Access	Pearson Correlation	-.120**	.025	.113	-.252**	.113	.085	1	
	Sig. (2-tailed)	.005	.690	.077	.000	.077	.182		
	N	248	248	248	248	248	248	248	
Training & awareness	Pearson Correlation	.077**	.165**	-.079	.003	-.079	-.039	-.033	1
	Sig. (2-tailed)	.001	.009	.214	.965	.214	.535	.608	
	N	249	249	249	249	249	249	248	249
Working Experience	Pearson Correlation	-.070*	.115	.009	-.209**	.009	.036	.000	-.037
	Sig. (2-tailed)	.021	.070	.894	.001	.894	.571	1.000	.567
	N	248	248	248	248	248	248	248	248

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

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

(Source: Own work, 2022)

Above table results indicated that the Pearson correlation that occupy between this study independent variables and dependent variable one. In this light, results of the Pearson correlation analysis were expressed through the form of correlation matrix.

According to this study out of 8 independent variables, four (4) explanatory variables are significant at 1% level of significance with that of predicted variable (i.e., Employee Saving). Definitely, among these four one variable which named as training and awareness creation service is positively correlated with employee saving culture; while, the rest three (financial institution access, family size and social and capital factor) are negatively correlated with it. And, they predict employee saving cultures that; FS by -0.181, SC by -0.160, FI by -0.120 and TA by +0.077 extents in this study case.

On the other hands, four (4) variables: Income = -0.136; Expenditure= 0.154; age = -0.127; and working habit= -0.070 are significant at 5 % of levels of significance. Those variables that are significant at 5% of level of significance, only expenditures is positively correlated; whereas the remaining three are negatively correlated with that of response variable i.e., ExpSav.

4.5.6. Multiple Linear Regression Analysis

In this regards, the reason for performing this was to determine whether there is a significant relation between the dependent variable and independent variables or not. Therefore, to arrive at conclusion, the task of multiple regression analysis was conducted. Especially, this analysis routine that able definitely shows the extent of influence with its direction. In this light, in the coefficient analysis output tables, the beta values tells us that the significance and impacts of predictor variables on the predicted variable.

In this consideration, the R indicates how well the model variance has been discloses by. The R^2 value confirms that the predicted variable is explained by predictor variables about 70.3 %. Conversely, the remaining 29.7 % was residual values or unexplained variation. This is because of unconsidered variables by the study. Moreover, Employee Saving was related with these determinant factors by 0.772 as shown by R.

Table4. 7: Model Summary of Predicted Variable as Predictor Variables

Model Summary					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	F-Sig
1	.722^a	.703	.053	.97490649	0.005

a. Predictors: (Constant), Working Experience, Financial Access, Training & awareness, ages, Social and Capital, Monthly Income, Expenditure

b. Dependent Variable: Employee saving

(Source: Researcher own survey, 2022)

After once again, the model was proved as it was fitted well, then, the consequent step is to test the significance of the model. This is done through using the following ANOVA table of 4.9 of beneath. Thus, in this case, the model is significant. Since, p-value (**i.e., 0.005**) is less than the level of significance ($\alpha = 0.05$).

Table4. 8 ANOVA ^(b) Explanatory Variables as the Response Variable

		ANOVA^a				
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	174.3327	230	2.840	2.988	.005^b
	Residual	73.6212	17	.950		
	Total	247.984	247			

a. Dependent Variable: Employee saving

b. Predictors: (Constant), Working Experience, Financial Access, Training & awareness, ages, Social and Capital, Monthly Income, Expenditure

(Source: own field survey, 2022)

Table4. 9: Coefficient (a) (Explanatory Variables as the Response Variable)

Model	Coefficients ^a					
	Unstandardized		Standardized	t	Sig.	
	B	Std. Error	Coefficients			
1	(Constant)	.011	.062		.180	.857
	Monthly Income	-.127	.064	-.127	-1.989	.048
	Expenditure	.096	.066	.096	1.454	.014
	Family size	-.151	.038	-.151	-1.345	.000
	Financial Access	-.068	.065	-.068	-1.059	.021
	Training & awareness	.080	.064	.080	1.266	.007
	Social and Capital	-.121	.063	-.120	-1.910	.015
	Ages	-.097	.063	-.096	-1.535	.012
	Working Experience	-.028	.064	-.028	-.436	.003

a. Dependent Variable: Employee saving

(Source: Researcher own field survey, 2022)

Results of above Table 4.10, presents that the coefficient results of all eight (8) independent factors. And, their results of impacts are discussed as below case.

- Monthly income of employee is affecting employee saving by 12.7 % negatively. At this case, the relationship between the two are significant; since, $P\text{-value} = 0.048 < 0.05$.
- Monthly expenditure of the employee is affecting employee saving by 9.6 % positively, and also their relationship is significant; meanwhile, $P\text{-value} = 0.014 < 0.05$.
- Similarly, family size is affecting employee saving by 15.1 % negatively significantly, at 1% levels of significance, since, $P\text{-value} = 0.000 < 0.05$.
- Financial institution access is affecting employee saving by 6.8 % negatively significantly, at 5% levels of significance, since, $P\text{-value} = 0.021 < 0.05$.
- The training & awareness creation on saving is affect employee saving culture by 8.0 % positively, and also their relationship is significant; meanwhile, $P\text{-value} = 0.007 < 0.05$.

- Social and Capital factor is affecting employee saving by 12.1 % negatively significantly, at 5% levels of significance, since, $P\text{-value} = 0.015 < 0.05$.
- Ages of the employee itself is affecting employee saving by 9.7 % negatively significantly, at 5% levels of significance, since, $P\text{-value} = 0.012 < 0.05$.
- Finally, working experience employee affects the employee saving culture by 2.8 % negatively. In addition, the relationship between the two was significant; since, $P\text{-value} = 0.003 < 0.05$. This implies that this is mainly because of employees that have long years of work experience might have saved less because of larger family size.

To conclude this, all finding results show that at this study light, all factors that included in this study were founded as the determinant factors of the saving culture of the employee.

CHAPTER FIVE

CONCLUSIONS AND RECOMENDATIONS

5.1. Summary of Major Findings

The analysis and interpretation of this study is based on the data collected from the employees of the selected public institutions, in Bedele town. In this case, its finding results are summarized as next.

Primarily, considering general saving practice of an employee, this finds results such as: about 39.4% of respondents had 5 and above family size in their house. And, 48.2 % of them were governing 3 up to 4 family sizes. Despite this, only 2.0 % were dwelling as a single individual. Concerning monthly salary levels, about 35.8 % of them earn below 2000 ETB, 20.1 % 2001 up to 4000 ETB, 30.5 % 4001 to 5000 ETB, and, 13.7 % got above 5001 ETB in a single month. Correspondingly, merely, 31.3 % have an additional income source while 68.7 % did not have additional income. Even, those had an extra income which is below 2000 ETB would be about 61.4 %. The rest 38.6 % on employees had about 2001 to 4000 ETB income additionally within a month. On the other hands, according to respondents' responses, about 82.7 % of them did not have their own monthly income as both of husband and wife. Rather, one spouse only earns monthly income and the whole family dependent upon it. However, 17.3 % of them had monthly income both husband and wife. Even though the additional income which was below 1000 ETB husband or wife gain as an additional income became 42.5 %. Around 57.5 % of them were gain to 1001 to 3000 ETB. Eventually, concerning salary/income increment in the last five years, among the whole requested respondents, about 56.2 were said that as there was no income progression so far in the last five year. Whereas, 43.8 % suggested that as there was income increment in the last five year.

Beyond this, this research findings results indicate that the most common formal financial institutions related challenge for employee saving cultures are include that: challenges connected

with collateral challenges, absence of additional income, bad history of debt, and others. Similarly, this has identified that place where employees go to save money; like, friend/relatives, banks, iqubs, MFIs are included here. About 83.13 % of them were saved less than 500 ETB per month. Apart from these, benefit received from saving includes that: meeting emergency needs, future money value rise, and purchase of expensive utensils, interest rates benefits and future investments are among those benefits. Similarly, while respondents rated the overall service delivery of the financial institution, above half of them (58.63%) said that it is poor. But, 34.14 % rate it as satisfactory, and 7.23 % as good.

Similarly, regarding determinant factors of employee saving cultures, it finds the results of that: Monthly income of employee is affecting employee saving by 12.7 % negatively. At this case, the relationship between the two are significant; since, $P\text{-value} = 0.048 < 0.05$. Monthly expenditure of the employee is affecting employee saving by 9.6 % positively, and also their relationship is significant; meanwhile, $P\text{-value} = 0.014 < 0.05$. Similarly, family size is affecting employee saving by 15.1 % negatively significantly, at 1% levels of significance, since, $P\text{-value} = 0.000 < 0.05$. Financial institution access is affecting employee saving by 6.8 % negatively significantly, at 5% levels of significance, since, $P\text{-value} = 0.021 < 0.05$. The training & awareness creation on saving is affect employee saving culture by 8.0 % positively, and also their relationship is significant; meanwhile, $P\text{-value} = 0.007 < 0.05$. Social and Capital factor is affecting employee saving by 12.1 % negatively significantly, at 5% levels of significance, since, $P\text{-value} = 0.015 < 0.05$. Ages of the employee itself is affecting employee saving by 9.7 % negatively significantly, at 5% levels of significance, since, $P\text{-value} = 0.012 < 0.05$. Finally, working experience employee affects the employee saving culture by 2.8 % negatively. In addition, the relationship between the two was significant; since, $P\text{-value} = 0.003 < 0.05$. This implies that this is mainly because of employees that have long years of work experience might have saved less because of larger family size.

5.2. Conclusion

In conclusion, considering general saving practice of an employee, in the study area, factors such that: family size, levels of monthly salary, absence of an extra income, husband or wife partly involvement in income earning and very less earning amount, and, additionally, absence income increment tendency in the past five years are realized as major practice of employee saving challenge in this case. This result infers that majority of the employees in the study area, perceived that no salary increment in the past five year. On the other hands, costs of life are highly doubling until this moment. As a result of this matter, money saving interest of employees was massively affected.

Regarding financial institutions access challenging issues, employee saving cultures are include that: challenges connected with collateral challenges, absence of additional income, bad history of debt, and others. Similarly, this has identified that place where employees go to save money; like, friend/relatives, banks, iqubs, MFIs are included here. About 83.13 % of them were saved less than 500 ETB per month. Apart from these, benefit received from saving includes that: meeting emergency needs, future money value rise, and purchase of expensive utensils, interest rates benefits and future investments are among those benefits. In summary, results show that the financial institutional challenges of employee saving behaviour.

Finally, this study revealed that the saving culture of public sector employee could be affected by several factors. These include: inadequate monthly income level, high monthly expense of an employee, large family size, uncomfortable financial institutions access, lack of training and awareness creation program, existence of social and capital problems, immaturity of employee in ages, and having insufficient working have either positive or negative effect on Employee saving practice.

5.3. Recommendation

Based on the findings of the study, the following recommendations are forwarded.

- Concerning general saving practice of employee, it would be better, if some issues like salary level improvement, searching additional income sources, family size is managed, both husband and wife involve in income generation tasks were done by employee.
- On the other hands, regarding challenges that related with formal financial institutions it would be better, if certain problems like borrowing challenges, saving related problems, benefit from saving related issue, and forma financial institution service delivery linked challenges were solved by the governmental and financial institutional organization.
- With the consideration of determinant factors of employee saving culture, it would be better, if those explanatory variables like monthly income, family size, social and capital factor, ages of employee, work experience, and financial institutions access were affecting saving cultures negatively addressed first as much as possible; next to them, those have positive impacts on saving culture which include that expenditure and training and awareness creation service were solved next. Finally, because of shortage of data and financial resources the study couldn't assess the impacts of the saving on the beneficiary employee. Therefore, further research has to be conducted to assess the impacts of the saving in financial institutions on the beneficiary employees head in the study area.

5.4. Implication for Further Research

A complete analysis of the factors that influence employees' savings practice in formal financial institutions requires an in depth and intensive investigation of employees household characteristics which leaves a room for new researches on the same issue.

Firstly, a complete analysis of the factors that influence employees' savings practice involves an in depth investigation of the demographic, socio- economic and institutional factors along with comparative analysis across *Wereda, towns, zones* and regions. But due to lack of data, the current study excluded Wereda or zonal and regional comparisons on employees'

savings practice in financial institutions. This calls for new researchers to conduct further studies on the same issue.

Secondly, this study deals with the factors that influence employees' savings practice at a point in time. This is because of lack of panel data need for dynamic investigation. This may limit the dependability and representativeness of the outcome investigated over time. Such troubles can better be addressed by using panel data for conducting longitudinal level studies.

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COLLEGE OF BUSINESS AND ECONOMICS

DEPARTMENT OF MANAGEMENT

MBA PROGRAM

Questionnaire filled by Employees of Bedele City Public Sector Organization

Dear respondents: -

I am a postgraduate student of the Mettu University of College of Business and Economics Department of Management in Masters Business Administration (MBA) Program. This study intended to collect a data for MBA research project titled “Determinants of Saving practice of Employees in public sector organization: Case of Buno Bedele Zone Bedele City to achieve this objective your response is indispensable. Therefore, you are kindly requested to give your response freely and accurately to the success of this study.

Dear respondents: You should be confident that the data/information, which you give me, works only for this study. I inform you that, the information you provide will be consumed for academic purpose only. The information you provide is confidential. Therefore, you all not expected to write your name.

SECTION –ONE: - Demographic Information of Respondents

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

2. Age:

(1) Below 30

(2) 31-40

(3)41- 50

(4)51-60

(5) Above 61

3. Marital status:

(1) Married

(2) Single

(3) Divorced

(4) Widow

4. Educational Qualification:

(1) Level (1-IV)

(2) Diploma

(3) BSC/BA

(4) MA/MSC

(5) PhD

5. Year of service (in year):

(1) Below 10

(2) 11-20

(3) 21-30

(4) 31-40

(5) Above 41

6. Religions:

- (1) Orthodox
- (2) Protestant
- (3) Muslim
- (4) Catholic
- (5) Wakefata

7. Responsibility in the organization:

- (1) Expert
- (2) Dep't head
- (3) Manager/boss
- (4) Other position

8. What is your place of dwelling?

- (1) Own house
- (2) Rented
- (3) Rent free

SECTION- 2: Income of the Employees Monthly

1. Family size of the Employee in number:

- (1) One
- (2) two
- (3) Three
- (4) 4
- (5) 5 and above

2. Salary status of the Employee:

- (1) 600-1000ETB
- (2) 1001-2000ETB
- (3) 2001-3000ETB
- (4) 3001-4000ETB

(5) 4001-5000

(6) Above 5000ETB

3. Do you have other additional Income? (1) Yes (2) No

4. If your answer for above is question yes how much is your income monthly from additional income:

(1) 600-1000ETB

(2) 1001-2000ETB

(3) 2001-3000ETB

(4) 3001-4000ETB

(5) 4001-5000

(6) Above 5000ETB

5. Does your husband/wife have her income? (1) Yes (2) No

6. If yes, how much his/her income is:

(1) 600-1000ETB

(2) 1001-2000ETB

(3) 2001-3000ETB

(4) 3001-4000ETB

(5) 4001-5000

(6) Above 5000ETB

7. Your salary amount has increased in the last five years? (1) Yes (2) No

SECTION-3: Questions with respect to Determinant Factors of Employee Saving

1) How do you relate the effect of the following determinant factors with employees saving cultures?

Tick(✓) the appropriate answer to you		1=Strongly disagree; 2= Disagree; 3 = Neutral; 4 =Agree; 5 =Strongly agree				
		1	2	3	4	5
1.	Employee income level					
1.	Salary levels of the Employee					
2.	Additional income earning level					
3.	All families have their own monthly income					
4.	Absence additional monthly income					
2.	Numbers of Family Size					
5.	Having many family sizes per household					
6.	Having less family sizes					
7.	High number of literate individuals per house hold					
8.	High number of illiterate individuals per house hold					
3.	Expenditure of the Employee Monthly					

9.	Basic needs monthly expenses					
10.	Cost of Education for Family					
11.	Cost for Rent of house					
12.	Cost of housing investment (land, cost of construction durable goods, etc)					
4	Financial Institutions Access					
13.	Presence of financial institutions accesses with ease					
14.	Distance from your working place to other financial institutions					
15.	The variety of other financial saving institutions					
16.	Adoption of ICT and mobile technology by other financial institutions					
5.	Training Service and awareness of Saving					
17.	MFI's involved in training and awareness creation among employee's regard to saving					
18.	Formal banks institutions are involved in motivational and awareness creation tasks					
19.	Failing from improving education qualification					
20.	Having Low awareness on saving					
6.	Institutional and social Capital factors					
21.	Helping your relatives or friends					
22.	Borrowing any money from relatives or friends					
23.	Lending any money to relatives or friends					
24.	Friends With whom you like to go with					
25.	Investing your money					
7.	Ages of the employees					
26.	Youngers don't motivated to saving					
27.	Elders are more dedicated to saving					
28.	Youngsters are more concerned about saving					
29.	Elders don't worried about future saving					
8.	Working experience factors of Employees					
30.	Newly employed employees not concern saving					
31.	Employees those have high working experience saves more.					
32.	Saving cultures don't related with working experience					
33.	Saving cultures highly associated with working experience					

SECTION -4: SAVING CULTURE (DEPENDENT VARIABLE)

No	QUESTIONS	1	2	3	4	5
1	I save money on a regular basis for the future.					
2	In order to save, I often compare prices before I make a purchase					
3	In order to save, I often consider whether the real necessity before I make a purchase					
4	In order to save, I always follow a careful monthly budget					
5	I always have money available in the event of emergency					
6	In order to save, I plan to reduce my expenditure					
7	I save to achieve certain goals					

Thank for your cooperation!!