

CHAPTER FIVE

CONCLUSIONS

5.1 SUMMARY OF THE STUDY

This study aims to determine the saving behavior of office workers at private companies in Siam Area by; (1) studying the factors influencing the saving behaviors of office workers at private companies; and (2) to determine the saving behaviors of office workers at private companies. Data was collected from 150 office workers at private companies in the Siam area during December 2008 by using the compiled questionnaire which was returned on the same day. The questionnaire consisted of four main parts; (1) demographic information; (2) personal information of income and expenditures; (3) saving behaviors; and (4) factors which may influence saving behavior, and comments about saving. All data received from the questionnaires was analyzed using the SPSS program.

5.2 SUMMARY OF THE FINDINGS

It was found that the total respondents were 61.3% female and 38.7% male. Most of them were aged between 26-30 years old, and had graduated with a bachelor degree. Furthermore, most of the respondents had worked more than 5 years in their current company and their incomes are between 10,001-20,000bht per month from full time/permanent work, excluding the wages of their spouse. Most monthly expenses were between 10,001-15,000 baht per month, including the payment of any debts or loans. The majority of the respondents think that saving money is important to them and the interest rate has affected the amount they save. Moreover, it was found that the most important factor in increasing the amount of money people saved was an increase in income; alternatively the most important factor in reducing the amount of money saved was a decrease in income.

The results also express that most of the respondents had been saving since they were between the ages of 21-25 years. In opposition to this is the fact that some of the respondents started to save their money when they were still at school or university. A vast majority of respondents stated that they set aside less than 10% of their average monthly income to save, while there were only some of the total

respondents who have saved over 30% of their income. The main purpose indicated in saving money was for medical treatments (Emergency), and retirement. It was also found that respondents prefer commercial banks when choosing a method of saving. This was because commercial banks provided the most convenient option, good location and service, while also having the least risk in a saving option

5.3 DISCUSSION

5.3.1 A change in income is the most important factor that influences the saving behavior of office workers at private companies

As indicated by Table 24 in the results section, most respondents see an increase in income as the most important factor in increasing the amount of money that they save; this is followed by an increase in deposit interest rates; the reduction of living expenses; and a healthy economy. These results concur with table 25 where most of the respondents think the most important factor in reducing the amount of money that they save was a decrease in income; followed by an increase in living expenses; an economic recession; and the reduction of deposit interest rates.

The results in this study seem to correlate with the relative income hypothesis formulated by James S. Duessenberry, which states that variants in income determine the level of saving that people carry out. This indicates that an increase or decrease in income will lead to a mirroring in saving activity. As most respondents in this study agreed the most important factor in increasing or decreasing their saving rate is a change of income it would seem that the Duessenberry hypothesis is correct. Most respondents commented that it is the rate of their income which most affects the amount they save. Other factors such as the deposit rate had no real significant impact.

Participants who earned less than 20,000bht per month maintained that they would prefer to save money but their current situation made it impossible to do so. While they would try to put aside as much as possible their low income and high cost of living expenses meant that they could not. This correlates with the three main factors in influencing saving activity; the ability to save; willingness to save; and opportunity to save. While participants who earned below 20,000bht per month may

have had a willingness to save, their situation did not provide them with the ability or opportunity.

5.3.2 The Saving Behaviors of Office Workers at Private Companies.

Most of the respondents in this study indicated that they had been saving money since they were between the ages of 21-25 years, or it can be noted that they began to save after they completed their degree. A smaller number indicated that they had been saving money since they were in school or at university. These results seem to follow the Life-Cycle Hypothesis formulated by Modigliani, Brumber and Ando (MBA). Their hypothesis states that an individual's age will determine their spending habits. One component of this theory is that a person's income is low at the start and the end of their life cycle. The results indicated during this study have shown that some respondents had a low saving rate when they were young, which certainly correlates with the life-cycle hypothesis. Those respondents had not yet earned any income which indicates that they would probably save the money they received from their parents. When respondents entered the workplace and began to earn a decent salary they had the chance to save more. As respondents progressed through their career they began to earn a higher salary, this is another fact which correlates with the life-cycle hypothesis which indicates that as workers become more experienced their wages and saving rate will increase. According to the life-cycle hypothesis, when office workers get close to, or enter, retirement it will bring a lowering in their wage rate, or they may begin to receive a pension, which leads to a severe decrease in the saving rate. The respondents of this study are office workers at private companies so they do not have a government pension to support them in retirement. Therefore, for them to have a secure future, they must find ways to save.

According to the permanent income hypothesis by Milton Friedman, most people will try to spend in relation to their income; only if there is a change in their income will there be a change in their rate of consumption. The concept of this theory is that people will choose how they buy products in relation to their long-term expectations. Most respondents who have high income tend to spend in relation to their income. In this study, office workers who earned less than 10,000 baht tended to

spend between 5,000-10,000 baht on expenditure per month. It can be assumed that those respondents had no savings or a low saving rate which is relative to the relationship between income and expenditure. Therefore, it can be concluded from this study that people with low income tend to have a low saving rate as almost all of their income is consumable, whereas people with a higher income will also have a higher saving rate. However, one important point is that some people with a low income tend to pay the same amount on expenditures as those with a higher income.

As a result of this research it was found that most respondents select commercial and/or non-commercial banks as their preferred saving method. This correlates with the fact that respondents indicated that the second most important factor influencing saving behavior was the deposit interest rate. Of the two types of banks most respondents prefer commercial banks as their chosen method of saving. The best explanation for this is that the commercial banks are convenient in location, have great service, and the risk of saving using this method is very low. The main purpose in saving money was for medical treatments (Emergency) and for retirement.

The following is a summary of the opinions and suggestions of the respondents regarding saving behaviors.

1. Some respondents suggest that office workers should put aside their money; at least 10-20% of monthly income for saving by using a fixed deposit plan.
2. People should start saving when they are young. This will help in the long run as their saving amount should be secure and sufficient enough to provide for them in an emergency.
3. Commercial banks and non-commercial banks should provide a progressive interest rate to encourage people to save more.
4. Office workers should create an account of income and expenditures so they can control their money and have an awareness of what they have spent money on.
5. Adapt a sufficient economy into their real lives; no luxury accessories which are unnecessary.
6. Office workers can save money by buying assets which can get high return in the future; such as a condominium, property etc.

5.4 CONCLUSION

5.4.1 Even though some private companies provide a provident fund for their employees, this study has shown that office workers often save for their own purposes; such as medical treatments, retirement and education. Most respondents started to plan after entering the workplace.

5.4.2 Most of those office workers chose to deposit their money in commercial banks because it is the most convenient way and they can easily access their money. There are two more methods of saving money; (1) insurance: some workers selected to save money by buying into an insurance plan. This provided them with the positives of saving money to aid retirement and health benefits; and (2) investment in stocks, derivatives and bonds: this kind of saving may gain a higher return while it must be considered that the risk factor in this method is quite high.

5.4.3 Most of the office workers indicate that saving is important to them. As the majority of those workers chose to save money in commercial banks it can be reasoned that they think the interest rate affects the return amount on their savings, but that this is not as important as a change in their income.

5.5 RECOMMENDATIONS FOR FURTHER RESEARCH

5.5.1 To deeply investigate the factors which influence saving behaviors and what these behaviors are, further research could include office workers at private companies and government officers. This means that the results can lead to the attention of government and may stimulate people to save or launch a saving policy from the government.

5.5.2 This study covers a sensitive issue as it relates to the personal financial matters of respondents. Hence, some office workers may not provide true details especially concerned with income or any results that may be misinterpreted. The questionnaire in this research has not acquired in-depth financial information; rather the questions asked were aimed at obtaining an average amount from the respondents. Thus, the researcher should firstly ask for their permission before submitting the questionnaires to the respondents.