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Assessment of the Factors Affecting Rural Households Savings: The Case of Wolaita Sodo Zuriya District, Wolaita Zone, Southern Region Ethiopia

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Abstract
With a 95% response rate, the study's primary goal was to evaluate the factors affecting rural households in Sodo Zuriya Woreda of Wolaita Sodo Zone, SNNP Regional State, out of the estimated 208,595 total households. To do this, a multistage sampling method was used to generate survey data from 384 sampled households using a structured questionnaire administered in-person. The study's descriptive frequency data, which were obtained using SPSS 20. Version, indicate that 78.4% of sample households overall had saved at the time of the survey, with 51.8% of them doing so in cash and 38.5% doing so in official financial institutions. Multi-variable logistic regression analysis's findings indicate that women are less likely than men to save money; married couples save more than single people do; farm size can have a significant and positive impact on rural households' ability to save money; households with larger land plots save more money overall; and there is a highly significant negative overall effect of formal financial institution distance on savings. These results lead to the conclusion that the aforementioned study area parameters affect households' savings practices in one way or another. Based on these results, financial institutions should offer saving services by opening outlets & sub-branches reasonably close to rural families' residences in order to encourage rural households' savings and increase agricultural output through income diversification.

Keywords: Rural Household, Saving, Income and Expenditure, Consumption, Interest Rate

Introduction

Background of the Study

Any income that is not spent within a specific time frame is referred to as saved in the macro environment. Postponing consumption is a decision made by businesses, governments, and households. It establishes a country's capacity for investment and production, which in turn defines its rate of economic expansion. Macroeconomically, savings are a nation's primary

source of investment, and investment is the primary source of growth, jobs, and an increase in the standard of living for everybody.

Household savings make up the majority of the nation's savings. They serve as the primary domestic funding source for capital investment financing. In addition, the difference between a household's consumption and disposable income is known as household savings. Wages, self-employment income, and net property income make up the majority of household income, whereas consumption comprises outlays for goods and services.

The household savings have two primary functions. First, savings provide economic security by transferring resources from the present to the future, empowering individuals to be prepared to face unexpected and irregular financial circumstances. Second, savings lead to the accumulation of wealth that enables individuals to improve their living standards and to respond to new opportunities. In connection with this, (Chang) stated that households are better beneficiaries of higher saving rates.

The government of Ethiopia has taken steps to ensure social and economic equality and to close the gaps left by the country's shift to democracy more than 20 years ago. The Ethiopian Development Research Institute (EDRI) reports that the country is currently seeing an increase in middle-class citizens, particularly those who are farmers or live in rural areas. The farmers' affordability has increased as a result of their increased revenue.

Moreover, throughout the past eight years, or since 2003/2004, Ethiopia's economy has experienced double-digit growth that is steady and widespread. Drought conditions during the 2002-2003 Ethiopian Fiscal Year (EFY) caused a shock to the nation's economic results. On the other hand, the economy recovered in the 2003–04 EFY, with a real GDP growth rate of 11.7% (MoFED). Due to this double-digit growth, the average growth rate over the last eight years has been 11.4%. This is the highest growth rate ever recorded by Sub-Saharan nations, whose average economic growth rate was only 5.2% (MoFED).

Over the course of the last eight fiscal years, Ethiopia's average Gross Domestic Savings (GDS) as a percentage of GDP was approximately 10.4%. Conversely, the resource deficit was 15% of GDP, and the average growth rate of investment was 25% of GDP. This demonstrates that the current domestic saving rate does not appear to be in line with the nation's anticipated large investment needs. Therefore, among other things, it is essential that interested organizations, officials, or individuals in the nation work to increase domestic savings.

(Brata) explained how rural households are able to save money. Additionally, they possess financial assets, particularly in non-bank establishments. However, saving is not viewed by the official financial institution as a sign of a rural household's creditworthiness or ability to repay debt. There could be a strategic role for financial institutions. This position involves providing finance to rural enterprises in addition to collecting savings. In order to better understand the behaviors and difficulties associated with rural household savings in Wolaita Sodo Zuriya Woreda, Wolaita Zone, SNNP Regional State, Ethiopia, this study was created.

Statement of the Problem

The household savings show significant regional variations. For example, younger generations in East Asia save significantly more than their Latin American counterparts do when compared to older generations. The household savings show significant regional variations. For example, younger generations in East Asia save significantly more than their Latin American counterparts do when compared to older generations. Because of their advanced demographic transactions, distinct household structures, lower fertility rates, and faster income development, East Asian households are better able to preserve money. In a similar vein, (Keister) reported that household savings rates in Asian nations such as China and India remain significantly higher than those in the US. The personal savings rate as a percentage of GDP is 4.4% in the United States, but China's household savings have surpassed 52% of GDP in comparison to the global average of 19.7%. But African saving practices differ from those of the aforementioned nations. (Aryeetey and Udry) pointed out that there is little proof that the economic reforms that many African nations have tried in the past ten years have had an effect on saving and investing in this regard.

To increase household savings, the current Ethiopian government has been implementing a variety of policies. In this sense, the Ethiopian government's Years of Growth and Transformation Plan (covering the years 2010–11–2014–15) calls for a substantial infusion of funds, which are anticipated to come from domestic household savings sources. On the other hand, there is no information available regarding the state of saving behaviors among Wolaita Sodo Zuriya Woreda's rural households as of yet. Therefore, the goal of the current study was to investigate how rural households currently save money.

In addition to acknowledging the significance of household accessibility to formal financial institutions, the Ethiopian government has implemented corrective measures to raise the percentage of households with GDS to GDP from 6% in 2010 to 15% by 2015 and to raise the accessibility of financial institutions from the current 20% to 67% by 2014/15. To what degree rural households save their money at the financial institutions located in Wolaita Sodo Zuriya Woreda is unclear, though. Therefore, the purpose of this study is to close the information gap in this area.

According to (Shitu), the savings pattern of rural households might be considered a significant factor that limits the growth of rural communities. This creates the foundation for the vicious cycle of poverty that defines rural areas, which over time has a significant impact on the level of living for rural households. Concerned bodies ought to give this issue a lot of attention. Therefore, evaluating the saving habits of rural households in Wolaita Sodo Zuriya Woreda makes sense.

In addition, the Wolaita Sodo Zuriya Woreda region is renowned for producing an abundance of coffee and some other grains; as a result, the community is anticipated to have the highest savings rates or the highest quality of life. On the other hand, it appears that there is a lack of money among the local population. In this regard, it is noted that a large number of rural households frequently lease their property due to a lack of funds for the purchase of agricultural inputs and the rental of mechanized equipment during farming seasons. It is necessary to look into this fact in order to understand why people living in rural areas have low household savings. Therefore, it is thought that figuring out what influences household savings is essential to helping the members of the aforementioned society develop better saving practices. Thus, determining the variables influencing the saving behaviors of the rural households in the Wolaita Sodo Zuriya Woreda was one of the study's objectives.

Furthermore, according to the researcher's reading, no research has been done in the region, and there is no documentation of the rural households in the Wolaita Sodo Zuriya Woreda that practice saving. Thus, the purpose of this study is to evaluate rural household savings habits and obstacles in Wolaita Sodo Zuriya Woreda, Wolaita Zone.

Objective of the Study

General Objective

This study's main goal is to determine the variables influencing household savings practices in the Southern Region of Ethiopia's Wolaita Sodo Zuriya Woreda, Wolaita Zone.

Specific Objectives

The specific objectives of the study include the following:

- To research the methods of saving used by Wolaita Sodo Zuriya Woreda households;
- To explore the factors of savings;
- To assess the present status of savings among the households of Wolaita Sodo Zuriya Woreda and
- To identify the factors significantly influencing the savings among households of Wolaita Sodo Zuriya Woreda.

Literature Review

The Concept Saving Defined

Because the term "savings" is used in a variety of settings, its interpretation might vary depending on the situation in which it is employed. Any income that is not spent within a specific time frame is referred to as saved in the macro environment. In contrast, (Prinsloo) defines saving broadly as the quantity of resources or revenue generated in a particular year that is not spent right away but is instead put to use in a way that will boost the economy in the years to come. The alternative to saving is setting

money aside through investments in pension plans, financial services providers, banks, or other income-producing assets. According to Hussain, saving is a crucial strategy for bolstering resilience to shock and acting as a crutch to ease individuals through difficult times. Saving is the choice made by businesses, governments, and people to put off consumption. It establishes a country's capacity to invest and, consequently, produce, which establishes economic growth.

Empirical Studies on Factors Affecting Rural Households Savings

Studying the variables influencing rural households' savings using micro-data from developing nations has not progressed as quickly as it has in developed nations. It seems that hypothesis testing has not been done much in developing nations other than macro-level consumption function formulations. Furthermore, because so few studies offer useful disaggregation, relatively little of the development literature tries to isolate the effect of personal saving.

The findings demonstrated how household attitudes regarding savings and their confidence in their capacity to save are influenced by personal issues, such as the duty to raise children in the family. The study examined how households' trust in financial institutions and their desire to participate in savings programs are influenced by institutional characteristics such as organizational culture, incentives, and disincentives.

Assets and age distribution don't significantly affect saving. A household's investments are determined by its income and expenses. They looked at the factors that influence household saving and found that age was a favorable factor, which is contrary to the findings. According to this study, age must negatively correlate with rural households' ability to save.

Three factors are said to influence household saving behavior in Africa, according to a household study on determinants of saving. Among these was the capacity for saving, which is reliant on the discretionary income and spending of a household. The second was the inclination or readiness to save as shaped by economic and sociocultural elements, such as the duty of the family to provide for the education of its children. The chance to save and earn a return on savings constituted the third. Moreover, there is a negative correlation between household size and savings, indicating that smaller households have more discretionary income and are therefore less resource-constrained than larger households.

South African households' savings and the primary causes of their lack of commitment to saving, which is especially important for rural households. Due to unemployment, limited income, overconsumption (from evident consumption, procedural rationality, and bandwagon effect), market inefficiencies (such as incomplete or nonexistent information), lack of financial literacy, and cultural and political considerations were the main contributing reasons.

The Moroccan household savings' micro-econometric factors. He came to the conclusion that the cross-sectional variation in Moroccan households' saving position is largely explained by income. The primary justifications for the significance and function of households in saving were emphasized. The general assertions acknowledged for developing economies also seem to be supported by experiential research conducted 17 to date.

In East Hararghe Zone, Oromia Regional State, Ethiopia, predictors of rural households' savings were found in a study by (Teshome et al.). Nine major determining explanatory variables were found to be associated with the savings of rural households: the degree of education of the household head, the number of animals owned, the availability of credit, income, investment, involvement in training, contact with extension, types of saves, and saving motivations.

The assessment of the empirical literature showed that a variety of factors influence household savings. Using macro 17 statistics, the majority of these empirical research concentrate on the total national savings. Furthermore, little research has been done nationwide on the microeconomic level about the variables influencing the savings of rural households in the SNNP regional state, particularly in the study region. Thus, this study focused on the effects of institutional, socioeconomic, demographic, and variables pertaining to the saving institution features of the families in an effort to objectively

determine the main determinants influencing the savings of rural households at the household level. By thoroughly examining its contributing components, the study also aims to close the current research gap.

Framework of the Study

Table 1 Variables Identification

Variable Type		Variable	Index
Independent	Demographic (X_1)	Age	X_{11}
		Gender	X_{12}
		Education	X_{13}
		Marital Status	X_{14}
		Family Size	X_{15}
	Socio-Economic (X_2)	Religion	X_{21}
		Ethnicity	X_{22}
		Family Income	X_{23}
		Social Position	X_{24}
		Source of Income	X_{25}
		Occupation	X_{26}
		Farm Size	X_{27}
		Yearly Food Expenditure	X_{28}
		Yearly Non-Food Expenditure	X_{29}
	Institutional (X_3)	Interest Rate	X_{31}
		Distance of Financial Institution	X_{32}
Dependent	Household Saving		Y

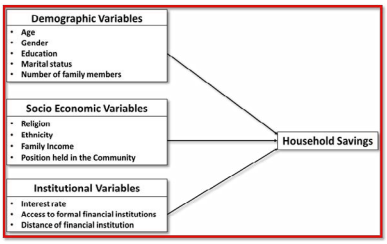
Framework of the Study

The study was carried out using the causal model, which assumes that the explanatory variables of household savings are institutional, socioeconomic, and demographic. The socio-economic variables are religion, ethnicity, family income, social position of the household, source of income and occupation, farm size, annual food expenditure and annual non-food expenditure; the demographic variables are age, gender, education, marital status, and family size; the institutional variables are interest rate on savings and distance of financial institution from household residence.

Structural Framework

The following elements that could influence household saving practices have been identified and are arranged in the following order after a review of pertinent literature was gathered.

Figure 1 Structural Framework of the Study



Source: Developed based on the literature reviewed

Mathematical Framework

$$Y = f(Demographic\ Socio-Economic\ and\ Institutional\ Factors)$$

$$\bar{Y} = \beta_0 + \beta_1 \sum_{i=1}^{5} X_{1i} + \beta_2 \sum_{i=1}^{4} X_{2i} + \beta_3 \sum_{i=1}^{3} X_{3i} + e_t$$

Where

β_0 = Intercept Coefficient

β I (I = 1, 2, 3) = Slope of Regression

e_t = Error Term

Research Methodology

Target Population

Wolaita Sodo Zuriya Woreda's estimated population, according to CSA's (2008 E.C) data, was 208,595, with five families per household. The primary jobs held by the residents included farming, trading, and raising cattle. Wolaitigna and Amharic are the two most widely spoken languages in the region. The Commercial Bank of Ethiopia, Cooperative Bank, Omo Microfinance Credit And Saving Share Company, Vision Fund Mfi, Dashen Bank, Abyssinia Bank, Abay Bank, Wogagen Bank, and Debub Global Bank are among the financial institutions located in the Woreda. International Bank Nib and International Bank Berhan. The existence of these financial institutions facilitates our investigation of the saving habits and obstacles faced by rural households in the Woreda. Additionally, it is thought that the people living in Sodo Zuriya Woreda can provide sufficient and relevant data. As a result, the Woreda was chosen as the study location.

Research Design

The causal model has been used to conduct the investigation. Investigating and critically evaluating the variables influencing rural household saving in Wolaita Sodo Zuriya Woreda is the primary goal of the research. The study's quantitative and qualitative designs were used to evaluate the variables influencing the saving habits of the homes in Wolaita Sodo Zuriya Woreda. The research was conducted between October 2016 and March 2017.

Data Source and Type

Primary data are new and unique information that has been collected first. Primary sources provided the data for this investigation. A questionnaire was used to gather the primary data from 402 sampled respondents.

Data Collection Method

The researcher employed a questionnaire to gather data. To collect the necessary data for this study from rural homes in Wolaita Sodo Zuriya Woreda, a single comprehensive questionnaire was created. The primary goal of the survey was to evaluate rural household savings behaviors and obstacles. There are three key sections to the questionnaire. The purpose of the first section was to gather respondents' pertinent background data for the study. Items pertaining to rural households' present saving methods are included in the second section. The final section included questions about the variables influencing the saving practices of rural households in Wolaita Sodo Zuriya Woreda.

For the in-person interview, the questionnaire consists of 25 items in total, broken down into three categories: 9 things related to demographics, 8 items related to income and expenses, and 8 items connected to household savings and interest rates. There are both closed-ended and open-ended questions on the survey. Prior to being used in the main trial, it underwent a pilot test. The questionnaire's items were modified in light of the findings of the pilot test. A total of 402 (four hundred two) questionnaires were sent to rural homes as part of the primary study. Of those, 384 (or 95 percent) were satisfactorily completed and returned.

Instrument and Scale

Data from families was gathered using a standardized questionnaire. There are a total of 25 items in the questionnaire, which are divided into three categories: 9 things related to demographics, 8 items connected to income and expenses, and 8 items linked to household savings and interest rates. To ensure translation validity, the questionnaires were translated from English into the regional language of the respondent and back again into English. Furthermore, ten Kebeles families that were not part of the study were used for the pre-testing of the questionnaire.

Sampling Design

The study was carried out on rural households in Wolaita Sodo Zuriya Woreda's numerous Kebeles. It was estimated that there were 208,595 households in the research region overall. It is not feasible to take into account every household in the Woreda; therefore, efforts were made to choose representative samples from each of the different Kebeles. In this sense, the multistage sample approach was used to choose participant houses by sampling. First, based on how far they were from Sodo, the town of Kebele Woreda. In other words, kebeles that were located less than 5 km were gathered in the second cluster, and kebeles that were located more than 5 km were grouped under one cluster. Two clusters were formed out of the twelve Kebeles. Subsequently, three kebele were chosen at random from each cluster. Second, each of the six Kebeles received a proportionate share of the sample size. Six Kabeles contributed 19,643 household heads in total. Systematic random sampling techniques were used to choose the houses. Every 50th household was methodically chosen from the list of all the families in 6 Kebeles that were taken into consideration for the study. Then, a questionnaire was given to each of these houses to fill out for the intended sample size, which was around 402 samples.

Sample Size

The following presumptions were applied while using the minimal population percentage formula to determine sample size:

$$n = \frac{(Z\alpha/2)^2 p(1-p)}{d^2}$$

Source: (Israel)

Where:

- N total number of households in Wolaita Sodo Zuriya Woreda (41,719)
- Z= is the standard normal variable at 95% confidence level (CI) (1.96)
- P= the proportion of rural households practising saving 50%
- d= the desired precision of the estimate (5%)
- n the total sample size

Sample size (n) is calculated using the above formula to be 385. Taking into account the 5% non-response rate, the final sample size is 402 as a result.

Data Processing and Analysis

Multiple independent variables' effects on the dependent variable were examined using multivariable binary logistic regression tests once all pertinent data had been gathered to identify the variables influencing rural families' saving practices in Wolaita Sodo Zuriya Woreda. In addition, additional descriptive statistical tests were used, such as frequency tests. Before sending each respondent away, the interview schedules were revised. The information was cross-checked for consistency, accuracy, completeness, and uniformity. The Statistical Package for Social Sciences was used to code and tabulate the data.

The questionnaire was utilized to get the answers to these queries and gather the information required for this investigation. Furthermore, 402 (four hundred and two) questionnaires were delivered to rural homes; 384 of them were successfully completed and returned, indicating a 95% response rate. SPPS was used to enter the information gathered from the questionnaire's closed-ended questions. The SPPS data was then subjected to several statistical analyses, including logistic regression analysis, frequency, and percentage analysis. As a result, the data analysis and discussion are presented in this chapter.

Data Analysis Method

In order to make the analysis easier to understand, the logistic regression analysis is presented after the results of the descriptive analyses (as a percentage). This study aims to evaluate the variables that influence rural household savings in Wolaita Sodo Zuriya Woreda in a critical manner. 402 households were selected from a total estimated of 208,595 households, as stated in the methodology. Six Kebeles are represented by these households: three are from distant Kebeles, and three are from Kebeles that are close to Sodo town. A total of 422 questionnaires were given to the household; 384 of them were successfully completed and retrieved, indicating a 95% response rate. Below is a presentation of the sampled households' frequency distribution.

8.6% of the study population was under 15 years old, 68.2% was between 16 and 40 years old, 22.4% was between 41 and 60 years old, and 0.8% was above 60. 12.5% of the study's total participants were single, 81% were married, 3.4% had divorced, and 3.1% had become widowed.

Out of all the people who participated in the study, 26% were illiterate, 44% could read and write, 15.1% had completed grades 1 through 6, 13% had completed grades 7 through 12, and 1.8% had graduated from college or university.

Table 2 Occupation of Sampled Household

Categories of Employment	No.	%	Valid %	Cumulative %
Herding	14	3.6	3.6	3.6
Farming	218	56.8	56.8	60.4
Herding & Farming	125	32.6	32.6	93.0
Wage labour	12	3.1.	3.1	96.1
Civil Servant	3	8	8	96.9
Self-employed	5	1.3	1.3	98.2
Unemployed	7	1.8	1.8	100.0
Total	384	100.0	100.0	

Source: Field Survey, 2017

56.8% of the respondents worked in farming, while 3.6% of them were employed in herding. Farming and herding at 32.6% 3.1 Wage workers:1.8 were jobless, 5% were self-employed, and 0.8% were civil servants.

Table 3 Source of Income of the Sampled Household

Types of Income	No.	%	Valid %	Cumulative %
Livestock & by-products	51	13.3	13.3	13.3
Agriculture	301	78.4	78.4	91.7
Salary	14	3.6	3.6	95.3
Business	10	2.6	2.6	97.2
No Income	5	1.3	1.3	99.2
Other sources	3	.8	.8	100.0
Total	384	100.0	100.0	100.0

Source: Field Survey, 2017

According to Table 3's data on family income sources, 13.3% of respondents said they made money from cattle and the products they produced; 78.4% of respondents said they got their money from agriculture, 3.6% said they got their money from a job, 2.6% said they made money by running a business, 1.3% said they had no money at all, and 0.8% said they made money from other means.

Table 4 Plot of Land for Farming and Herding by the Sampled Household

Land in Hectares	No.	%	Valid %	Cumulative %
<=2 Hectares	143	37.2	37.2	37.2
3-4 Hectares	220	57.3	57.3	57.3
>=5 Hectares	21	5.5	5.5	100.0
Total	384	100.0	100.0	

Source: Field Survey, 2017

Table 4 reveals that 37.2 percent of the households had less than 2 hectares of land, 57.3 percent had between 3 and 4 hectares, and 5.5% had more than 5 hectares of land for farming and herding. 79.4% of respondents said they farmed on their own land; 11.2% said they didn't farm there because they leased it owing to a lack of funds; 3.9% said they didn't farm there because they didn't have the equipment to plough the entire area; 1.3% of households said they didn't have enough labor; and 4.2% said they didn't farm there because they left it for animal grazing.

Table 5 Yearly Income of Sampled Household

Income in Birr	No.	%	Valid %	Cumulative %
Below 5000	42	10.9	10.9	10.9
5001-25000	244	63.5	63.5	74.5
25001-50000	83	21.6	21.6	96.1
50001-80000	15	3.9	3.9	100.0
Total	100.0	100.0	100.0	

Source: Field Survey, 2017

According to the table, 10.9% of respondents said their yearly income was less than 5000 Birr, 63.5% said it was between 5001 and 25000 Birr, 21.6% said it was between 25001 and 50000 Birr, and 3.9% said it was between 50001 and 80000 Birr.

Table 6 Annual Expenditure for Food by the Sampled Household

Food Expenditure in Birr	No.	%	Valid %	Cumulative %
Below 5000	234	60.9	60.9	60.9
5001-25000	139	36.2	36.2	97.1
25001-50000	11	2.9	2.9	100.0
Total	384	100.0	100.0	

Source: Field survey, Wolaita Sodo Zuriya Distirct, 2017

According to the table above, 2.9% of respondents said they spend between 25001 and 50000 Birr, while 36.2% of respondents said they spend between 5001-25000 Birr annually on food. Of the respondents, 60.9% said their annual food expenses were less than 5000 Birr.

Current Status of Saving Practice among the Rural Households

Saving money for the family is crucial for at least two reasons, according to (Cashell). To begin with, most households need to build wealth during their working years in order to prevent their standard of living from declining after retirement. Second, household savings play a significant role in financing capital investments that raise the capital stock and boost productivity at work. Therefore, it's critical to understand how rural households are doing with regard to saving. In order to do this, the study participants were given a variety of questions. The following is an analysis of their response.

Table 7 Preference of the Income Disposition of the Sample Household

Categories of Income Disposition	No.	%	Valid %	Cumulative %
Dispose all money immediately	233	60.7	60.7	60.7
Dispose an amount what I can today & save the rest	104	27.1	27.1	87.8
Dispose some amount today and save the rest	42	10.9	10.9	98.7
Never have think as to how to make use of it	5	1.3	1.3	100.0
Total	38.4	100.0	100.0	

Table 7 demonstrates that questions about income-saving preferences were posed to sampled rural households. Regarding the sampled household's preferred method of allocating income, 60.7% of respondents said they always dispose of their money right away, 27.1% said they dispose of part of their income and save the remainder, 10.9% said they dispose of part of their income then and save the remainder, and 1.3% said they never consider how to use their money. The data indicates that most rural households in the sample would rather save their money right away. (Rodriguez and Meyer) said that most rural households instinctively save their income and that they have the ability and willingness to do so. This could assist them in avoiding needless purchases with their money.

Table 8 Sampled Household Saving Pattern

Saving	No.	%	Valid %	Cumulative %
Yes	301	78.4	78.4	78.4
No	83	21.6	21.6	100.0
Total	384	100.0	100.0	

Source: Field Survey, Wolaita Sodo Zuriya District, 2017

As can be seen from the above 8 table, 21.6 percent of respondents said they had no savings, while 78.4% of respondents said they did. This demonstrates that the vast majority of the households in the sample have savings. This could suggest that the sampled households had excellent saving habits. In addition, the respondents were asked to describe their methods for saving money.

Table 9 Modes of Saving by the Sampled Household

Modes of Saving	No.	%	Valid %	Cumulative %
No saving	83	21.6	21.6	21.6
In Birr	199	51.8	51.8	73.4
In-Kind	15	3.9	3.9	77.3
Both Birr & Kind	87	22.7	22.7	100.0
Total	384	100.0	100.0	

Source: Field Survey, Wolaita Sodo Zuriya District, 2017.

According to the table 9, 21.6% of respondents said they never save, 51.8% said they save in Birr, and 3.9% said they save in kind. 22.7% of those surveyed say they save using both Kind and Birr. It is thought that breaking down saves into different categories will be useful when researching the variables influencing household cash savings, particularly in formal financial institutions. Some believe that since tomorrow will bring its share of good fortunes and bad luck, there is no need to save money for it now. They are so dissuaded from putting money aside for the future. According to these findings, most rural households in the sample save Birr.

Table 10 Yearly Savings of Sampled Household

Yearly Savings in Birr	No.	%	Valid %	Cumulative %
No Saving	184	47.9	47.9	47.9
Below 5000	40	10.4	10.4	58.3
5001-25000	134	34.9	34.9	93.2
25001-50000	25	6.5	6.5	99.7
50001-80000	1	.3	.3	100.0
Total	384	100.0	100.0	

Source: Field Survey, Wolaita Sodo Zuriya District, 2017

According to the above 10 table, 47.9% of respondents said they never save, 10.4% said they save less than 5000 Birr, and 34.9% said they save between 500 and 1500 Birr. 3.5% of respondents said they saved between 50001 and 80000 Birr, while 6.5% said they saved between 25001 and 50000 Birr. The respondents were also questioned about where they keep their savings.

Table 11 Where the Sampled Household Saves

Pattern of Saving	No.	%	Valid %	Cumulative %
No Saving	184	47.9	47.9	47.9
At Home	30	7.8	7.8	55.7
Within a formal Financial Institution	148	38.5	38.5	94.3
On the other person	4	1.0	1.0	95.3
With Local Association	18	4.7	4.7	100.0
Total	384	100.0	100.0	

Source: Field Survey, Wolaita Sodo uriya District, 2017

Table 11 reveals that 38.5 percent of respondents said they save in official financial institutions, 7.8% said they save at home, and 47.9% of respondents said they never save. Just 4% of respondents say they save money by donating to others, although the local association reports 4.7 percent.

Table 12 Interest Paid by the Formal Financial Institution to the Sampled Household

Interest	No.	%	Valid %	Cumulative %
Very low	52	13.5	13.5	13.5
Low	62	16.1	16.1	29.7
Fair	209	54.4	54.4	84.9
Very High	3	8	8	84.9
I didn't know	58	15.1	15.1	100.0
Total	384	100.0	100.0	

Source: Field Survey, Wolaita Sodo Zuriya District, 2017

According to the table 12, 13.5% of respondents said the interest paid by the financial institutions was extremely low, 18.1% said it was low, and 54.4% said it was reasonable. Only 8% of respondents said that financial institutions paid very little interest, while 15.1% said they had no idea.

Table 13 presents the households' response to the financial institutions' decision to raise interest rates from 5% to 6%. Among the respondents, 60.3% said they would increase their current savings by 25%, 11.5% said they would increase their savings by 26–50%, 2.3% said they would increase their savings by 50–75%, and 1% of the households said they would increase their savings by 75–100%.

Table 13 Sampled Household if the Interest rate is increased from 5% to 6%

Particulars	No.	%	Valid %	Cumulative %
I will increase my current savings level at most by 25%	270	70.3	70.3	70.3
I will increase my current saving level between 26 to 50%	44	11.5	11.5	81.8
I will increase my current saving level between 51 and 75%	9	2.3	2.3	84.1
I will increase my current savings level by 76 to 100%	4	1.0	1.0	85.2
Other	57	14.8	14.8	100.0
Total	384	100.0	100.0	

Source: Field Survey, Wolaita Sodo Zuriya District, 2017

Table 14 Saving Mode of the Sampled Household

Saving Mode	No.	%	Valid %	Cumulative %
Informal	236	61.5	61.5	61.5
Formal	148	38.5	38.5	100.0
Total	384	100.0	100.0	

Source: Field Survey, Wolaita Sodo Zuriya District, 2017

According to the above 14 table, 61.5% of respondents said they save informally, while 38.5% said they save in accordance with official guidelines.

Logistic Regression

The researcher employed a regression model to watch how rural households saved money. The Saving function can be stated symbolically as follows:

$$Y = f(Demographic, Socio-Economic\ and\ Institutional\ Factors)$$

$$\bar{Y} = \beta_0 + \beta_1 \sum_{i=1}^{5} X_{1i} + \beta_2 \sum_{i=1}^{4} X_{2i} + \beta_3 \sum_{i=1}^{3} X_{3i} + e_i$$

Y is the dependent variable, which is household saving, and X_1, X_2, X_3 ....., X_n are independent variables.

Table 15 Logistic Regression Analysis of Demographic Factor

Omnibus Test of Model Coefficient

		Chi-Square	Df	Sig
Step 1	Step	29.490	14	.009
	Block	29.490	14	.009
	Model	29.490	14	.009

Variable in the Equation

Variables	B	S.E.	Wald	Df	Sig.	Exp (β)
Sex (1)	-.606	.348	3.037	1	.031	.545
Age			6.551	3	.048	
Age (1)	-.085	1.316	.004	1	.948	.918
Age (2)	-1.009	1.271	.630	1	.427	.365
Marital Status			4.053	3	.028	
Marital Status (1)	-.058	.763	.003			
Marital Status (2)	-.390	.682	.327	1	.568	.677
Marital Status (3)	-.519	1.027	.256	1	.613	.595
Education Level			7.039	4	.039	
Education Level(1)	-.212	1.056	.040	1	.841	.809
Education level (2)	-.477	1.043	.209	1	.647	.621
Education level (3)	-.079	1.070	.000	1	.997	1.004
Education level (4)	.004	1.081	.000	1	.997	1.004
Position			9.656	3	.022	
Position (1)	-.230	.869	.874	1	.350	.451
Position (2)	-.796	.852	.874	1	.350	.451
Position (3)	2.059	1.427	2.082	1	.149	7.837
Constant	1.176	1.887	.389	1	.633	3.242

Variables (s) entered Step 1: Sex, Marital Status, Educational level Position

The Omnibus Tests of Model Coefficients are included in the first table. It is employed to verify whether the new model outperforms the reference model. The results of the tests show that the log-likelihoods of the new model and the baseline model differ significantly. Comparing the new model to the baseline, there has been a considerable reduction, indicating that the new model is an improvement and is explaining more of the variance in the outcome. The revised model is substantially better in this case because the chi-square is highly significant (chi-square=29.490, df=14, p<0.009).

The pseudo-R^2 and -2LL values for the entire model are provided in the Model Summary. This model's -2LL value is 371.395. According to the Nagelkerke's R2, the model accounts for about 11% of the variation in the result. According to the Hosmer & Lemeshow goodness of fit test, p=0.540 (>0.05) indicates that the model fits the data well.

For every variable category, the regression coefficient, the Wald statistic, and the odds ratio are shown in the final table. Overall, gender (Wald=3.037, df = 1, p<0.031), age (Wald=6.551, df = 3, p<.048), marital status (Wald=4.053, df = 3, p<.028), educational status (Wald=7.039, df = 4, p<.039), and position held in the community (Wald=9.656, df = 3, p<.022) have a highly significant overall effect on savings, according to the results. Increasing non-community is linked to higher likelihood of saving, as shown by the significant and negative b coefficients for the position held in the community variables. According to the Ratio, an individual is more likely to save money if they hold the leadership role from the lowest rank in the community.

There are statistically significant correlations between the saving behaviors of households and demographic criteria such as gender, education, marital status, and standing within the community. Because gender roles and norms cause people's economic interests to vary, men and women may behave differently depending on the degree of economic vulnerability they face. As a result, women were less likely to save than men. Social conventions that restrict women's ability to control and own assets are a disadvantage. The proportion of female household heads may be the source of this. Furthermore, having female heads of family has a detrimental impact on the choice to save money. In actuality, female-headed households make extremely little money, which negative impact on savings rates.

In contrast, families with heads who could only read and write, finished grades 1 through 6, or completed grades 7 through 12, had a higher likelihood of saving money than homes with an illiterate head.

Generally speaking, the rise in educational attainment benefits rural households' savings. A skilled farmer can save more money by using a variety of budgeting strategies. Additionally, a qualified person's consumption pattern is significantly superior to an unqualified person's. The household's qualification directly increases efficiency, which raises revenue and, as a result, improves saving. The desire to save increases with the family head's educational attainment. Compared to household heads without a formal education, those with a primary education have superior saving habits. Higher educated households were better positioned to pass savings to succeeding generations. They are better positioned to cushion brief shocks to their income and can save to help offset income decreases after retirement.

Richer households also stand a better chance of building assets through saving, which will increase their potential to earn income in the future. The uneducated's poor savings appear to be a chronic issue, maybe as a result of their low income and generally flat age income profiles. Household heads' degree of education has a direct impact on how much they save; the higher their education, the more likely they are to save. The amount of education contributes positively to household savings. Nonetheless, the outcome is comparable to that of (Teshome et al.), who found that schooling has a statistically significant and beneficial impact on household savings.

In a similar vein, widows and married head households tend to save more than singles do. This is due to the possibility that pooling money can give a married pair the safety net they need to acquire assets without failing during hard times. In a similar vein, this survey found that married household heads saved more money than single participants. Matrimony has always been seen as a source of financial stability and is a crucial element in defining one's financial status. Due to the economies of scale in a household, marriage enables couples to improve their levels of saving and spending. It also provides financial security and remains a determinant of economic well-being. Participants who were not community members were less likely than Kebele leaders to practice saving with regard to positions held in the community. This might be the case because, compared to community members who have fewer opportunities, Kebele leaders may be more conscious of the importance of saving on various meetings and forums.

Table 16 Logistic Regression of Income and Expenditure Factors

Omnibus Tests of Model Coefficients

Categories	Chi-Square	Df	Sig.
Step	22.051	4	.000
Block	22.051	4	.000
Model	22.051	4	.000

- 2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
378.835[a]	.056	.086

a. Estimation terminated at iteration number 4 because parameter estimates changed by less than .001

Hosmer and Lemeshow Test

Chi-square	df	Sig.
6.662	8	.574

Variables in the Equation Position Held in the Community

Categories	B	S.E.	Wald	Df	Sig.	Exp (β)
Plot of land	.18119	.2254.90	5.675	14.90	.0421353	1.19891.9
Farming all plots of land	.81691	.296	8.0205	11.4	.0051.4	2.26298.2
Yearly income	-7.73357	.1921.8	5.046	1100.0	.041384	.716100.0
Income Disposition	.56100.0	.162	10.983	1 Member	.001 Gox Lea	1.709
Constant	-2.	.669 valid	16.892F		.000Valid	.064 Cumulative

a. Variable(s) Entered on Step 1: Plot of Land, Farming of Plot of Land, Yearly Income, Income Disposition

Chi-square is highly significant (chi-square=22.051, df=4, p<.001), so the new Model is significantly better. The Model Summary provides the -2LL and pseudo-R2 values for the full model. The -2LL value for this model (373.835). Nagelkerke's R2 which suggests that the model explains roughly 8% of the variation in the outcome. The Hosmer & Lemeshow test of the goodness of fit suggests the model is a good fit to the data as p=0.574(>.05).

For every variable category, the regression coefficient, the Wald statistic, and the odds ratio are shown in the final table. The findings show that farming every plot of land has a highly significant overall impact on savings (Wald=8.020, df=1, p<.005). Additionally, it shows that saving is significantly impacted by how money is allocated (Wald=10.983, df=1, p<.001). The farming of all land plots and the money variables have substantial and positive b coefficients, which suggests that increasing is linked to greater saving. Using land farming on all plots of land and disposing of money is more likely to result in savings, according to the odds ratio.

Using multivariate logistic regression analysis, the plot of land possessed, the plot of land farmed, the annual income, and the means of income disposition were shown to be statistically significant variables from the income and expenditure components.

In light of this, households with plots of land between two and four hectares were more likely to save than households with plots of land less than two hectares. Compared to households that leased their own plots of land, those that did not lease their farm were more likely to save money. Having profitable assets can make one wealthy, which can encourage saving. Larger farmland ownership enables farmers to take advantage of economies of scale, which in turn leads to increased output and profits. Rural farm households' savings can be greatly and favorably impacted by the size of their farms.

In a similar vein, households with annual incomes over $50,000 were more likely to save than those with incomes under $5,000. Another significant economic factor influencing saving is income. The volume of savings in rural areas should increase as a result of income-increasing incentives to promote farm investment. Examples of these incentives include encouraging the introduction of improved technology, providing suitable farm support services, and implementing long-term employment-creation initiatives. Savings rises in tandem with the household's income. The amount of savings by rural households is positively and significantly correlated with their income. The model's output suggests a strong correlation between income and saving that is, a higher income increases one's ability to save.

Friedman contends that permanent consumption can affect consumption and will, in theory, be proportionate to permanent income. According to (Friedman), households intend to spend an average of their lifetime income over this period. The study's conclusion, thus, is in line with both empirical and theoretical data, indicating that the annual quantity, the explanatory determinant variable, has a considerable impact on both male- and female-headed households in the study area.

In terms of income disposition, families were more likely to save than those who disposed of right away if they sold what they could and saved the remainder, or if they sold part of their income and saved the remainder.

Spending later is preferable to saving now. Take the first step toward saving. Launch a savings program that saves automatically. Set up an automated withdrawal from your bank account or salary. Most people strive to save the little money they have left over after spending it all. The ideal strategy is to put money aside for savings and then consume what's left. The respondent's preference, which is explained as follows, in light of this principle:

The only variable that significantly correlates with saving behavior according to numerous multi-variable logistic regression analyses is the income disposition variable. Therefore, compared to households that disposed of their annual income, those that saved the remainder and disposed of what they could were more likely to save.

Table 17 Logistic Regression Analysis of Saving and Interest rate

Omnibus Test of Model Coefficients

Step 1	Chi-square	df	Sig.
Step	34.543	3	.000
Block	34.543	3	.000
Model	34.543	3	.000

The Omnibus Tests of Model Coefficients are included in the first table. The new model is substantially better in this case because the chi-square is extremely significant (chi-square=35.543, df=3, p<.001).

Model Summary

Step	-2 Log likelihood	Cox & Snell R-Square	Nagel Kerke R-Square
1	366.343	.086	.133

Hosmer and Lemeshow Test

Step	Chi-square	df	Sig.
1	11.132	8	.194

The Model Summary provides the -2LL and pseudo-R2values for the full model. The -2LL value for this model (366.343). The Nagelkerke's R2 suggests that the model explains roughly 8% of the variation in the outcome. The Hosmer & Lemeshow test of the goodness of fit suggests the model is a good fit to the data as p=0.194(>.05).

Variables in the Equation

Step	Categories	B	S.E.	Wald	df	Sig	Exp {β}
1	Distance from Formal Institution	-584	.134		1	.000	.558
	Interest paid by Formal Institution	.039	.085	.209	1	.647	1.039
	Propensity to Save	.164	.084	3.778	1	1.178	
	Constant	-1.289	.322	15.996	1	.000	.276

For every variable category, the final table presents the regression coefficient, the Wald statistic, and the odds ratio. The findings show that the formal financial institution's distance from savings has a highly significant negative overall effect (Wald=19.110, df=1, p<.001). It also shows that saving behavior is positively influenced by the inclination to save (Wald=3.778, DF=1, p<.05). The distance between the bank and the place of living is connected with higher probabilities of saving, as indicated by the significant and negative b coefficients for the distance of the formal financial institutions. The interactions in the model are not influenced by the interest paid by the official financial institutions.

Living distance from official financial institutions has an impact on households' propensity to save. When compared to households that are fewer than five kilometers away from formal financial institutions, the likelihood of their saving is lower. This study found that, in rural SSA areas, particularly in rural Uganda, where just 10% of the population has access to basic financial services, distance continues to be a significant barrier to formal financial saving and other markets. Since financial institutions are located far from families, obtaining financial products and services would have required more time and labor. The performance of households using formal institutions is superior to that of those using informal ones. Simultaneously, interest paid by official financial institutions is another element that could influence household saving habits. Interest rates are easily influenced by policymakers in an effort to encourage saving. Since it is impossible to pinpoint exactly how raising deposit interest rates would affect saves, this has been a contentious approach to boosting savings. Thus, it was more probable than not that respondents thought interest paid by formal financial institutions was low. Conversely, respondents who increase their savings are less likely to do so than those who make smaller savings increments if the interest rate paid by formal financial institutions rises.

On the other hand, those who felt strongly about the interest offered by formal financial institutions were more likely to save than those who felt very little about it. In a similar vein, respondents who considered raising their savings were more likely to actually save than those who did not. This was true regardless of interest rate. First, income effects may be more important than substitute effects; second, households tend to be insensitive to changes in interest rates, especially in developing countries where rigid or fixed interest rate policies are in place; and third, religion or social norms may discourage or forbid interest payments. As a result, financial savings are not always responsive to changes in interest rates in developing countries.

As a result, household heads who felt strongly about the interest paid by the institutions were more likely to save money than those who felt strongly about the interest paid. In a similar vein, this study found that household heads believed that the percentage of assets to be saved would rise in tandem with the interest that financial institutions would need to pay.

Conclusion

According to the report, the majority of rural households in the sample (60.7%) would rather save their money right away. This could assist them in avoiding needless purchases with their money. (Rodriguez and Meyer) said that most rural households instinctively save their income and that they have the ability and willingness to do so. In addition, 78.4% of the households in the study have savings. This could suggest that the sampled households had excellent saving habits. Furthermore, 51.8% of respondents said they save in Birr. These findings showed that the sampled rural households' saving behaviors are encouraging.

The data indicates that 86.5% of the rural households in the sample are male. This may therefore suggest that the gender of the households in the woreda sample may have an impact on societal preservation. (Chowa) provided evidence in support of this claim by pointing out that women save more than men do in terms of employment, education, and work types. Compared to the men, the women showed notably different saving behaviors. Men and women are therefore different from one another. Therefore, one element that may influence the rural households in Sodo Zuriya District's saving practices is the gender of the respondents.

Just 9% of the households in the research have members younger than 15 or older than 60. Given that most rural homes have members between the ages of 16 and 60, it can be concluded that age may not have an impact on the savings of these households. These results are consistent with Kim's assertion that adult workers save the most throughout the middle and end of their working lifetimes, younger persons save against their future salaries based on life cycle behavior of consumption and saving. When they retire, the elderly take money out of their savings.

The majority of the samples, according to the study's findings, are married. Therefore, the respondents' marital status might not have an impact on the savings of rural households. Financial security is perceived to arise from marriage, as married individuals typically amass a greater amount of assets compared to their single counterparts. In terms of how marital status affected saving behavior, it can be said that households headed by single people were not saving as much as households headed by married, divorced, or widowed people.

Furthermore, the research indicates that roughly 73% of the participants have more than three family sizes. According to (Mapa and Barsales), households with more children living at home may also save less because they would not start saving for retirement until after the children left the house, increasing the household's per capita income, or because they would anticipate providing for their children's long-term care. It follows that household savings may be impacted by the size of the family.

Ninety-six percent of the rural homes in the sample are headed by a family member. This indicates that family leaders make up the vast majority of the respondents. Because family leaders are expected to support their members, family leadership may therefore have an impact on the rural family's ability to survive.

The majority of sample households only sent their children to formal schooling up until grade six, it was also revealed. This could imply that the rural homes have access to literacy. (Ghafoor et al.) pointed out that education influences an individual's ability to save money by affecting their income level and the options they have for accumulating assets. As a result, it can be concluded that having more education has a beneficial impact on saving since households that have more education tend to save more money.

According to this report, most households are either farming, herding, or a combination of the two. These are seasonal and erratic vocations. It is possible to conclude that rural households do not have a steady source of income. This in turn may have an impact on household saving habits. In support of this, (Keynes) asserted that the manner of income generation has an impact on saving,

particularly in rural economies where revenues are typically characterized by extreme fluctuation or high seasonality. Therefore, one of the variables that may have an impact on sampled households' ability to save is their occupation.

Recommendations

The researcher's recommendations, based on the study's findings, are as follows: increase household saving habits; effectively mobilize domestic resources to support domestic resource commitment for the realization of the Growth and Transformation Plan (GTP); and, over time, close the gap between domestic investment and saving; these actions raise living standards by creating more job opportunities and promoting equitable resource distribution.

- In order to encourage rural households to save more money, formal financial institutions in the Woreda with the Woliata Sodo revenue office and the Sodo Zuriya Woreda Finance and Economic Development office should educate the rural households about alternate sources of income besides agriculture. Apart from farming and herding, they also do other jobs that bring in extra money, such as fattening animals, increasing the amount of animals that are herded to produce the most milk and its byproducts, producing vegetables with irrigation, and so on.
- It is advised that the Woreda government and non-governmental offices do a needs assessment in the rural Kebeles of the Woreda in order to determine the necessity of establishing small-scale financial institutions that locals can easily access, at least at the Kebele level. Furthermore, in the event that a formal financial institution's branch opening is not feasible, various government finance management bodies and those involved in improving rural household living should pay attention to alternative methods of financial service accessibility, such as mobile banking (e.g., car banking), outlet branches, door-to-door service, point of sale, and rural banks with a branch in a rural Kebele level.
- Since education encourages saving, the Woreda finance office should collaborate with the Woreda education office and other non-governmental organizations in the education sector to expand adult education that includes lessons on the skills necessary for managing finances.
- Sodo Zuriya In order to empower, encourage, and involve women in the saving practice, the Woreda women's affairs office, finance and economic development office, formal financial institutions should collaborate. This can be done by organizing seminars, workshops, local association meetings for women, other events.
- Moreover, the official financial institutions in the Woreda ought to motivate heads of single households to engage in improved saving habits. Educating people about money management through a variety of techniques, such as short-term training, setting up peer group conversations, promoting saving as a positive social norm, and other strategies that motivate single households to save money instead of spending it all.
- In addition, by raising awareness and arranging agricultural loans for farmers who lease their farmland, the Woreda Agricultural Office, the Finance and Economic Development Office, and formal financial institutions should collaborate to encourage rural households to use the plots of land they own rather than leasing them to others.
- In addition to financial education, formal financial institutions encourage saving in rural households by organizing events such as Savers Day at the Kebele level, organizing prize-linked savings promotions, promoting loans linked to savings, and organizing panel discussions at the Kebele level that inspire people to save more.

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Declaration of Competing Interest

The authors declare that they have no known competing financial interests or personal relationships that could have appeared to influence the work reported in this paper.

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