

**SAVING DETERMINANTS AMONG CAREER
WOMEN IN PRIVATE SECTORS IN PENANG**

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**SAVING DETERMINANTS AMONG CAREER
WOMEN IN PRIVATE SECTORS IN PENANG**

by

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PENENTU TABUNGAN DALAM KALANGAN WANITA BEKERJAYA DI SEKTOR SWASTA DI PULAU PINANG

ABSTRAK

Kajian ini adalah tertumpu kepada ciri-ciri dan karakteristik tabungan di kalangan wanita bekerjaya di sector swasta di Pulau Pinang. Kajian ini adalah bermanfaat untuk mengenalpasti ciri-ciri tabungan terutamanya di kalangan wanita kerana kajian terdahulu mendapati bahawa wanita mempunyai kebarangkalian yang lebih tinggi berbanding lelaki dari segi pendapatan dan kekayaan. Oleh itu, situasi ini tidak boleh menjamin kehidupan yang selesa untuk mereka selepas persaraan. Kajian ini akan menganalisis ciri-ciri tabungan yang akan melibatkan perbezaan sosio demografik dengan jenis tabungan atau pelaburan yang di guna pakai oleh wanita bekerjaya di sector swasta di Pulau Pinang. Dengan mengenal pasti jenis tabungan atau pelaburan yang ingin di gunakan, seorang individu dapat mempersiapkan diri untuk sebarang kemungkinan yang di hadapi dalam hidup. Hal ini kerana, wanita mempunyai kadar penglibatan yang rendah dalam rancangan persaraan mereka berbanding lelaki. Oleh itu, mereka mempunyai potensi yang lebih tinggi untuk hidup dalam kemiskinan selepas persaraan. Hasil dari kajian ini bukan sahaja boleh memberi manfaat kepada wanita tetapi juga kepada ramai individu lain yang terlalu bergantung kepada pasangan masing-masing dalam membuat perancangan selepas persaraan. Ciri-ciri tabungan contohnya jenis tabungan, peratus tabungan bulanan dan kekerapan dalam menabung akan di ambil kira dalam menganalisa dan mendapatkan kefahaman yang lebih mendalam dalam penentu ciri-ciri tabungan di kalangan wanita. Dalam kajian ini, kaedah kuantitatif telah di jalankan untuk mendapatkan data-data yang di perlukan. Kaji Selidik telah di agihkan

kepada wanita yang bekerja di sector perkhidmatan dan pembuatan di sektor swasta di sekitar Pulau Pinang. Saiz sampel seramai 500 responden telah di pilih untuk menjawab kaji selidik yang mana 339 reponden adalah dari sektor perkhidmatan dan 161 responden pula adalah dari sektor pembuatan. Kefahaman yang lebih jelas tentang ciri-ciri tabungan akan meningkatkan kesedaran untuk para wanita yang bekerja di sektor swasta untuk menabung untuk kehidupan mereka selepas persaraan. Ia juga akan memberi pendedahan kepada mereka tentang kaedah-kaedah yang ada bagi mereka untuk di jadikan medium untuk menabung. Selain itu, dengan meningkatkan kefahaman kewangan mereka, wanita terutamanya wanita bekerjaya akan lebih berdikari dalam menguruskan kewangan mereka sendiri. Hasil dari kajian ini juga menunjukkan bahawa ciri-ciri demografik, kesedaran tentang kepentingan tabungan dan kefahaman tentang kewangan mempengaruhi tabungan di kalangan wanita bekerjaya di sektor swasta di Pulau Pinang.

SAVING DETERMINANTS AMONG CAREER WOMEN IN PRIVATE SECTORS IN PENANG

ABSTRACT

This study focuses on saving characteristics among career women in Penang. It is important to have a better understanding on the saving characteristics among women, in our case, career women in private sectors because studies indicate that women are likely to have lower income and wealth on average compared to men. As such, their livelihood after retirement may be jeopardized given the escalating prices of necessary items and healthcare expenses. This research analyze the saving characteristics which involves socio demographic comparisons and types of saving or investment instrument used by career women in Penang in order to save for their future. An identification of investment instruments, the level of savings and women's tendency to save for the future and for rainy days will help them to prepare for the uncertainties that life has to offer. This is because women have lower rate of participation in retirement plans as compared to men and are more likely to be living in poverty during retirement. Findings from this study can be beneficial to many quarters apart from the women themselves because they are too dependent on their spouse in planning for their retirement. Saving characteristics such as types of saving, percentage of monthly saving and the tendency to save will be taken into consideration in analysing and having a better understanding on the saving characteristics of the career women. In this research quantitative method has been conducted. Questionnaires were distributed to women working in service and manufacturing industries which are the two most dominant industries in Penang. For this research, sample sizes of 500 respondents are selected and were asked to fill in the

questionnaire. From the total of 500 respondents selected for this research, 339 respondents are from the service industry and the remaining 161 respondents are from the manufacturing industry. By having a clear look on the saving characteristics among career woman it helps to increase awareness about the importance for women to start saving for their future. At the same time it helps to educate them with the possible instruments that they might use as a medium for saving. Moreover, by improving their financial literacy, women especially career women will be more involved in monitoring and managing their own savings. This is because, many women tend to hand over their financial security and planning to their spouses and be dependent to their spouses in term of saving for their future. The findings from this research shows that demographic characteristics, awareness and financial literacy significantly influenced saving among career women in the private sectors.

Chapter 1

INTRODUCTION

1.1 Introduction

This chapter focuses on the overview of this research study. It discusses the background of this study and the problem statement which highlight the need for this study to be conducted. This chapter also states the research objective and significance of this towards saving the determinants pertaining to career women in private sectors in Penang.

Previous analysis has identified personal saving behaviour as a key determinant of real economic activity. Low amount of personal saving, especially among women, in recent years, has also been identified as one of the factors which contribute to the sluggishness of output and employment growth. In terms of saving determinants and investing for the future, men and women may not have the same behaviour.

A survey released in Britain on “Gender Differences in saving” has found that men are the most dedicated savers in Britain due to the desire of owning property

and financial security. Almost four in ten men between the ages of 16-34 have a savings goal compared to just over a quarter of the country. Besides that, findings by Prawitz et al. (2006), has stated that millions of people all around the world struggle financially and many of them who are near their retirement years, lack the funds needed to lead a comfortable life in their post retirement days.

Despite the declining saving rate, consumers expressed concern about the adequacy of their savings. The Pew Research Centre (2007) reported that 77% of Americans always try to save. However, 63% responded that they do not save enough. In another study, Hurd and Zissimopoulos (2000) reported that 73% of respondents saved too little within the past 20-30 years. In 1987, World Development Report (World Bank 1987) noted that gross domestic savings as a share of income ranged from 31%-33% in Korea, Malaysia and Indonesia

Based on the data gathered from the World Bank, Gross Domestic Saving (as a percentage of GDP) shows a tremendous declining rate from 43% in the year 2008 to only 36% in 2009. Besides that, a survey conducted by HSBC Bank in 2010 also stated that Malaysians only save 25% of their disposable income. Further, 79% of Malaysians save for emergency purposes only and do not have a properly dedicated retirement savings, health care purposes or investment for their future.

Reports from a survey conducted by Khazanah Research Institute shows that household savings stood at 1.4% of adjusted disposable income, and averaged at 1.6 % for 2006–2013 which was relatively lower as compared to the United States’ saving rate that stood at 5%. This percentage is still much higher as compared to Malaysia. Based on the findings from the same report, it was concluded that only 10.8% of the number of household in Malaysia are able to face or withstand any financial uncertainties caused by unplanned factors such as unemployment, the change in their marital status such as death, divorce and changes in the financial market.

Furthermore, educating women particularly career women in private sectors in Penang about the importance of saving is vital especially when looking at the amount of debt faced by Malaysians due to overuse of credit, improper budgeting, lack of financial literacy and low income earning mostly among women. Based on the data gathered from the Malaysia Department of Insolvency (MDI), from the year 2007 to 2013, there were 116,488 people had been declared as bankrupts.

There are very limited research on saving determinants, particularly among Malaysians. Hence, this study helps to explore the saving behaviour among Malaysians in term of sociodemographic comparisons such as gender, employment, education level and financial literacy.

1.2 Background of Study

The need for Malaysians especially career women in private sectors to start saving are getting more crucial especially with the decreasing number of saving rates. Statistics shows that saving rate in Malaysia has decreased rapidly from the past 10 years with only 0.25% saving in year 2011 as compared to 4.23% in 1997.

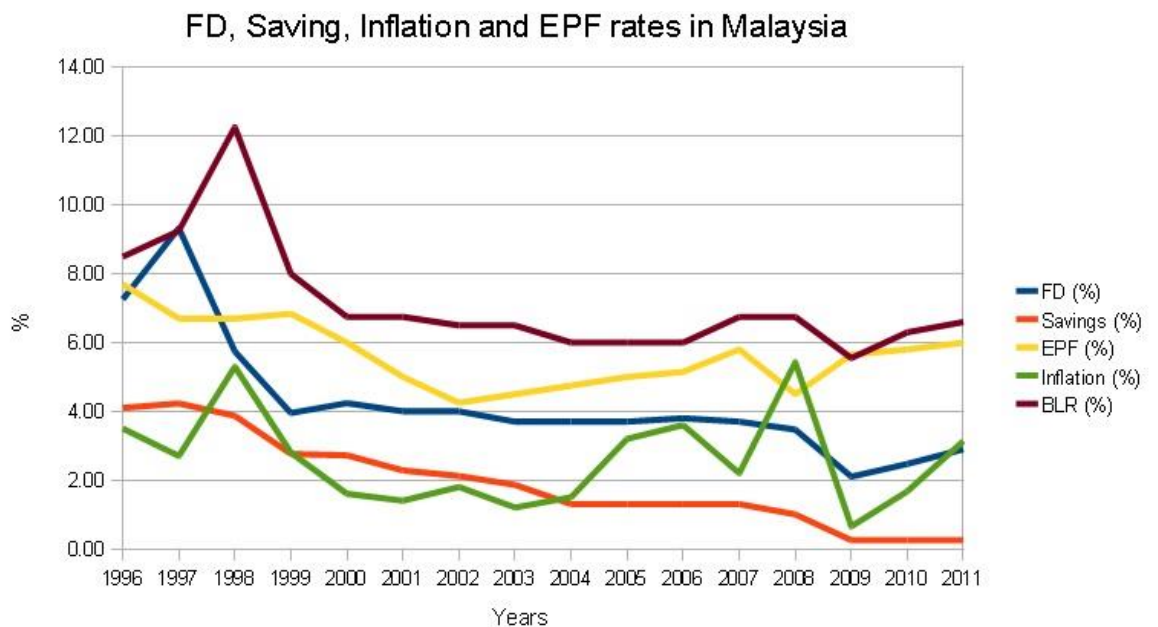


Figure 1.1: Saving Rate in Malaysia.

In Malaysia, those working in public sectors may have less concern about their post retirement expenses as they will receive monthly pension which is half of their last drawn salary. Those working in private sectors on the other hand do not enjoy

pensions but they are mandated to save in Employee Provident Fund (EPF) whereby 12% of their monthly earning is credited to EPF for employees up to the age of 54 and 6% for employees between the age of 55 to 75.

According to the Deputy CEO of the Employees Provident Fund, Datuk Shahril Ridzuan, even though people are retiring at the age of 60, but life expectancy has increased significantly. Life expectancy of Malaysians is now up to 72.7 years for men and 77.6 years for women (Department of Statistics, 2018)

Besides, the rising number of senior citizens left at hospitals is one of the reasons why we have to start saving for the future. According to a statistic provided by the Social Welfare Department, the number of old folks deserted by their families had steadily increased by 1% each year between 2008 and 2011. A survey conducted by The National Population and Family Development Board, an agency under the Women, Family and Community Development Ministry, shows that about 675,000 elderly parents did not receive financial support from their children. This proves how important it is for parents to have their own savings for their old days. These can contribute to the needs of saving for retirement particularly among women in private sectors, as focused in this study.

The increasing of health care expenses is another major reason for the need to have adequate savings. In Malaysia, healthcare expenses are hugely subsidized for public sector employees but not for private sector employees. Malaysian National

Health Account has shown that health care expenses have steadily increased to around RM35 billion per year.

In the year 2008, those in private sectors had spent more on healthcare expenses compared to those in public sectors with RM18.8 billion and RM16.2 billion respectively. Thus, it is important for women in this study to have adequate saving for healthcare expenses during their post retirement years.

Given the importance of this topic, our study contributes to this field of research. However, we find that there is a limited number of research dedicated to this specific topic except for Tang and Lean (2009), Falahatiand Paim (2012), Ibrahim, Mohamed Isa, and Ali(2012).

1.3 Problem Statement

The declining saving rate and lack of financial knowledge especially among women have led many researchers to conduct studies on saving determinants among women. One of the savings problems faced by women working in private sectors is that most of them is not as financially literate as the men.

Women also tend to hand over their financial organization and planning to their spouses and are more likely to be dependent on their spouses to save for their future. This is one of the reasons that make women less financially knowledgeable than men. Thus, in this case, it is wiser for women to be solely responsible for their

own financial security or at least stay involved in the process to ensure they have a solid understanding of it.

A survey conducted in Canada entitled “Canadian Financial Capability Survey” showed that women only scored 58.6% compared to men who scored 62.2%. In addition, women are also said to have less confidence in making financial related decisions. Besides, statistics show that over 75% of women are widowed at an average age of 56. Malaysian population in 2011 recorded to have 755,976 female compared to only 672,581 male aged 65 years old and above.

Louise Harrel, author of ‘What widows need to know’ stated that, “Many husbands wrongly assume they will outlive their wives and therefore do not make the necessary financial provisions”. This proves that women of every age and income levels should start saving early and should not be too dependent on their spouses as life expectancy has increased for women which is in part due to medical advancements.

Furthermore, the increasing divorce rate has also turned more women to become single mothers. According to the statistics from the Islamic Development Department Malaysia (2012), the divorce rate among Muslims has increased from 21,140 cases in 2007 to 27,355 cases in 2011. Not only that, but there are also cases whereby the husbands do not give any monetary support for their children after the divorce (Halim, 1995). Given the increasing inflation rate which is almost 2.5% (Bank Negara Malaysia, 2015), and the increased expenditure due to the implementation of

Goods and Service Tax (GST), this is a burden for single mothers to support their family without any proper saving. This increases the need for women particularly in private sectors to allocate a certain amount of their monthly salary or income for saving purposes should the unexpected events occur.

Other than that, looking at the current scenario whereby many private companies and factories particularly in Penang are reducing their manpower via retrenchment or offering Voluntary Separation Scheme (VSS) for their employees. Data gathered from Penang Labour Department shows that the number of workers who were retrenched or offered the Voluntary Separation Scheme (VSS) has been reduced. However, retrenchment of employees still exists in a smaller scale.

According to The Star, 27 July 2015, Fairchild Semiconductor International Inc., known as National Semiconductor when it first came to Malaysia in 1972, is selling its manufacturing facility in the Free Industrial Zone (FIZ), Bayan Lepas as part of its worldwide realignment exercise. About 1,000 people were about to lose their jobs. This current situation increases the need for employees particularly in private sectors to always have personal saving due to the instability and insecurity in their jobs.

1.4 Research Objectives

This study embarks on the following objectives:

1. To study the relationship between marital status and saving determinants among career women in private sectors
2. To study the relationship between education level and saving determinants among career women in private sectors
3. To study the relationship between income and saving determinants among career women in private sectors
4. To study the relationship between locality and saving determinants among career women in private sectors
5. To study the relationship between age and saving determinants among career women in private sectors
6. To determine the level of awareness among career women in private sectors on saving determinants.
7. To identify the role of financial literacy and saving determinants.

1.4 Research Questions

The research questions that are developed are as followed:

1. Does marital status affect saving determinants?
2. Does education level affect saving determinants?

3. Does income affect saving determinants?
4. Does locality affect saving determinants?
5. Does age affect saving determinants?
6. Are women aware on the importance of saving determinants?
7. Does financial literacy affect saving determinants?

1.3 Hypothesis

There are seven hypotheses develop for the purpose of the study:

HA1: Marital Status has a significant relationship with saving determinants among career women.

HA2: Education level has a significant relationship with saving determinants among career women.

HA3: Income has a significant relationship with saving determinants among career women.

HA4: Locality has a significant relationship with saving determinants among career women

HA5: Age has a significant relationship with saving determinants among career women.

HA6: Awareness has a significant relationship with saving determinants among career women.

HA7: Financial Literacy has a significant relationship with saving determinants among career.

1.7 Significance of Study

The results of this study will indicate the saving determinants of women working in private sectors in Penang. Women in private sectors have to start saving early so that enough wealth could be accumulated for the retirement age. One of the major reasons why women working in private sectors need to save early is because they are not provided with regular income in the form of pension after retirement.

Besides that, previous studies have also proved that women have lower rate of participation in retirement plans as compared to men and are more likely to be living in poverty during retirement. This is because many women are totally dependent on their spouse to plan for their savings. Women also hold lower level of wealth and significantly lower earnings than men.

By having a clear look on the saving determinants among career woman it helps to create awareness about the importance for woman to start saving for their future. Nowadays women are responsible for their own financial security after retirement thus it is important for them to have adequate saving for their own future.

This study focuses on Penang because it has the highest level of Gross Domestic Product which is RM66, 907 compared to Kedah at RM 35,239 and Perlis

at RM4796. Therefore, the living standard and also the living costs in Penang would be higher, stressing the importance of prudent financial planning to get the balance between expenditure and savings amongst the respondents of this study.

Besides that, service and manufacturing industry were chosen in this study because these are the 2 industries which produce the highest number of GDP in Penang. Manufacturing industry as overall produces RM30,803 while the service industry produces RM32,262 for the year of 2014.

Moreover, at the same time this research helps to educate women about the possible investment instruments that are available. Hence, by improving their financial literacy, women will be more involved in monitoring and managing their own savings.

1.8 Definition of Terms

Financial Literacy

Financial literacy is the ability to understand finance. More specifically, it refers to the set of skills and knowledge that allow individuals to make informed and effective decisions through their understanding of finances. Financial literacy often entails the knowledge of properly making decisions pertaining to certain personal finance area such as real estate, insurance, investing, saving tax planning and retirement.

Chapter 2

LITERATURE REVIEW

2.1 Introduction

This chapter presents the literature review for the studies related to this thesis. This chapter also present theories and previous researches that will strengthen this study. Besides that, the presentation of this literature also gives a better insight on saving determinants, awareness on saving and financial literacy.

2.1 Saving

Saving has always been an important issue in economics. Saving has been defined as trading consumption today for consumption in the future through resource allocation (Ando & Modigliani, 1963). This has been thought of as planning current income into an account with the intention of using it in the future. Saving also has been defined as accumulating assets that perform specific function for the saver (Ike & Idoge, 2006).

According to Aghevli & Bijan (1990), the critical importance of saving for the maintenance of strong and sustainable growth in the world economy, for external adjustment, and for the amelioration of the international debt problem is well recognized. Savings acts as an important behaviour that has the ability to boost long run economic growth especially at individual and household level. This is mainly

because sufficient saving amount provides more financial freedom and opportunities for investment and also future financial planning (Ahmed 2015).

A number of studies have shown that women are more conservative than men in their investment decision. For example, Bajtelsmit and Bernasek (1996) has identified that women hold a much higher proportion of their portfolio's in fixed assets than men. Bajtelsmit and Vanderhei (1997) also find gender differences in pension decisions, with women significantly less likely to invest in employer stock and equities than men.

Besides that, women's saving behaviour may be affected because of women's different experiences and perceived vulnerability (Bernasek, 2000). Women on average experience greater vulnerability than men since they earn on average less than men, are more likely to care for children and elderly, and are more likely to live in poverty and less likely to have health insurance and pension coverage in their jobs.

Browning and Lusardi (1996) has stated in this research nine possible motives why people save which includes the precautionary, the life-cycle, the inter-temporal substitution and the enterprise motives. Different motives will be of different importance to different people at different times. For example, savings for retirement could also be used to buffer against pre-retirement shocks. Helman (2013) and Kim (2005) has also mentioned that many retirees will rely solely on their accumulated savings after retirement. People with higher savings tend to have higher retirement confidence.

Ahmed (2015) has mentioned that saving decision is highly dependent on various important factors which include habits, wealth, preferences of consumption and real interest rate. On the other hand, Warneryd (1999) has stated in his study that saving is a psychological context which is the process of not spending money for current period in order to be used in the future.

Agarwal (2000) mentioned that savings can play an important role in raising the employment level, growth of nations and creating economic stability. Saving also can increase the total demand by increasing the domestic consumption and growth rate of an economy. However, the current economic scenery with the implementation of Goods and Services Tax (GST) will also influence the saving pattern.

Burney and Khan (1992) in their previous research also examined various socio economic and demographic factors as determinants of savings. Based on their findings, income, earning status, occupation and age square of households' head on saving were appeared to be positive but inverse of household income, dependency ratio, education, employment status, secondary status and age were inversely related to savings of rural and urban households.

Other researcher who found the relationship between saving and demographic characteristics is Lusardi (1999). She stated that financial planning continues to be a determinant of household wealth accumulated close to retirement

even after accounting for many other reasons why individual levels of wealth may be low.

Previous research conducted by Vincelette (2006) discovered that demographic changes have a positive relationship over national saving rate on average at macro level. Explanation from this finding were that richer households in urban localities have more saving opportunities in urban localities and increased awareness about financial planning, consumption smoothing and its advantages.

A study by Attanasio (1997) proved that individual's age has a negative relationship with saving. There is no proving that older people save less and the younger save more. Same applies to the theory that younger people who earn little or no income save little or none.

Even though there have been many studies carried out regarding saving behaviour in general, Xiao and Noring (1994) stated that only a few of these researcher aimed to investigate saving motives and its importance. Limited studies have identified the importance of different motivation to save.

A study conducted by Delafrooz and Laily (2011) has demonstrated that financial literacy also plays a vital role in influencing saving behavior. Those with low financial literacy have fewer tendencies to save and this indirectly leads to financial problems in the future. Furthermore, self-control has found to have great impact in saving behaviour where the ability of an individual to maintain self-control through

implementation methods like sound budgeting and economic cost assessment will increase the likelihood of saving (Lim et al., 2011).

Rajni (2010) has quoted that there are different perspectives between savings and national growth. Indeed, at country level, savings and investment rates appear desirable for improving national welfare.

Table 2.1: Definition of Saving

Researcher	Definition
Ando & Modigliani (1963)	Saving has been defined as trading consumption today for consumption in the future through resource allocation.
Ike and Idoge (2006)	Saving also has been defined as accumulating assets that perform specific function for the saver
Aghevli, Bijan (1990)	Saving gives critical importance for the maintenance of strong and sustainable growth in the world economy, for external adjustment, and for the amelioration of the international debt problem is well recognized.
Ahmed (2015)	Savings acts as an important behaviour that has the ability to boost long run economic growth especially at individual and household level. This is mainly because sufficient saving amount provides more financial freedom and opportunities for investment and also future financial planning
Bajtelsmit and Bernasek (1996)	Saving is a psychological context which is the process of not spending money for current period in order to be used in the future.
Warneryd (1999)	Saving is a psychological context which is the process of not spending money for current period in order to be used in the future.
Agarwal (2000)	Savings play an important role in raising the employment level, growth of nations and creating economic stability. Saving also can increase the total demand by increasing the domestic consumption and growth rate of an economy.

Based on the definitions that were extracted from findings from various researchers, it can be concluded that saving can be defined as a psychological context which is the process of spending money for current period or to be used in the future. Saving can also be a contributing factor to raise the employment level, growth of nations and creating economic stability.

2.2 Employment

Employment also is one of the determinants of saving behaviour among woman. Women and men differ in their attachment to labour force, which could lead to observed differences in financial behaviours between men and women (Sierminska, Frick & Grabka, 2008).

Besides that, the difference between men and women in terms of saving behaviour may partly result from lower female labour force participation whereby women tend to have part time work arrangements, more diverse work histories due to child bearing and child rearing and more frequent job changes (Berger & Denton 2004).

Besides that, women only earn about 80 per cent for every dollar earned by men. Because they earn less, women often are unable to invest as much as men. For example, because women often leave work to bring up children or care for elderly

relatives, they may have fewer total working years (McGraw-Hill Financial Communication, 2011).

Bhabha et al. (2014) explained that employed women have higher tendency to save and invest due to their independent earning ability. Women are progressively participating in investment activities and becoming more analytical in their investment behaviour due to increasing level of knowledge and awareness.

Lack of private savings also has been identified as negative consequences for households that are hit by job loss since unemployment is one of the triggers of severe indebtedness of household in Germany (Keese, 2009).

Hurst(2006), Fossen and Rostam-Afschar (2009) and Fuchs- Schundeln (2005) stated that entrepreneurs and civil servants can be expected to show very different saving behaviour because they are not part of the German public insurance system.

In addition, Ayenew (2014) stated that saving behaviour among woman has significantly decreased as women transfer to being unemployed as compared to working in formal government sectors or getting involve in NGO work. These women tend to give up their own self-employment which produces a better income as compared to what they receive from employment which is relatively lower to encourage them to save.

Fuchs-Schundeln (2008) observed saving behaviour using the Life Cycle Theory Model and suggested that a forward-looking risk measure could explain the observed pattern that relates the rise in the unemployment rate occurs when saving is declining.

2.3 Education Level

It has been found that higher levels of education increased the likelihood of movement toward higher level of saving motives, from no saving, and saving for safety (De Vaney et. al, 2007). A positive relationship between education has been supported by numerous studies (Avery & Kennickell, 1991; Solmon, 1975). Solmon (1975) compared the saving rate of different educational groups and found that the propensity to save, both average and marginal, rises with the number of years of education. Watts (1958) pointed out in his study that high education may imply lower consumption, quite apart from the income correlation, if better educated people are more farsighted and therefore have stronger retirement motives.

Bohm-Bawerk (1891) also stated that the urgency of present over future goods is “most frankly expressed in children and savages(perhaps the least educated) but still exist in civilized society”. Bohm-Bawerk also pointed out that the more educated better understand the future and are more willing to save for it. Findings also show that apparently those who are highly educated had a better understanding of inflation and were better able to protect themselves against it. Also, better-educated families saved primarily to benefit their children.

In addition, women have historically completed fewer years of education than men, which also affect earnings (US Bureau of the Census, 2007). Cole and Shastry (2010) found that education has a causal effect on financial market participation. One year of schooling increases the probability that an individual reports earning any asset income by 7-8%, holding other factors constant.

Besides that, Bernheim, Garrett and Maki (2001) in their study has stated that high school students take financial education courses to measure whether financial education affects subsequent financial behaviour. Financial education also can be considered as particularly effective because there is a substantial amount of inertia in retirement saving decisions. (Madrian & Shea, 2001). However a recent study conducted by Ali (2013) stated that people with higher education do not always have better financial management skill unless the values of living within our means are cultivated along financial knowledge.

Financially illiterate households are also likely to be poorer, have less education and be working for different employers than financially literate households. Besides that, Mandell (2007) finds that students who score high on financial literacy test come from very well-off, well-educated households.

Bernheim and Garrett (1996) identified in their study that saving rates has a positive relationship with education. Besides that, individuals with higher levels of education would feel less intimidated by the institutional environment within relative

to others with lower level of education. Burney and Khan (1992) in their research found that individuals with high level of education have relatively high consumptions whereby educated households have higher level of income. Bernheim, Garret and Maki (1997) stated in their study that one solution to increase saving rate is by giving financial education. Based on the survey done, many households' reports that they would like to save more but lack the willpower. Interestingly, Abid and Afridi (2010) found that savings was inversely related with education because those who had just completed their higher education tend to start careers at nominal salaries and most of them had already accumulated debt from private sector education.

2.4 Income

Economic theory predicts that the absolute amount of saving will increase with income. This is because people with more income will have more resources available to save. Theory also predicts that savings relative to income, the savings rate will increase with income (Deaton, 1992b). Friedman (1957) argued that the positive correlation between income and saving rates observed in cross-sectional data reflected individuals changing their savings in order to keep consumption smooth in the face of temporarily high or low income.

Ahmed (1996) has reported that there were some studies that found a statistically significant effect of income on saving while other studies found its

significant effects. Meanwhile, a small number of studies have analysed the saving functions across different socio-economic factors and some estimated kinds of savings like savings in the form of assets.

According to past empirical studies using household survey data performed in India, there is a positive relationship between saving rate and income in developing countries, precisely for certain ranges of income levels (Bhalla, 1980).

Pearce (1981) stated that capital accumulation is very difficult due to low incomes therefore very little savings or investments happen out of existing income. Besides that, Rosenzweig (2001) stated that households are free to save and borrow to smooth their consumptions may not be true in developing countries when low-income households have very limited access to a well-developed insurance and credit market.

Besides that, education has been said to change the nature and sources of income and hence may influence the saving behaviour among individuals especially career women. Educated people's income may differ in regard to variance from period to period, in regard to source (whether from physical or human capital) and in regard to form (in terms of the split between wages and fringe benefits). Differences in variances, source, and form should result in differences in saving behaviour. Giavazzi and Mc Mahon (2008) in this study found positive effect of income or policy uncertainty on saving. Many of the above mentioned problems of wealth measures also apply to saving measures.

A study conducted by Freyland (2005) among different household types in Germany reports that double earner households save significantly more than others, but the aspect of risk is not addressed. Various researchers also have found that income has a significant relationship with saving behaviour. Sameroynina (2004), Lahiri (1989) and Schrooten and Stephen (2005) mentioned in their respective studies that rate of growth of personal disposable income determines private saving. Also, Alessie et al. (2004) identified that a child's income share has a positive relationship on household saving rate. This can be concluded that the lower dependency in a family leads to higher the saving rate.

Mehboob and Tasneen Asghar (2000) using Ordinary Least Square (OLS) method found that income has a significant relationship with saving . Morris and Perry (2005) also found that people with higher income were considering themselves responsible for managing the financial behaviour such as saving money. Carrol and Weil (1994) also has come out with the similar finding which proves that income growth increases saving rates. Besides that, a study conducted by Dynan et.al (2004) has proven that those with larger income status save more.

Besides that, Modigliani (1966) has mentioned in his study that higher growth rate, with unchanged saving rates by age group raise aggregate saving because it would increase the aggregate income of those working relative to those not earning labour income. Modigliani (1970) also has stated in his research that saving does have a positive correlation with income growth.