



To Save or Not to Save Dilemma: Insights from a Behavioural Perspective

Matenge Tendy*, Makgosa Rina, Amanze Donatus

University of Botswana, Faculty of Business, Department of Marketing, Private Bag 00701, Gaborone, Botswana.

Abstract

This qualitative study explored the role of psychographics on the saving behaviour of individuals. Forty-three (43) semi-structured interviews were conducted with informants at their places of work. The results showed that most informants did not immediately recognize saving money as an important personal value. Instead, various dimensions of the safety and security value emerged as most important in the informants' life. Surprisingly, a majority of the informants expressed positive attitudes toward savings and claimed that they save money in different formal and informal savings instruments. Informants also revealed that they save in order to achieve safety and social needs. The decision to save or not was perceived as a choice dilemma that is predominantly influenced by psychographics and marketing efforts. The study calls for policy makers and financial institutions to work closely to facilitate education on savings, which will improve the level of financial literacy among adults or inculcate the culture of saving at an early age.

Keywords: Behavioural Perspective; Personal Values; Saving Behaviour; Saving Attitudes; Saving Motives.

1. Introduction

Researchers and policy makers have long acknowledged the crucial role of domestic saving mobilization in the sustenance and reinforcement of the saving-investment-growth chain in both developed (Lea, Webley, & Levine, 1993; Burton, 2001) and developing economies (Haruna, 2011; Radipotsane, 2006). In any consumer society characterized by declining rates of saving and general rise of prices for commodities, it is not surprising for policy makers and practitioners to explore mechanisms to minimize the negative effects of these aspects on the economy and society at large. This is central to the fact that the inability of the people to save over time can negatively influence the rate and sustainability of capital accumulation, economic growth and future consumption.

Although a vast empirical literature on saving behaviour exists (Devaney, et al, 2007; Nyphus & Webley, 2001; Burton, 2001; Thaler, 1994; Schmidt-Hebbel, et al, 1992) and has shed light on various aspects of saving behaviour, a crucial question remains unanswered— why is the rate of individual savings declining? To address this question, the objective of this preliminary study is to explore saving as part of the lifestyle of individuals, with a particular emphasis on the psychographic factors that affect saving decisions such as personal values, motives, attitudes and perceptions.

2. Literature Review

2.1. Perspectives to the Study of Saving Behaviour

Saving behaviour is commonly defined as the difference between income and expenses generated by the household (Devaney, et al, 2007; Hong, et al, 2002). This definition provides the necessary background for the understanding of saving behaviour of individuals, which is consistent with the direction of the current study. The area of saving behaviour has been studied at the national, household and individual levels (Ülkümen & Cheema, 2011; Devaney, et al, 2007; Burton, 2001). The key difference between household and national saving behaviour is that the former focuses on a group of individuals and does not include government and business sector savings (Muradoglu & Taskin, 1996). The saving behaviour of individuals is an important area of study because of its effect on national saving behaviour and

economic performance (Burton, 2001; Haruna, 2011). Previous studies have also reported a relatively low savings rate amongst individuals in various countries (Modisaatsone, 2013; Bank of Botswana, 2012; The Economist, 2013). Thus, this research will provide insights into the complexity of saving decisions reached by individuals.

The concept of saving has also been explored across disciplines such as economics (Radipotsane, 2006; Muradoglu & Taskin, 1996; Schmidt-Hebbel, et al, 1992), social psychology (Nyphus & Webley, 2001; Lunt & Livingstone, 1991), and marketing (Ülkümen & Cheema, 2011; Devaney, et al, 2007; Meier, et al, 1999). Each discipline has diverse theories that provide different perspectives about the conceptualization of the saving behaviour of individuals.

For instance, the economic perspective of saving is based on some underlying optimising framework, which suggests that individuals will weigh costs and benefits and select the most optimal option of saving (Muradoglu & Taskin, 1996). The perspective presumes that when saving, individuals are solving a multi-period dynamic maximization problem, reviewing their saving options at the different stages of their lifetime (Thaler, 1994; Schmidt-Hebbel, et al, 1992). In other words, individuals spread their lifetime consumption evenly over their lives by accumulating savings during their earning years to maintain consumption levels during retirement. This perspective assumes that it is easy for individuals to decide on how much to save and even the best approach of saving. Arguably, individuals may find it extremely difficult to sustain the optimizing framework (Thaler, 1994).

There have been considerable investigations into the subject of saving behaviour within the field of economics. The tendency of previous studies drawing from the economic perspective is to concentrate on macro-economic drivers such as interest rates, inflation, wealth and income using data from national surveys (Muradoglu & Taskin, 1996; Schmidt-Hebbel, et al, 1992; Friedman, 1957). Even though the economic perspective addresses saving behaviour it rarely accounts for the reasons why low savings rates are common amongst individuals. Consequently, the perspective ignores the behavioural determinants of individual saving behaviour.

On the other hand, the social psychology proponents emphasize the need to examine 'intangible' determinants that affect the individual's ability and willingness to save (Katona, 1951) such as motives, personality, attitude, knowledge, and personal values (Devaney, et al, 2007; Hong, et al, 2002; Nyphus & Webley, 2001). A key strength of this approach is its ability to provide a meaningful explanation to questions such as why individuals save or not and who saves.

The marketing perspective recognises the importance of identifying groups of savers and deciding how to develop and offer superior net benefits to selected segments relative to competitors (Yuh & Hanna, 2010; Loibl & Scharff, 2010). However, the available marketing research relating to saving has focussed on the perceptions of savers about the role of personal goals on their ability to save. The fulcrum of the contention is that individuals would tend to be more driven when they know why they save or they can quantify their personal goals (Loibl and Scharff, 2010; Ülkümen & Cheema, 2011).

2.2. Saving Behaviour from the Behavioural Perspective

The conceptualization of saving behaviour that has been adopted in this current study is guided by the social psychology and marketing perspectives due to their behavioural inclination to understanding the individual as a saver. Adopting the behaviourally informed perspective embraces psychological factors, which makes sense of what might otherwise be seen as perplexities in the economic perspective. When saving behaviour is conceptualized within both the psychological and marketing perspectives it widens the understanding of why the saving rate is declining from just an economic problem with the aim of developing insights into the motives underlying saving decisions.

In this conceptualization emphasis is on exploring whether saving is an important part of the lifestyle of individuals. The term 'lifestyle' is commonly defined as a pattern of attitudes and behaviours that are in some ways consistent across an individual's life or a particular aspect of their life such as the way the individual spend time and money (Kaynak & Kara, 2001; Lawson & Todd, 2002). This concept provides insights into what people do, why they do it, and what doing it means to them and others (Vyncke, 2002). In the context of a particular aspect of their life such as saving money, this concept helps to make sense of how people save, why they save and what saving means to them and others. However, the concept of lifestyle lacks definitional and operational consensus (Anderson Jr & Golden, 1984). In marketing, lifestyles are linked with 'psychographics' which represent a set of psychological variables used to predict consumer behaviour. Two perspectives dominate the marketing literature referring to lifestyles. Traditionally, lifestyle was conceptualized using the activities (i.e., how consumers spend time vacationing, exercising, at work); interests (i.e., what consumers consider important in life such as family, home, recreation) and opinions (i.e., consumers' views about the world around them) using cumbersome measurement scales (Wells & Tigert, 1971; Cosmas, 1982).

Another perspective is to conceptualize lifestyles by focussing on personal values. Under this perspective many approaches for measuring personal values have been proposed (Stanford Research Institute International, 1956; Rokeach, 1973; Mitchell, 1983; Kahle, 1983). The List of Values (Kahle, 1983), which describes consumers using nine values including a sense of belonging, excitement, warm relationship with others, security, self-respect, sense of

accomplishment, self-fulfilment, being well respected and fun and enjoyment of life, was found to a better predictor of consumer behaviour than other approaches, hence its growing popularity (Shoham, Davidow, & Brencic, 2003).

Thus, this study examines saving as part of the lifestyle of individuals with a particular emphasis on the 'psychographics' of individuals such as personal values, saving motives, saving attitudes and perceptions of the saving conditions.

2.3. Psychographics and Individual Saving Behaviour

Personal values are broader in scope than attitudes and motives and are defined as desirable, trans-situational goals, varying in importance, that serve as guiding principles in people's lives (Shoham, Davidow, & Brencic, 2003). No previous research has used personal values in explaining savings behaviour. For example, personal values have been found to have a significant influence on mall shopping patronage (Swinyard, 1998). It was found that consumers who are interested in a recreational experience when visiting malls place more emphasis on values such as excitement and fun and enjoyment. Those who were looking for a place to rest when visiting mall value a sense of belonging, warm relationships with others and security. Thus, the current study extends the existing literature by exploring personal values associated with saving. As argued by (Lusardi, 2007), individuals who placed value on the present saved less than those who placed more emphasis on the future.

Motives are drives that compel people to act such as needs and desires (Schiffman & Kanuk, 2010). The socio-psychological literature has proposed a variety of saving motives, which were grouped into four broad categories: to smooth the availability of financial resources over time so as to maintain a more stable consumption profile; to provide resources for retirement; to finance expected and large life-time expenditure; and to finance unexpected losses of income (Radipotsane, 2006; Hong, et al, 2002; Prinsloo, 2000). Saving motives have also been arranged according to Maslow's hierarchy including basic needs, safety and security needs, social needs, esteem needs and self-actualization needs (Devaney, et al, 2007). However, as pointed out by Burton (2001) research seems to concentrate on forms of savings and amount of money saved while the issue relating to why people save has received little academic attention. To address this knowledge gap, this study in part addresses this fundamental question of why people save and what drives them to save.

Previous studies on the role of attitudes on savings behaviour are relatively limited. Attitude towards behaviour is viewed as a function of beliefs regarding the consequences of the behaviour and evaluations of the consequences in the consumer behaviour literature (Schiffman & Kanuk, 2010; Assael, 1995). Attitude towards saving was conceptualized using the overall evaluations about savings (Loibl & Scharff, 2010) and it was found that individuals who evaluate savings favourably were more likely to save than their counterparts. As noted by Assael, (1995), overall evaluations are central to the study of attitudes as they provide a predisposition to be favourable or unfavourable. In a study by Devaney, et al (2007), the concept of attitude towards savings was represented by two attitudinal dimensions - tolerance of risk and preference of time horizon. In particular, it was found that saving households were more willing to take risks and have a long term planning horizon of more than ten years. However, current literature fails to articulate the beliefs and emotions that consumers have about savings and the current study seek to provide these much needed insights for strategists and contributes this critical knowledge to literature.

2.4. Other Influences of Saving Behaviour

Previous studies drawing from the life cycle hypothesis have investigated the role of age and dependency ratio on household saving behaviour. The life-cycle models of the economic perspective proposed by (Ando & Modigliani, 1963) anchored on age as a characteristic that has significant effect on personal savings. Generally researchers seem to be in agreement on the effects of age on the individual's savings rates. For example, Prinsloo, (2000) discovered low saving rates among young adults in their early stages of establishing a family and high saving rate among older working adults. In a similar vein, Metin-Ozcan, et al, (2003) noted that the age structure of the population is an important factor for savings. Additionally, the dependency ratio has been used to explain an individual's saving rate, where if an individual has more dependents either below the ages of 15 years or above 65 years are least likely to save as there is a need to increase their per capita income. However, Burton (2001) criticized this theory for failing to recognize the trend towards single households, high incidence of divorce and that not everybody lives in a nuclear family. Nonetheless, evidence indicates that a rise in the young age dependency ratio by 3.5 percentage points leads to a decline in the saving rate by 1 percentage point, whereas the negative impact on savings by an increase in the old age dependency ratio is more than twice as large (Loayza, et al, 2000).

Those drawing insights from the permanent (Friedman, 1957) and current income hypotheses (Keynes, 1936) have found that income has a positive effect on savings (Attanasio, et al, 2000; Loayza, et al, 2000; Schmidt-Hebbel, et al, 1992). For instance, Schmidt-Hebbel, et al (1992) found that a 1 percentage increase in household income increased saving rate by 0.5 percentage. The same conclusion was reached by Loayza, et al, (2000) who noted that in developing countries, doubling the individual income is estimated to raise the long run savings by 10 percentage. However, Attanasio, et al, (2000) found that income growth does not always precede increased savings, and most interestingly that there was a

negative relationship between savings and income growth particularly when dependency rates were included in the model.

Although previous studies drawing from the economic perspective have provided insights into saving behaviour, there is a lack of a framework for synthesizing a spectrum of factors of saving behaviour across different perspectives. Thus, by exploring the perceived influences of consumer's decision to save, it is expected that a framework that provides a comprehensive perspective of individual saving behaviour will be developed based on empirical research rather than literature review.

3. Research Method

3.1. Research Design

A qualitative research design was adopted as most relevant for providing a broad understanding of the network of psychological characteristics associated with the behaviour of saving. No specific hypotheses were developed prior to the empirical research because the aim was to allow people to freely express their motives, feelings, beliefs and perceptions about savings. The qualification criteria used for participation were that an individual should be a citizen of Botswana between the ages of 18 and 64 years and in paid or self-employment. Employed citizen adults were the target population of our study because they are more likely to set aside part of their earnings for saving at every pay period.

Botswana the context for this study is one of the few countries in Sub-Saharan Africa that has a track record of high foreign reserves at the national level (Bank of Botswana, 2014) and has achieved high and sustained growth despite low individual saving rates (Elbadawi & Mwege, 2000). The need for increasing individual savings has long been fairly acknowledged in Botswana. For instance, since the late 1990s the private sector has been calling for a major drive towards privatizing parastatals through share offering as perceived to be the most effective way for mobilizing individual savings (Hope, 1997). According to the African Development Bank (2011) there has been a significant increase in Botswana's middle class from 20 percent in 2008 to 48 percent in 2011, leading to consequent expectations of increased individual savings as paralleled by income levels (Modisaatsone, 2013). A closer inspection of the Macro economic data (Bank of Botswana, 2014) also shows that the ratio of household deposits to total assets of commercial banks declined from 15.3 percent in 1996 to 12.1 percent in 2009. The significant difference between credit and deposits made by households in commercial banks in the period 1999 to 2009 further signifies the low rate of individual savings. Additionally, the World Bank statistics show that only 16 percent of Botswana made savings in 2012. This is poor as compared to the 31 percent in Mauritius, a country that has a similar standard of living as Botswana. Modisaatsone (2013) also noted that Botswana's individual savings rate is far below the Sub-Saharan African median rate of 3.5 percent. The increasing level of individual debt in relation to savings poses a challenge to individuals, financial system and economy and thus warrants further investigation. It is critical to improve the understanding of the problem of low saving rate, which will provide a solid basis for encouraging saving among individuals.

Overall, 43 semi-structured interviews were conducted after a pretesting procedure. The final interview guide covered questions about the informants' gender, age, income, education, occupation, marital status, number of children, motives, feelings, beliefs and perceptions associated with saving. The informants were recruited using purposive sampling from their place of work around the capital city of Botswana, Gaborone. In Botswana, employed adults constitute 93% of the total 534, 150 labour force with the remaining 7% represented by working children aged between 10 and 17 years (Central Statistics Office, 2008). Gaborone offers the highest representation of adults in paid or self-employment (Central Statistics Office, 2008), a high rate of household expenditure (Central Statistics Office, 2003) and high concentration of financial institutions that offer opportunities for saving (Central Statistics Office, 2010). A proportional representation of informants on the basis of gender and type of industry was employed to ensure that the various sub-groups of employed adults were represented in the sample. All the interviews were audio-taped in order to ensure that the perceptions of the informants were adequately captured. On average the interview lasted 45 minutes.

At the starting point of the data analysis, all audio-taped interviews were transcribed and typed. In order to facilitate data analysis, thematic analysis in which key themes were identified for each question and classified into meaningful major topics was used. The categorization of themes into meaningful topics was guided by existing models in the marketing literature. Thus, the analysis for this qualitative study was informed by the "grounded theory" approach recommended by (Glaser & Strauss, 1967). This approach focuses on gaining a rich understanding of concepts and relationships between concepts which is helpful for creating a framework directly from the data (Hausman, 2000).

3.2. Profile of the Sample

As shown in Table 1, the sample consisted of 52% male and 48% female, which presents a realistic perspective of the ratio of employed male to female in Botswana. The youngest informant was 25 years while the oldest was 55 years. The most common age group was 21 to 30 years, representing 44% of the sample. The sample was fairly youthful, which corresponds to the general demographic characteristics of the labour force in Botswana. Secondary school certificate (12%) and a graduate degree (21%) were the lowest and highest educational levels attained respectively. More than half

of the sample occupied various managerial positions (51%) followed by those in professional job status (33%). Most informants were in full time employment and their earnings fell between P5, 000 and P19, 999 before tax. Singles (49%) were highly represented in the sample, followed by married adults (37%). A majority of the employed adults in the sample (84%) had 2 or fewer children mostly less than 18 years.

Table 1: Sample Characteristics (n = 43)

Informants Characteristics	Frequency	Percent
Gender		
Male	23	53
Female	20	47
Age (years)		
18 to 29	19	44
30 to 39	12	28
40 to 49	8	19
50 or more	4	1
Education		
Secondary School Certificate	5	12
Diploma or equivalent	6	14
Bachelors' Degree	8	19
Graduate Degrees (MBA, PhD)	9	21
Some Tertiary Education	15	35
Occupation		
Professional (e.g., <i>accountant, credit control, system</i>)	14	33
Senior Manager	13	30
Middle/Junior Manager	9	21
Skilled Non-Manual Worker (e.g., <i>clerical, secretarial</i>)	7	16
Monthly Income before tax [US\$1 = P8. 00 as at March 2014].		
Less than P4,999	7	16
P5000 to P9, 999	12	28
P10, 000 to 14, 999	7	16
P15, 000 to P19, 999	8	19
P20, 000 to P24, 999	2	5
P25, 000 to P29, 999	6	14
Refusal (Did not Disclose)	1	2
Marital Status		
Single	27	63
Married	16	37
Number of Children		
0	12	28
1-2	24	56
3 or more	7	16

4. Results

4.1. Personal Values

Respondents were asked to mention three things that they consider to be valuable in their daily life. The aim was to allow informants to express their values freely, which was deemed necessary in identifying whether saving money will emerge as one of the key values in their daily life. Kahle's Values (1983) were used to guide the classification of the dimensions associated with values extracted from interviews with employed adults. A total of seven values emerged including *safety and security, sense of belonging, self-fulfilment, sense of accomplishment, satisfaction of basic necessities, fun and enjoyment, and self-respect*.

Safety and security emerged as the most commonly mentioned value among employed adults. The principal components for this value were found to be: *'owning a house, a healthy life and one's education'*. Other respondents also mentioned aspects such as *'peace, preparing for retirement, the future, and saving money'*. However, informants rarely recognize saving money as valuable in their daily life, because it was mentioned by only 2 out of the 43. Sense of belonging emerged as the second most mentioned value. *'Family, religion and caring for children'* were the three dimensions linked to this value; with 'family' emerging as the most cited dimension. Self-fulfilment which emphasised aspects of material comfort such as *'having a car, expensive clothes, accumulating assets, and generating more money'* was the third most cited value. A sense of accomplishment which was characterized by *'work or career, owning a business and farming'* was the fourth. The remaining values of satisfaction of basic necessities, fun and enjoyment signified by components such as being happy, enjoying life and leisure as well as self-respect attracted the least responses.

4.2. Saving Attitudes

Respondents were further asked to describe what comes to their mind when they think of 'personal savings'. The aim of this question was to allow respondents to spontaneously offer their opinions about what they believe and feel about personal saving. Overall, drawing insights from the codes system and categories, beliefs about saving appear to correspond with the employed adult's *personal values*. The main attributes that were representative of the beliefs that respondents held about saving were: *'investment, security, commitment, postponement of immediate gratification, personal responsibility, long term, young age and banking'*.

For some informants (21%), saving offers the opportunity to invest at an early age or to invest to acquire property or a business in the future. A majority of those who associate personal saving with investment tend to value either a sense of belonging or a sense of accomplishment:

"When I think of saving I think of acquiring assets and that I invest (male, 50 – 59 yrs.)."

"Saving means acquiring assets that I do not have now like building a house for my children (male, <30 yrs.)"

Several informants (about 40%), think saving is some form of security. Interestingly, an assessment of the codes reflects that all the respondents that identified saving as security tend to value security and safety. Their thoughts are represented by the following quotes:

"When I think personal saving, I think of retirement (female, 40-49 yrs.)."

"What comes to my mind when I think of personal saving is having something to rely on in the future (female, 50-59 yrs.)."

"When I think of saving I think of putting aside money for the future of my kids (female, <30 yrs.)."

Young male respondents who valued self-fulfilment believed that saving is a postponement of immediate gratification and something they associated with negative emotions (sadness) as shown by the following quotes:

"Putting money aside for use in the future, but it makes me sad since I would want to use the money now (male, 25 yrs.)."

"I think about avoiding unnecessary spending now (male, 26 yrs.)."

Other male informants of varied age groups who valued a sense of belonging or sense of accomplishment reflected that to save should be inculcated at a young age. This belief was emphasised in the following quotes:

"I would save if I want to build a house or buy a car; it is something I grew up doing (male, 28 yrs.)."

"I have always believed in personal saving from a tender age regardless of how much I earn and I still do it today (male, 50 – 59 yrs.)."

It seemed that some female informants (about 21%), who appeared to value self-fulfilment believed that to save is a commitment as depicted by the following quotes:

“I must save as I do not know what the future holds, being more responsible (female, 25 yrs.).”

“I should save every month from my salary (female, 40 – 49 yrs.)”

Consistent with the theme that depicts saving as a commitment, a substantial number of informants (about 23%), who also tend to value safety and security indicated that to save requires a long term perspective, as it ***“...is good to secure the future (female, 30 – 39 yrs.)”*** and they associated it with ***“banking, long term & investment (female, <30 yrs.)”***.

A single female respondent appeared to view saving as a personal responsibility, as she felt that it was her duty to ***“...take the initiative to save rather than relying on work related pension schemes, taking a responsibility for myself (female, 30 – 39 yrs.)”***.

To informants who mostly those who tended to value either a sense of belonging or a sense of accomplishment save was associated with banking. Saving was perceived as ***“...products that banks offer, fixed deposits, something like that (female, 30 – 39 yrs.)”***.

With respect to feelings, some were positive with informants revealing that saving was *‘important’, ‘exciting’, ‘beneficial’, ‘the future’, and ‘satisfying’*.

However, an equal proportion of informants, especially non-savers, expressed negative emotions, noting that saving was *‘not beneficial’, ‘unexciting’, ‘restrictive’, ‘impossible’, ‘sad’, and ‘impractical to achieve’*.

Additionally, when respondents were asked specifically about how they felt about the saving culture, all of them expressed negative feelings and additional insights into their perceptions about the influences of saving decisions. They reported that most people do not save and thus the rate of saving is terrible, very poor, bad, worrying, and pathetic. These negative feelings were associated with numerous factors such as lack of discipline, income, financial knowledge, debt consumption, and the cost of living as follows:

“Terrible! We do not save, we consume beyond our means (male <30 yrs.).”

“Saving in Botswana is pathetic; people would rather buy a car than invest in property (male, 51-60 yrs.).”

“The saving rate in Botswana is quite poor because most people finance their holidays or other desires with loans (female, 30-39 yrs., male, 40-49 yrs.).”

“Batswana do not save and most people are in debt (female, 30-39 yrs.; female 40-49 yrs.; female <30 yrs.).”

Thus, it is proposed that:

P1: Personal values will significantly and positively influence saving attitudes.

P2: Saving attitudes will significantly influence the decision to save or not to save.

4.3. Saving Decisions

Although most informants did not spontaneously reveal that *‘saving money’* is one of the valuable things in their life, when they were probed directly about whether they have set aside part of their cash earnings for savings, a majority of the respondents (78%) answered in the affirmative.

Those who save, they revealed that some of the best ways to save money is through options such as insurance (i.e., *‘offshore investments, funeral covers, education covers, and pension schemes’*), work related pension schemes, saving in a bank (i.e., *‘ordinary saving and fixed deposit accounts’*), property ownership (*‘buying a house and renting it out’*), *‘arable farming’*, *‘companies’ paid-up shares’*, and informally through *‘Motshelo’*. The unique concept of *‘Motshelo’* as explained by one of the informants means *‘...a situation where a group of people come together and agree to make monthly contributions and then raise interest through issuing out loans to one another... the proceeds will then be shared proportionately at the end of an agreed period (usually a year)’*, (female, 50 – 59 yrs.). Saving in the bank through either fixed deposits and ordinary saving account seems to be the mostly used form of saving, followed by paid-up shares at work especially for bank employees and work related pensions for those employed in the public sector. About half of those who save revealed that they save through the bank while paid up shares and insurance was used by about a third of the informants.

Despite that most respondents reported that they do save, some openly expressed negative beliefs and emotions about the various saving options. There was a general concern about the inadequate returns that saving through the banks yield as shown in the following:

“Saving in the form of investment such as offshore insurance rather than bank saving is the best way to save as it attracts higher interests (male, 30-39 yrs.).”

“I used to save through a bank but now I prefer paid up shares because banks have some charges that affect your savings (female, 50-59 yrs.).”

4.4. Saving Motives

Informants revealed several needs with respect to why they save. The reasons for saving were classified into five key categories of self-actualization, self-esteem, social, safety, and physiological needs on the basis of Maslow's levels of needs. Drawing insights from the codes system, overall the reasons why people save have somewhat linked to the personal values.

Self-actualization was noted by some of the informants who appeared to value a sense of accomplishment and it was mostly concerned with owning one's company and taking advantage of business opportunity as captured in the following quotes:

"I save for a business opportunity (male, 30 – 39 yrs.)."

"I want to have my own company in the future, so I am hoping that I will use my savings as capital (female, <30 yrs.)."

The same number of informants identified self-esteem needs such as 'my education', 'personal goal', and 'entertainment' as the reasons why they save. Those who are motivated by self-esteem needs appear to value either a sense of accomplishment or self-fulfilment, as they would '*...save for my education and to have money when I decide to build a house*' (female, <30 yrs.) or '*...I save to achieve a particular personal goal and it is not so much about the future*', (male, 28 yrs.).

It appears safety needs which were described by 'unforeseen circumstances', 'emergencies', 'coverage of medical expenses', and 'uncertainty about the future' were the primary motives for saving. In fact, 64% of the 33 informants that reported that they save mentioned aspects related to safety and security as reasons why they save. The safety and security value was also found to be common among them. These aspects were expressed repeatedly among the employed adults and are captured through the following quotes:

"...I save because I want something I can rely on in the future. I do not know how long I will work and also in case of difficulties and when I have a family..." (male 25 yrs.).

"...I save for emergencies and unforeseen circumstances..." (female 30-39 yrs; male <30 yrs.; male 30-39 yrs.).

"...Right from childhood, in my upbringing I have been taught to put something aside for a rainy day. So I uphold this teaching today..." (male 50-59 yrs.).

Meeting social needs which were represented by dimensions such as taking 'care of the family' and 'children's education' also attracted more responses (i.e., 30%). Most of the respondents also reported the value of a sense of belonging:

"I save for my children's education and to cover funeral expenses (female, 25 yrs.)."

"I have a child and I should think of her when saving (male <30 yrs.)."

However, only one informant was concerned about the benefits that she receives from the bank when she saves, which represented physiological needs.

It appears saving also helps employed adults to satisfy multiple needs at the same time especially safety and social needs, safety and self-esteem needs or a combination of safety, social and self-esteem needs as some of the informants pointed out that:

"...In the short term I save for personal rewards like entertainment and in the long term I save for retirement..." (male, 30 – 39 yrs.).

"...I do not have medical aid, so I need to ensure that my medical needs will be met. I save to take care of my family needs and to ensure that when I retire I have something to fall on..." (male, 27 yrs.).

"...I save for tomorrow and for the education of my children" (female 40-49 years; female 30-39 yrs.).

"...I want to save for my children even though I have none at the moment, my education and to ensure that I have money when I make a decision to build a house..." (Female <30 yrs.).

Thus, it is hypothesised that

P3: Personal values will significantly and positively influence saving motives.

P4: Saving motives will significantly influence the decision to save or not to save.

Perceived influences of Saving Decisions

From analysis of the data it was deduced that saving decisions relating to whether to save or not and the rate of saving are influenced by interactions of numerous factors. Themes that emerged were demographic, psychological, marketing mix, socio-cultural and economic characteristics. These thematic factors were perceived by informants as either drivers or barriers to saving.

The demographic thematic factor was emphasized by informants as they had a perception that “...*young people save less than old people because they have more desire to meet current needs*” (male, 27 yrs.), and that “...*saving is not a possible option for those who are less educated*” (female, 50-59 yrs.).

Thus, it is hypothesised that:

P5: (a) Demographic factors will significantly influence the decision to save or not to save.

‘Lack of financial knowledge’, ‘willingness to save’, ‘lack of personal discipline’, and ‘emphasis on current consumption’ emerged as the primary psychological characteristics that inhibit the rate of saving. The lack of financial knowledge about financial matters owing to the fact that financial institutions are not doing enough rated as the second key psychological barrier of saving. Nonetheless, informants who did not save acknowledged the importance of self-discipline, a strong desire to save, and purpose in order to achieve a sustainable saving pattern and to enjoy the benefits of saving.

“...*Money is a new medium of exchange for Batswana. So, there is a lack of knowledge on financial matters. Our forefathers used to value subsistence farming owning cattle...*” (male, 30-39 yrs.).

“...*They believe in using all their earnings for current consumption, which is due to the high cost of living, financial literacy and lower earnings...*” (female, 30-39 yrs.).

“*Most people like to buy on credit...*” (female, 30-39 yrs.).

Hence the hypothesis that:

P5 (b): Psychological factors will significantly influence the decision to save or not to save.

Respondents perceived income and high cost of living as economic factors that influence saving decisions as shown in the following statements:

“...*People cancel their insurance policies when faced with problems because the cost of living is too high...*” (female, 30-39 yrs.).

“...*the cost of living is far beyond our earnings...*” (male, <30 yrs.).

“...*people do not save because they have little income to save...*” (female, 30-39 yrs.).

“...*The little that we earn we divide it amongst current needs such as transport, school fees, clothes & food. So we do not earn much to save at all...*” (male, 28 yrs.).

It is thus hypothesized that;

P5 (c): Economic factors will significantly influence the decision to save or not to save.

Inadequate marketing communication about ‘benefits of saving’ and ‘incentives for saving’, ‘limited available saving options’, ‘high bank charges imposed on savings accounts’ withdrawals’, and ‘excessive communication on borrowing’ have been found to be central to the failure of the marketing mix to stimulate interest and desire to save. There is a general outcry that while it is important for an individual to show ‘some sense of responsibility by saving’, financial institutions need to also intensify marketing efforts directed at encouraging saving:

“...*Financial institutions are good when it comes to encouraging people to get loans than to save...*” (male, < 30 yrs.).

“...*the banks always charge me for saving yet the interest that accrues in my saving account is way too low...*” (male, 30-39 yrs.).

It is thus hypothesized that:

P5 (d): The marketing-mix will significantly influence the decision to save or not to save.

Informants further perceived three cultural values as appropriate for encouraging savings as they thought that “...*teaching young people about saving is the responsibility of the parents...*” (female, 30-39 yrs.), and that “...*the problem of saving comes from within the family, as we are not taught about saving from a young age...*” (female, < 30 yrs.). Furthermore, there was a call for financial institutions to embrace cultural values such as saving through owning cattle and the *Motshelo* concept when designing saving programs, as informants thought that “...*it is more*

beneficial to save through Motshelo...” (male, 50-59 yrs; female, 40-49 yrs.), and that “*...people may not necessarily save in banks because they save by owning cattle...*” (female, 30-39 yrs. male, 30-39 yrs.).

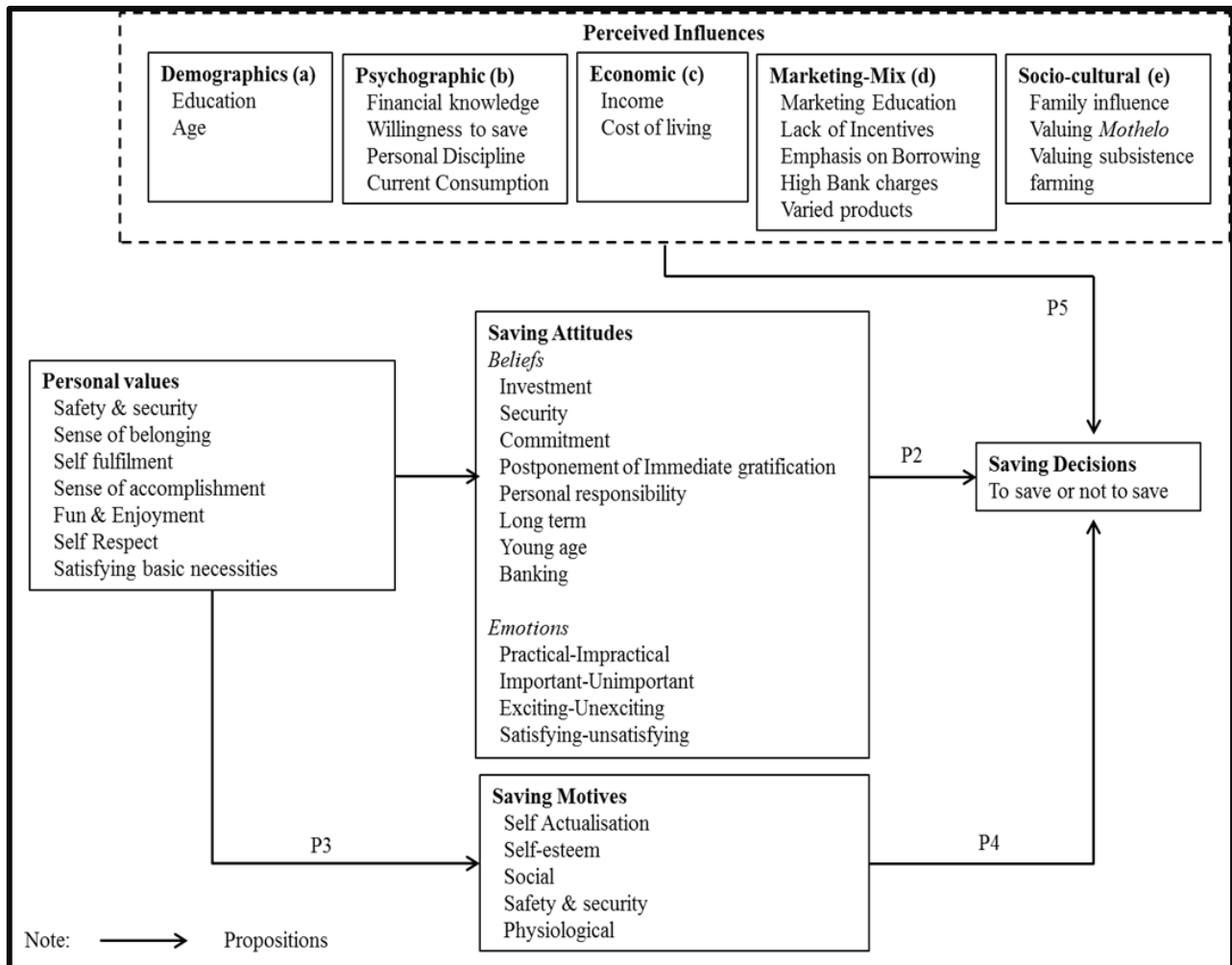
Hence the hypothesis that:

P5 (e): *The socio-cultural factors will significantly influence the decision to save or not to save.*

4.5. The Proposed Conceptual Framework

Drawing insights from the categories, themes and codes system in relation to linkages between personal values, saving attitudes and motives, relationships between saving attitudes, motives and saving decisions, as well as findings regarding the perceived influences of saving decisions, the following conceptual framework was proposed (see, Figure 1).

Figure 1: A Proposed Comprehensive Conceptual Framework of Saving Behaviour



(Source: Authors, 2015)

5. Discussion and Conclusions

The current study has confirmed that saving money is not instantly considered to be an important personal value among individuals. This could possibly explain why the rate of savings is low among individuals. In fact, safety and security in terms of owning a house, a healthy life and one’s education was mostly valued. This corresponds with the notion that there is a fast growing middle income class in the world. Dimensions of the safety and security value such as owning a house, ensuring a good healthy living and upgrading one’s education attract much of the individuals’ income as individuals attempt to maintain a middle income status such that they are left with little to save in financial institutions. This also suggests that the widely used definition of savings (Hong, et al, 2002; Devaney, et al, 2007) does not adequately capture individuals’ perceptions of savings. Thus, calculations of the saving rate should include accumulation of assets such as ownership of property, cattle and a farm. Another key finding of this study is the confirmation of multi-dimensional perspective of personal values, which extend the knowledge of existing typology proposed by Kahle (1983).

The fact that individuals held strong beliefs about the key dimensions of savings such as security, commitment, long term and investment, it signifies their knowledge and perceptions of savings that individuals may have acquired through direct experience or from various sources. While the emotions for savers are favourable, non-savers feel it is impractical and non-beneficial. By uncovering beliefs and emotions associated with the decision to save or not, this study provides an important contribution to the literature of saving behaviour. In particular, a few notable studies on saving attitudes (Loibl & Scharff, 2010; Devaney, et al, 2007) tend to concentrate on overall evaluations of savings, which does not embrace the multi-dimensional aspects associated with saving attitudes.

Consistent with values and attitudes, safety needs are the most cited motives for saving. Among the reasons given for saving for security needs, unforeseen circumstances, emergencies and medical coverage dominate the responses. A related study by Radipotsane (2006) also concluded that people save in order to build up reserves for unforeseen circumstances. The current study has also indicated that there is a link between personal values and motives for saving, which reinforces the need to study the predictors of saving behaviour drawing insight from a comprehensive framework.

While some economic, demographic and socio-cultural factors were perceived as determinants of saving decisions, psychological and marketing factors were more dominant. The study indicated that individuals felt that saving is important but most could not save or save less because of numerous constraints such as low income, lack of financial knowledge, lack personal discipline, high levels of personal consumption, and lack of marketing communication. Therefore, this study provides unique findings because it has revealed the need for rigorous investigations into the role of psychological and marketing factors on saving behaviour. This will help to extend the literature that is predominately drawing insights from the economic perspective. This study also offers an extensive framework of saving behaviour, which integrates a range of factors from the economic, socio-psychological and marketing perspectives, which can be tested quantitatively in further studies.

Although a notable proportion of individuals affirmed that they save money in various financial instruments, there was a general concern that the rate of saving is not impressive, which corresponds with the national statistics data (Bank of Botswana, 2013; Modisaatsone, 2013). Thus, a more pertinent issue is what can governments and the financial institutions do to address the situation? Therefore, in order for governments and financial institutions to address this worrying trend, the following recommendations have been suggested. The culture of saving should be inculcated at an early age among individuals. In particular, the teachings on how to save effectively must be included in the school curricula at primary level or at best financial literacy courses should be introduced in every level of schooling. Educational programs for adults should encourage saving by teaching them to set quantifiable saving goals and reinforce positive beliefs for saving through the use of admirable role models.

The results from the study show that the prevailing low interest rates on bank deposits are a major factor that negatively affects individual savings. Therefore an effective mechanism for providing satisfying interest rates on bank deposits is needed in order to increase saving. It was established that low income, high consumption and debt dependency exert a negative pressure on individual. This implies that the employees have very little to save therefore the macro-economic policy should focus on ways of alleviating the financial burden on individuals such as managing cost of living by reducing inflation rates. It is worth to recognize that while governments could do so much to address the cost of living, it is also the responsibility of the financial institutions to intensify efforts to encourage individuals to be responsible in exploiting the financial options available to them. At the product development level, financial institutions could embrace the concept of 'Motshelo' and position fixed deposits accounts as providing the opportunity to buy cattle or a farm in the long term. Financial institutions could also offer competitive rewards or incentives for saving that are clearly aligned to needs of individuals. Intensive marketing communication efforts should be used in order combat the lack of financial literacy.

A qualitative perspective used in this study has proposed an all-embracing framework of individual saving behaviour. Thus in the future, a robust quantitative research is needed to determine the predictive ability of the proposed factors linked to individual savings behaviour as well as the validity and reliability of the multi-dimensional nature of saving attitudes and motives. This study also focuses on employed adults in the city which does not reflect how employees in other settings for instance rural areas could handle the dilemma. This was a necessary step as differences in current employment and availability of financial institutions that exist between urban and rural areas might affect individual savings and it was felt that this could make the implementation of the research design extremely challenging. The commonly accepted definitions of savings appear to be restrictive. For instance, investment in human capital and purchases of major consumer durable products such as buying a house, automobile, are captured as expenses. This exclusion interestingly seems to contradict the traditional understanding of savings in some contexts, where buying cattle or a farm for instance, may be viewed as a form of saving. Hence the current understanding of individual savings requires further investigation and new approaches. Research could also explore alternative ways in which individuals are saving without using formal financial instruments such as owning herds of cattle or "Motshelo".

6. References

- [1] Anderson Jr, W. T., & Golden, L. L. (1984). Lifestyle and Psychographics: A Critical Review and Recommendation. *Advances in Consumer Research*, 405-11.
- [2] Ando, A., & Modigliani, F. (1963). The 'Life-Cycle' Hypothesis of Saving: Aggregate Implications and Tests. *American Economic Review*, 53(1), 55-84.
- [3] Assael, H. (1995). *Consumer Behaviour and Marketing Action*. New York: South Western Publishing.
- [4] Attanasio, O., Picci, L., & Scorcu, A. (2000). Saving, Growth, and Investment. *Review of Economics and Statistics*, 182-211.
- [5] Bank of Botswana. (2012). *Bank of Botswana Annual Report*. Gaborone: Bank of Botswana.
- [6] Bank of Botswana. (2013). *Bank of Botswana Annual Report*. Gaborone: Bank of Botswana.
- [7] Bank of Botswana. (2014, May 26). *Foreign Reserves*. Retrieved May 26, 2014, from Bank of Botswana Website: <http://www.bankofbotswana.bw/index.php/content/2009103012050-foreign-reserves>
- [8] Burton, D. (2001). Savings and Investment Behaviour in Britain: More Questions than Answers. *The Service Industry Journal*, 130-46.
- [9] Central Statistics Office. (2003). *Household Income and Expenditure Survey*. Gaborone: Government Printer.
- [10] Central Statistics Office. (2008). *2005-6 Labour Force Report*. Gaborone: Government Printer.
- [11] Central Statistics Office. (2010). *2006-7 Census of Enterprises and Establishments Report*. Gaborone: Government Printer.
- [12] Cosmas, S. C. (1982). Life Styles and Consumption Patterns. *Journal of Consumer Research*, 453-55.
- [13] Devaney, S. A., Anong, S. T., & Whirl, S. E. (2007). Household Saving Motives. *The Journal of Consumer Affairs*, 174-186.
- [14] Elbadawi, I. A., & Mwega, F. M. (2000). Can Africa's Saving Collapse Be Reversed? *The World Bank Economic Review*, 415-43.
- [15] Friedman, M. (1957). The Theory of the Consumption Function. In M. Friedman, *National Bureau of Economic Research* (pp. 1-6). Princeton: Princeton University Press.
- [16] Glaser, B., & Strauss, A. (1967). *The Discovery of Grounded Theory*. London: Weidenfeld and Nicholson.
- [17] Haruna, I. (2011). Determinants of Saving and Investments in Deprived District Capitals in Ghana: A Case Study of Nadowli in the Upper West Region of Ghana. *Continental Journal of Social Sciences*, 1-12.
- [18] Hausman, A. (2000). A Multi-method Investigation of Consumer Motivations in Impulse Buying Behavior. *Journal of Consumer Marketing*, 403-26.
- [19] Hong, G., Sung, J., & Kim, S. (2002). Saving Behaviour among Korean Households. *Family and Consumer Sciences Research Journal*, 437-62.
- [20] Hope, K. R. (1997). Growth, Savings and Investment in Botswana. *Savings and Development*, 195-210.
- [21] Kahle, L. R. (1983). *Social Values and Social Change: Adaptation to Life in America*. New York: Praeger.
- [22] Katona, C. (1951). *Psychological Analysis of Economic Behaviour*. New York: McGraw-Hill.
- [23] Kaynak, E., & Kara, A. (2001). An Examination of the Relationship among Customer Lifestyles, Ethnocentrism, Knowledge Structures, Attitudes and Behavioral Tendencies. *International Journal of Advertising*, 457-82.
- [24] Keynes, J. M. (1936). *The General Theory of Interest, Employment and Money*. London: Macmillan.
- [25] Lawson, R., & Todd, S. (2002). Consumer Lifestyles: A Social Stratification Perspective. *Marketing Theory*, 295-307.
- [26] Lea, S. G., Webley, P., & Levine, R. M. (1993). The Economic Psychology of Consumer Debt. *Journal of Economic Psychology*, 85-119.
- [27] Loayza, N., Schmidt-Hebbel, K., & Serven, L. (2000). What Drives Private Saving Across the World? *Review of Economics and Statistics*, 165-81.

- [28] Loibl, C., & Scharff, R. L. (2010). Examining the Effect of Expressing a Quantitative Goal on Consumer Savings. *The Journal of Consumer Affairs*, 127-54.
- [29] Lunt, P. K., & Livingstone, S. M. (1991). Psychological, Social and Economic Determinants of Saving: Comparing Recurrent and Total Savings. *Journal of Economic Psychology*, 621-62.
- [30] Lusardi, A. (2007). Household Savings Behavior in the U.S: The Role of Literacy, Information and Financial Educational Programs. *Implications of Behavioral Economics for Economic Policy* (pp. 27-70). Boston: Federal Reserve Bank of Boston.
- [31] Meier, K., Kirchler, E., & Hubert, A. (1999). Savings and Investment Decisions Within Private Households: Spouses Dominance in Decisions on Various Forms of Investment. *Journal of Economic Psychology*, 499-519.
- [32] Metin-Ozcan, K., Gunay, A., & Ertac, S. (2003). Determinants of Private Savings Behaviour in Turkey. *Applied Economics*, 1405-16.
- [33] Mitchell, A. (1983). *The Nine American Life Styles*. New York: Warner.
- [34] Modisaatsone, N. C. (2013). What Drives Private Saving in Botswana? *Journal of Economics and Behavioral Studies*, 603-11.
- [35] Muradoglu, G., & Taskin, F. (1996). Differences in Household Savings Behaviour: Evidence from Industrial and Developing Countries. *The Developing Economies*, XXXIV-2, 138-153.
- [36] Nyphus, E. K., & Webley, P. (2001). The Role of Personality in Household Saving and Borrowing Behaviour. *European Journal of Personality*, 85-103.
- [37] Prinsloo, J. W. (2000, November). *News and Publications*. Retrieved May 28, 2014, from South African Reserve Bank: <https://www.resbank.co.za/Lists/News%20and%20Publications/Attachments/2513/occ14fin.pdf>
- [38] Radipotsane, M. O. (2006). Determinants of Household Saving and Borrowing in Botswana. *IFC Bulletin*, 25, pp. 284-96.
- [39] Rokeach, M. (1973). *The Nature of Human Values*. New York: Free Press.
- [40] Schiffman, L. G., & Kanuk, L. L. (2010). *Consumer Behaviour*. New Jersey: Printice Hall.
- [41] Schmidt-Hebbel, K., Webb, S. B., & Corsetti, G. (1992). Household Savings in Developing Countries: First Cross Country Evidence. *The World Bank Economic Review*, pp. 529-47.
- [42] Shoham, A., Davidow, M., & Brencic, M. M. (2003). Measuring Values' Importance: the Use of Different Scales to Measure the LOV. *European Advances in Consumer Research*, 154-61.
- [43] Stanford Research Institute International. (1956). *VALS2+: Psychographic Segmentation System*. California: SRI International.
- [44] Swinyard, W. R. (1998). Shopping Mall Customer Values: The National Mall Shopper and the List of Values. *Journal of Retailing and Consumer Services*, 167-72.
- [45] Thaler, R. H. (1994). Psychology and Savings Policies. *American Economic Review*, 186-92.
- [46] The Economist. (2013, April 2). Saving: Too Thin a Cushion. *Free Exchange Economics*.
- [47] Ülkümen, G., & Cheema, A. (2011). Framing Goals to Influence Personal Savings: The Role of Specificity and Construal Level. *Journal of Marketing Research*, 958-69.
- [48] Vyncke, P. (2002). Lifestyle Segmentation: From Attitudes, Interests and Opinions, to Values, Aesthetic Styles, Life Visions and Media Preferences. *European Journal of Communication*, 445-63.
- [49] Wells, W. D., & Tigert, D. J. (1971). Activities, Interests, and Opinions. *Journal of Advertising Research*, 27-35.
- [50] Yuh, Y., & Hanna, S. D. (2010). Which Households Think They Save? *The Journal of Consumer Affairs*, 70-97.
- [51] Zamir, S. (2012, June 11). Low National Savings Lead to Poor Economy. *The Nation*.