

**DETERMINANTS OF SAVING CULTURE AMONG
EMPLOYEES IN SMALL AND MEDIUM ENTERPRISES IN
NAIROBI COUNTY, KENYA**

BY

BASIL MURIUNGI MURIITHI

D61/74262/2014

**A RESEARCH PROJECT SUBMITTED IN PARTIAL
FULFILLMENT OF THE REQUIREMENT FOR THE AWARD
OF THE DEGREE OF MASTER OF BUSINESS
ADMINISTRATION, SCHOOL OF BUSINESS, UNIVERSITY OF
NAIROBI**

OCTOBER 2016

DECLARATION

I declare that this research project is my original work and to the best of my knowledge has not been presented to any other university or institution for an award.

Signature _____ Date _____

BASIL MURIUNGI MURIITHI

D61/74262/2014

This research project has been submitted for the examination with my approval as University Supervisor.

Signature _____ Date _____

Mr. J. M. Gichana

Lecturer,

School of Business,

University of Nairobi.

ACKNOWLEDGEMENTS

Most importantly, praises to the Almighty God for giving me the gift of life, the wisdom, strength and finances that enabled this project to become a reality.

To my supervisor Mr. J. M. Gichana, I am extremely humbled for your guidance, patience and critic accorded during the research study. I also thank my MBA colleagues whose valuable input was instrumental to the success of the research project.

To all the tour operators' employees who responded to my questionnaire guide, I am grateful for the support and willingness to share information with me. I appreciate their valuable assistance without which the final output of this research paper would have been in vain.

Finally, I extend my gratitude to my employer for the patience and support I got throughout the project period.

DEDICATION

The research project is greatly dedicated to my dad and mom due to the opportunity to pursue the course and for the endless support throughout the years. Also to all other my family best really appreciate the love and support given to me.

TABLE OF CONTENTS

DECLARATION.....	ii
ACKNOWLEDGEMENTS	iii
DEDICATION.....	iv
TABLE OF CONTENTS	v
LIST OF TABLES	viii
LIST OF FIGURES	ix
ACRONYMS AND ABBREVIATIONS.....	x
ACRONYMS AND ABBREVIATIONS.....	x
CHAPTER ONE	1
1.1 Background of the Study	1
1.1.1 Saving Culture	3
1.1.2 Determinants of Saving Culture	4
1.1.3 Saving Culture and Its Determinants	8
1.1.4 Small Medium Enterprises in Nairobi County	9
1.2 Research Problem	10
1.3 Research Objectives.....	12
1.3.1 General Objective	12
1.3.2 Specific Objectives	12
1.4. Value of the Study	12
CHAPTER TWO	14
LITERATURE REVIEW	14
2.1 Introduction.....	14
2.2 Theoretical Orientation	14
2.2.1 Life Cycle Theory	14
2.2.2 Permanent-Income theory	15
2.2.3 Social class theory.....	16
2.2.4 Maslow Hierarchy of Needs.....	17
2.3 Empirical Review.....	20

CHAPTER THREE	25
RESEARCH METHODOLOGY	25
3.1 Introduction.....	25
3.2 Research Design.....	25
3.3 Target population	25
3.4 Sampling technique and Sample size.....	26
3.5 Data collection instruments and procedures	27
3.6 Data analysis	28
CHAPTER FOUR	30
DATA ANALYSIS, PRESENTATION AND INTERPRETATION	30
4.0 Introduction.....	30
4.1 Demographic information	30
4.1.1 Gender	30
4.1.2 Respondents’ age.....	31
4.1.3 Job tenure.....	32
4.1.4 Highest level of education	33
4.2 Influence of Financial Literacy on Saving Culture among Employees in SMEs in the Tours and Travel Industry	34
4.2.1 Financial literacy	34
4.2.2 Influence of Financial Literacy on Saving Culture among Employees in SMEs in the Tours and Travel Industry	36
4.3 Saving Culture	37
4.4 Influence of Income Levels on Saving Culture among Employees in SMEs in the Tours and Travel Industry.....	39
4.4.1 Income Levels	39
4.4.2 Influence of Income Levels on Saving Culture among Employees in SMEs in the Tours and Travel Industry	41
4.5 Effects of Transaction Costs on the Saving Culture among Employees in SMEs in the Tours and Travel Industry.....	42
4.5.1 Transaction Costs	42

4.5.2 Effects of Transaction Costs on the Saving Culture among Employees in SMEs in the Tours and Travel Industry	44
4.6 Effect of Trust on the Saving Culture among Employees in SMEs in the Tours and Travel Industry.....	45
4.6.1 Effect of Trust on the Saving Culture among Employees In SMEs In The Tours And Travel Industry	47
4.7 Effect of Social Cultural Beliefs on the Saving Culture among Employees in SMEs in the Tours and Travel Industry	47
4.7.1 Effect of Social Cultural Beliefs on the Saving Culture among Employees in SMEs in the Tours and Travel Industry	49
CHAPTER FIVE	51
SUMMARY, CONCLUSION AND RECOMMENDATIONS	51
5.1 Introduction.....	51
5.2 Summary of the Findings.....	51
5.3 Conclusion	52
5.4 Recommendations.....	54
5.5 Limitations of the Study.....	55
5.6 Areas for further research	55
REFERENCES.....	57
APPENDICES	60
APPENDIX I: QUESTIONNAIRES FOR THE RESPONDENTS	60
APPENDIX II: BUDGET.....	65
APPENDIX III: TIME PLAN	66

LIST OF TABLES

Table 3.1: Target population.....	26
Table 3.2: Sample Sizes.....	27
Table 4.1 Financial Literacy	36
Table 4.2 Influence of Financial Literacy on Saving Culture among Employees in SMEs in the Tours and Travel Industry.....	37
Table 4.3 Saving culture	39
Table 4.4 Income levels	41
Table 4.5 Influence of Income Levels on Saving Culture among Employees in SMEs in the Tours and Travel Industry.....	42
Table 4.6 Transaction costs.....	44
Table 4.7 Effects of Transaction Costs on the Saving Culture among Employees in SMEs in the Tours and Travel Industry.....	45
Table 4.8 Trust.....	46
Table 4.9 Effect of Trust on the Saving Culture among Employees in SMEs in the Tours and Travel Industry.....	47
Table 4.10 Social cultural beliefs.....	49
Table 4.11 Effect of Social Cultural Beliefs on the Saving Culture among Employees in SMEs in the Tours and Travel Industry.....	50

LIST OF FIGURES

Figure 2.1: Maslow Hierarchy of Needs	18
Figure 2.2: Conceptual framework	19
Figure 4.1 Gender	31
Figure 4.2 Respondents' age.....	32
Figure 4.3 Job tenure.....	33
Figure 4.4 Highest level of education	34

ACRONYMS AND ABBREVIATIONS

APR- Annual Percentage Rate

CBK- Central Bank of Kenya

GDP- Gross Domestic Product

GOK - Government of Kenya

KATO- Kenya Association of Tour Operators

KTB- Kenya Tourism Board

NSSF - National Social Security Fund

R.B.A. – Retirement Benefit Scheme

SMEs- Small and Medium Enterprises

UK - United Kingdom

US - United States

ABSTRACT

The purpose of the study was to look into determinants of employees saving culture in Kenya, whose findings would enable improvement of savings in the economy which is a vital component for the economic development of any country. The study focused on the employees in the Small and Medium Sized Enterprises in Nairobi County. Kenyan's saving rate stands at 13 percent against a target of 31 percent recommended in the vision 2030 blue print and below the world's average rate of 20 percent. There was therefore a need for investigating the factors that lead to saving culture. In order to achieve the set objectives a descriptive and inferential statistics was employed in data analysis. The questionnaires were the research tool used for the gathering data. These results in the study show that saving culture is poor despite the healthy and reliable financial systems that relates to the savings mobilization. The findings of the research is hoped to be a guide to the financial institutions as well as the Kenyan government who are the policy makers to make informed decisions which will boost the employees saving rate in Kenya.

CHAPTER ONE

1.1 Background of the Study

Kenya's debt continues to rise steadily, standing at almost 60 percent of the Gross Domestic Product (GDP), which is approaching unsustainable levels. The reason the country is in such debt is because of the poor savings among Kenyans. Kenyans have been advised to join pension schemes so that a national culture of savings is inculcated among Kenyans; this can help the government borrow from cheaper sources (Waruinge, 2013). The term savings has been defined as the amount of earnings that does not go into consumption. It is very huge factor in the growth of a nation due to its ability to change resources into capital. It positively impacts the economy and the residents of a particular nation.

According to Sekgobela (2004), putting some earnings away for savings is crucial to aid in capital formation by the fact that it positively affects the growth of a country economically. Hence it is important in order to get to macroeconomic stability. In Africa, there is a slow growth in the rate at which people save. This reduces the rate at which capital is formed and makes the financial institutions unable to lend money to the small enterprises. Less developed nations don't have enough amounts of savings though Kenya has proven to have a higher saving rate (Aryeetey & Udry, 2000). Culture can be defined as a way of thinking, behaving or working that exists in a society or an organization. Alternatively, it can be defined in simple terms, a habit that eventually turns out to be way of life. Therefore, saving culture can be regarded as the behavior of setting aside a part of one's income for future use.

One may feel the need to save based on several factors, which determine his or her saving culture. These include transaction costs, financial literacy, income levels, trust towards bank and social and cultural beliefs. Kafele (2010) asserts that financial literacy is positively related to the way a person undertakes his/her financial decisions hence financial educations should entail all aspects of finance so as to enable individuals have the facts at hand so that the supply of savings products can be effective. Financial and pension literacy plays a key role in influencing ones saving culture. According to Consumer Federation of Kenya, there is a serious crisis of non-transparency in the way the banks price their services, which are very high to the consumer. Poverty can be termed as the biggest mankind's biggest modern day problem. To avoid poverty, one needs reasonable income, few taxes, also cost of living must be less as compared to ones income. People must have the financial knowledge to use savings wisely in order to avoid poverty. Income levels play a role in determining whether one is able to save (Muleri, 2013).

Kenyan banks have been furnishing borrowers with little or no information on how expensive the money borrowed from them is and switching costs to other banking institutions is very high cost. This has led to mistrust by consumers as they feel trapped in the commercial banks. According to research by William (2014), there is a strong savings culture among younger persons in developed countries. Sabri (2011) states that the way children handle money, savings, in particular, is primarily influenced by their parents. Despite the continuous increase in poor saving culture, less academic studies have been conducted to identify the main causes and solutions to poor saving culture in Kenya (Nanna, 2008).

1.1.1 Saving Culture

Saving culture can be termed as a habit of always keeping some proportion of income aside instead of spending it all. The Kenyans saving culture of the society is poor because of the low saving rate which is about 5% among other factors. Kenyans have been advised to join pension schemes so that a national culture of savings is inculcated among them; this can help the government borrow from cheaper sources (Waruinge, 2013). Kenya has been benefitting from the Chinese loans, which have put the debt levels too high. The World Bank has warned that this continued borrowing could lead to unsustainable debt levels for the country (Michira 2016). Economic agents that include financial institutions, regulators, governments, households and other firms play an important role in enhancing national savings. Persistent low savings have the undesirable effect of constraining the investments and stalling of future gains in productivity. This ultimately result in reduced standards of living (US Congress, 1993) and is contrary to national aspirations in Kenya of attaining a middle class income status by year 2030.

While researchers have unearthed the potential that savings have in improving the lives of vulnerable and the poor, much information is still missing on the determinants of savings in Kenya. Savings is critical at individual level and the society level. At the society level, savings rates help in firmly predicting the growth rate of a particular country (Dean Karlan 2014).

1.1.2 Determinants of Saving Culture

Globally, reports according to NIPA, USA assert that there is rate of saving of 9.8% which started from the 1980s where the slowest rate of saving was in 2005 which was between 1.5% and 4.7% in 2009. Literature conducted has shown that there are several determinants of the rate of saving. The determinants include gender and ethnicity and the educational level which significantly affect the rate of individual savings behaviour (Marvao, 2010).

According to Maceah (2011), the perception that people have about their rate of saving is different among different people and families in Japan. Individuals that are in the same family may have different opinions about how they see cash and their willingness to save. Individuals save in different ways since they have varying views towards their money. The future aspirations of a person may affect the rate at which he/she is willing to save. Some have the opinion that cash should be utilized to cater for the current needs since tomorrow will take care of itself. Other people have the opinion that one should save a portion of their income regardless of how little it is. Savers have the ability to cater only for their pressing needs which spenders often buy items that they do not need or can do without (Hasni, 2014).

In Ghana, 55% rural dwellers attribute their low level of savings to high anticipations about jobs that will get in future which makes them unstable to save (Rajul, 2011). Research done in Zambia shows that savings is one of the major problem that leads to lack of enough credit facilities (Amritha, 2012). 88% of residents in African argue that tax derived from savings like tax-efficient savings schemes and tax relief on occupational pensions could make people have the urge to save more and reduce on

their spending. Poor saving has been attributed to lack of many financial institutions that would safely house the savings of a particular individual.

The rate of savings in Ghana is still very low since many homes are not able to achieve their daily targets hence the children stay unprovided for in future. Slow rates of savings in Ghana might be attributed to lack of financial institutions and low levels of income among the rural poor (Amritha, 2012). Many financial institutions go after people with high levels of income hence low earners are left with nowhere to save or are not pushed into saving more. The rate of savings among people who have no high income is mostly fuelled by age while the norm of saving develops earlier. It was also stated that the amount of interests rates do not in any way affect the rate of savings among low earners (Morgan, 2009).

The Kenyan banking sector is dominated by few big banks. This plays a big part towards influencing prices in banking services or products. In the monetary policy report by Central Bank of Kenya (2016), it shows that the big banks take advantage of their expansive branch network and broad recognition to price their charges higher than their smaller competitors and also pay the lowest interest to those way save with them. This to a large extent discourages employees with the bank accounts from accumulating savings with the banks. Annual Percentage Rate (APR) was introduced to standardize the cost of borrowing and help the borrowers to make informed financial decisions on where to get credit. It was meant to help in increasing competition among banks and eventually bring down the cost of lending and also increase the rate of interest on bank deposits.

According to Ngoje (2016), some of the banks are not following the APR rule and tend to take advantage of the non-interest charge components such as the third party costs. The costs are not regulated by the CBK and most banks make their super profits through these hidden charges. This discourages most of the employees from accumulating savings in the banks.

Financial literacy is positively related to the way a person undertakes his/her financial decisions hence financial educations should entail all aspects of finance so as to enable individuals utilize their pension fund effectively. The financial illiterate are have higher chances of incurring debt, are most likely to invest in very expensive mortgages, less likely have a saving plan and make poor decisions as regards to their pension schemes (Njuguna, Mutanu, Otsola & Thuku, 2011).

According to recent analysis the rate of poverty has been growing tremendously. Poverty has spread over all sectors of the nation meaning that about 33M Kenyans reside in poverty (Kiezi, 2007). This means that more than half of Kenyans have no means of savings due to lack of finances. Also, for those who have a source of income, the inflation stands at 16% down from 18% thus the cost living is still high hence less funds to save for retirement.

Income level determines if someone barely lives comfortably, or combines comfort with savings. Poor saving culture involves the lack of sustainable achievement of middle-income status caused by lack of proper financials management, especially among the young people and small-and-medium enterprises (SMEs) who are the backbone of the developing countries (Amritha, 2012). Rising cases of loan defaults, increased consumption, and high debt recorded from low and middle-income earners

indicate poor saving culture (Rajul, 2011). Most Kenyan population is the youth and due to lack of employment they are not able to operate bank account for savings. Those that have a source of income regard bank savings as a product for the elderly or belong to the old age. Others participate in different form of savings for example business savings and informal savings, where there money is easily accessible but more risky and costly. Urbanization coupled with improved infrastructure and industrialization has given few Kenyans access to higher disposal incomes. This gradually brings economic development which creates rising levels of employment opportunities and disposable incomes. This creates demand for the savings products.

Markets that enable the traders not to incur any costs could be a way of reducing the level of poverty. Forma savings through financial institutions could attract charges like bank charges, minimum operating balances, ledger fees requirements, withdraw fees, cheque book charges and transaction costs (time and money), (Karlan, 2014). Saving money is a good habit to have, but it isn't easy. There are a variety of different savings accounts. Choosing the right account and goals can seem to overwhelm ones' decision to save effectively due to high transaction cost. The minimum balances that bank charge to operate the bank account, some attract penalties. These penalties may erode the savings fairly fast.

Kenyan banking clients experience the most difficulties while dealing with the financial banks as compared to other clients globally. More than 50% of customers in Kenya reported bad experience when transacting as compared to 30% of bank clients globally (Ernst & Young, 2016). This leads to lack of trust to both parties. In any economic transaction, distrust leads to additional cost because of moral hazard hence more enforcement and monitoring costs (Karlan, 2014). Many factors contribute to

consumer distrust in financial institutions and the government is in a better position to build and maintain the people trust in formal financial institutions and facilitate contractual exchanges.

According to Claire (2015), there is a perception that saving is only for the rich people and many number people do not understand incremental saving or saving small amounts regularly. Research has stated that there is apposite relationship between the amounts of savings one has in early life to the amount of future savings. This happens both for the individual and the off springs. This is due to the rate at which they are able to decisions concerning their money, financing relocation to a better job, or investing in a house or small business. Putting away things that one does not require may pose a great challenge to the ability of a person to save and peer pressure could also be a major contributing factor. In Africa, the rate of saving is seen to be more inclined towards women. Cultural practices may be the reason for one to give support to the family or relatives hence less savings and also these norms may lead to various behavioral biases toward savings (Karlan, 2014).

1.1.3 Saving Culture and Its Determinants

A high saving culture is the basis of sustainable national, social, financial and economic policy. Culture refers those customary beliefs and values that ethnic, religious and social groups transmit fairly unchanged from generation to generation (Guiso, Sapienza & Zingales, 2006). In the context of the proposal, the saving culture will be termed as a habit of always saving instead of spending culture.

Creating vibrant savings culture is the responsibility of every person or citizen as much is the duty of the financial institutions. It is through savings that poverty can be

alleviated and creating more wealth among the bottom poor in the society. Financial experts advise that saving is the start of the road to financial freedom or creation of wealth. A number of determinants explain the various situations prominent in the culture of saving among them low incomes, the fear of loss of money due to collapse of financial institutions and failure to entrench savings culture among citizens from a young age. Kenyan's saving rate stands at 13 percent against a target of 30 percent recommended in the 2030 vision blue print and below the world's average rate of 20 percent. The study will focus on the financial literacy, income levels, transaction costs, trust towards financial institutions and social cultural beliefs as determinants of the saving culture.

1.1.4 Small Medium Enterprises in Nairobi County

The economy has many firms, many of which are Small and Medium Sized Enterprises (SMEs). These SMEs play a significant purpose in the market by contributing to the GDP and labor market. In Kenya, they contribute over 50% of the employment opportunities and about 40% of GDP. There are about 50, 000 licensed SMEs in Nairobi County (Wang'ombe, 2013). Examples include Recours Four Kenya Consultants Ltd, Airfall Cooling Services, Soko Huru, Briantony International Consultants, Axis Business Concept Ltd, NikoHapa Ventures Ltd, and Offers Africa Limited among others. In reference to the MSE Baseline Survey performed in 1999, the SME sector gave employment to 2.4 m people. It shot to 5.1m in which is equal to around 675,000 employment opportunities every year (Nyagah, 2013).

This research will target the SMEs in the tourism sector located in Nairobi County. Tourism has been a central pillar in the development strategy of developing countries.

SMEs in the tourism are registered by the Ministry of Tourism and regulated by the Kenya Association of Tour Operators (KATO). Kenya's tourism industry has suffered several set-backs due to the terrorism in the country where the UK, US and France issued travel advisories during the year 2014. This really affected the tour companies and the hotels in the tourism sector. A number of employees were laid off due to financial strain in the SMEs and the employees with no savings had major challenges. However, the situation has changed in the recent years and the Kenya Tourism Board (KTB) projected the tourist arrival to grow at a rate of 33 percent to the record 1.6 million tourist arrivals in the year 2016.

1.2 Research Problem

The low level of savings in Kenya is reducing the amount of investment in the country, which holds back economic growth. According to World Bank, the rate of savings among many homes in Kenya has gone down hence far behind as compared to other nations that are not well off. The rate of saving was bigger in 1980s than in Senegal, Ghana, Uganda and Tanzania while the rate of savings in Kenya has been stationary for the last 30 years. Despite the fact that more than 50% of people are income earners, most of them are still poor in saving (Opio, 2010). Averagely, 30% of Kenyans who live in Nairobi find it difficult to save, with another 24%-33% of Kenyans identifying the hardship of high rent and licenses which are not good for investment (Opio, 2010).

The high current account deficit is not sustainable in the long-term and the total external debt is projected to increase from 27 per cent of GDP in 2010 to 37 per cent of GDP in 2018, which puts a question mark on the long-term sustainability of the

savings-investment gap (World Bank report, 2016). The dip in the savings may be influenced by bank charges, financial literacy, trust, and social-cultural beliefs among other factors (Karlan, 2014). This crisis in the country requires innovative solutions to the poor saving culture among Kenyans. There have been several studies and research done on the level of savings among Kenyans and the determinants of savings. While the studies have identified some of the determinants of savings among Kenyans, the results are either inconclusive in as far as what really is responsible for the low savings rate among Kenyans. Those that have been identified are mostly determinants of savings, such as determinants of height would be said to be genetics, environment, and nutrition, but the exact causes for a specific observed height still need to be established. This research therefore aimed to fulfill this research gap in the context of a modern Kenya and present trends where there were tremendous improvements in financial inclusion and easy access to various financial services, yet the rates of savings among Kenyans still remains low. This qualitative study explored the determinants of saving culture among employees in the SMEs in Kenya. The data gathered in the study provided information relating to how saving culture among Kenyans may be improved.

1.3 Research Objectives

The following are the researched objectives:

1.3.1 General Objective

The main objective of this research was identifying various factors, which determine the saving culture among the employees in Nairobi County, Kenya.

1.3.2 Specific Objectives

- i. To identify the effects of financial literacy on saving culture among employees in SMEs in the tours and travel industry.
- ii. To investigate the influence of income levels on saving culture among employees in SMEs in the tours and travel industry.
- iii. To determine the effects of transaction costs on the saving culture among employees in SMEs in the tours and travel industry.
- iv. To assess the impact of trust on the saving culture among employees in SMEs in the tours and travel industry.
- v. To find out of social-cultural beliefs affect the saving culture among employees in SMEs in the tours and travel industry.

1.4. Value of the Study

The study would be of great value to the SMEs in Nairobi area and entire nation, financial institutions in Kenya, and researchers.

To the SMEs in Nairobi, the study provided research findings concerning the area of study. SMEs would benefit from this in that individuals will get information on the relevant channels of saving their income so as to improve their saving culture. The study also highlighted the basic problems businesses in Nairobi face so as to sought

government support towards reducing the high tax of input and from business licenses.

The findings of this study are crucial in informing policy makers in Kenya on the impact that policies directed at improving saving culture may have on the economy. More importantly, the findings will be vital in heightening the awareness of policy makers on the importance of savings in the performance of the economy and consequently, the economic growth and development.

Other researchers will also benefit from this study as they will use the information given in this study to come up with conduct other future research. The information given in the findings of the project study will add literature of future studies.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This section is prepared based on the research objectives. The first part reviews the theories which are relevant to the study objectives. Then, it analysis the relevant literature available that focuses on determinants of saving culture. This chapter widely explores empirical literature on financial literacy, transaction costs, financial institutions trust, social and cultural beliefs.

2.2 Theoretical Orientation

This section explains the theories that address the variables of the study.

2.2.1 Life Cycle Theory

This study has been guided by the life theory of life cycle Modigliani and Brumberg, (1954) which has extensively stated how the savings works for different people. Savings is beneficial to enable people has money for their needs when they become old and are retired. It is a major factor that determines economic growth (Modigliani, 1999).

The theory argues that the amount of money that is needed for everyday consumption is unequal to the need to save for many persons throughout the cycle. Young individuals mostly have the need to consume more than the willingness to save. Most of their money is spent on shelter and education thus very little is left for savings. As one grows older he pays the debts he had incurred earlier on and the rate of saving

tends to increase more and more. When people retire and they have no income they are left with no choice other than to consume from their savings. Most of them tend to borrow in early low-income years, repay those loans and build up wealth during the high-income years, and then spend off the accrued savings during retirement (Dove, 2012).

In relation to the study, the life cycle theory argues that the financial life of a person occurs in 3 stages of his career or activity. In the first phase, each person earns income but has not enough money to cover his/her needs; this leads to one incurring lots of debt so as to finance their assets like buying a home or other assets and to ensure that their offspring are well educated. At the second phase, one is able to repay the debts incurred at the first phase and starts plans on how to save so as to get finances for the retirement period. In the third phase one uses up what had saved during retirement.

2.2.2 Permanent-Income theory

Permanent-income theory was introduced by Friedman (1999); in Morgan, (2009) and states that the huge challenge encountered by people when the level of income is not stable could negatively impact on their saving abilities. According to Friedman households that are well off in their level of income are differentiated from other normal households who tend not to have a stable level of income permanent income and (positive or negative) deviations from that level, which was termed as transitory income. Friedman assumed that consumption consists of a planned part that depends on permanent income and an unplanned part that is totally independent of income (Morgan, 2009).

In relation to the study, the Permanent-income theory is considered an important tool for assessing the income factor that is also the economic and Social Class in this study. Under economic factors, income, employment or occupation and capital form the largest factor of consumption and saving. The higher one earns, the larger one saves as consumption is not affecting the individual's budget and thus much is left to save. The low income leads to poor saving culture. Unemployment also means low income and high expenditure and thus, unemployment leads to poor saving culture. Lack of capital means less income and thus, lack of capital leads to poor saving culture. In relation to Social Class that influence low-income include a large number of dependents, higher living standards, and poverty. In relation to customer-bank relationship, high tax rates, high input prices and insecurity are the leading factors influencing income. Thus, the study has employed the use of social, political and economic factors as the independent variable in relation to Permanent-income theory income factor.

2.2.3 Social class theory

The Theory of Social Class was proposed by Karl Marx to focus mainly on social class. The main focus on social class was that one's social class dictated one's social life. The Theory of Social Class states that when one is in the higher class he/she lives in abundance while those in the lower class tend to live in hardship and poverty while they struggle through life. Marx argues that the major factor that determines where one is placed in the social class depends on who takes charge or control the biggest share of the factors of production to produce what people needed to survive. In relation to the theory of social class, the control of wealth is based on the ability to access money, land and production factors and luxury consists of high and valuable

livelihoods. Against the rich and wealth is the social class that consists of people with high levels of poverty. The lower, working class would work for hourly wages on the land or in the factories.

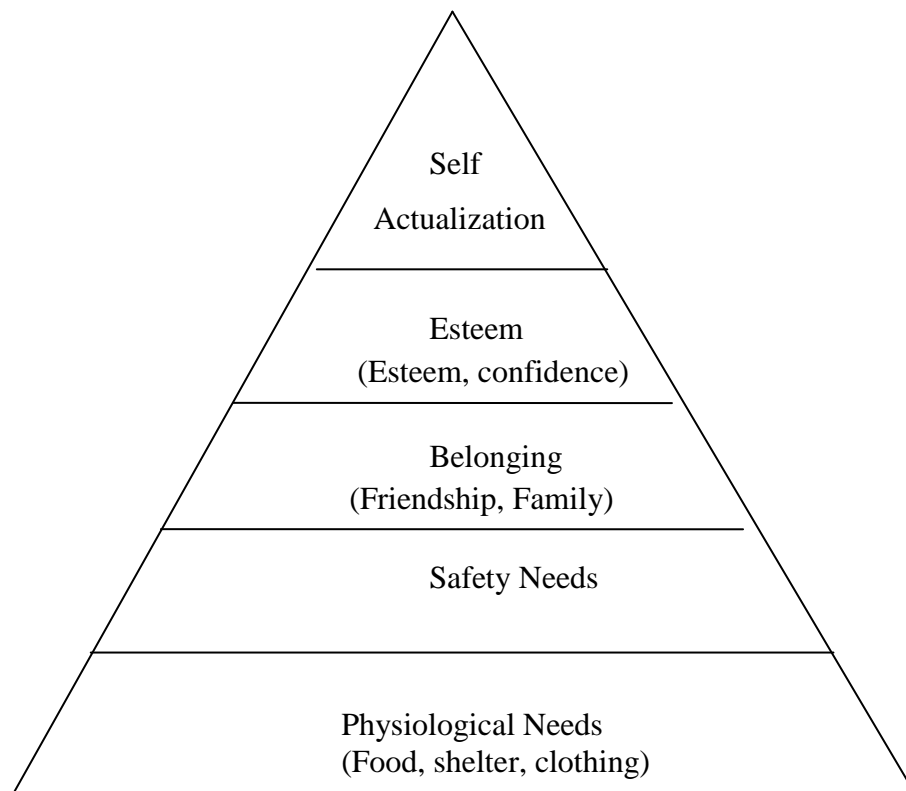
The theory of social class can be related to this study in that the high class society consists of people who are able. This means that the wealthy are less influenced by transaction cost, have adequate financial literacy, have high income levels and are less likely to degrade their investments as they are insured against bankruptcy and in cases where banks close leading to customer-bank mistrust. This is the opposite of the low social class who are people who are more influenced by transaction cost, have less financial literacy, have low income levels and are more likely to loss investments as they are insured against bankruptcy and in cases where banks close leading to customer-bank mistrust. Thus, given that majority of SMEs are run by low and middle income earners, the influence of high transaction cost, less financial literacy, low income levels and less investments insured against bankruptcy and cases of customer-bank mistrust, the resulting consequences dominant in many economies is a poor saving culture which is the independent variable.

2.2.4 Maslow Hierarchy of Needs

This theory was postulated by Abraham Maslow when he tended to analyze the factors that affect the motivation status of individuals. The hierarchy of needs is explained in a triangular method where the needs that are most important fall at the bottom while the needs that one needs for self-satisfaction come at the top. According to Maslow when the needs are lower in the pyramid it means that they are of utmost

importance and that one may need to abandon the higher needs in order to pay attention to sufficiently meeting the lower needs

Figure 2.1: Maslow Hierarchy of Needs



Source: Theory of human motivation

According to Maslow, Physiological needs entails needs that are needed to sustain the physical well-being of an individual. The human body can't function and operate normally if these needs are not satisfied.

Safety Needs are about the individual's safety needs that take precedence after physiological needs have been satisfied and dominate the behavior.

Belonging needs are about individual's sense of belonging. If we are helpful and kind to others they will want us as friends.

Esteem needs are for a higher position within a group. All human have a need to be respected and to have self-esteem and self-confidence. Esteem presents the normal human desire to be accepted and valued by others. Self-Actualization refers to the level of need pertains to what a person's full potential is and realizing that potential.

This model can be applied in employees' saving culture in that depending on one's level in the hierarchy of needs will influence the decision to save and other financial decisions. In line with the aforementioned theories, this study has hypothesized a positive relationship between saving culture and each of the independent variables as follows:

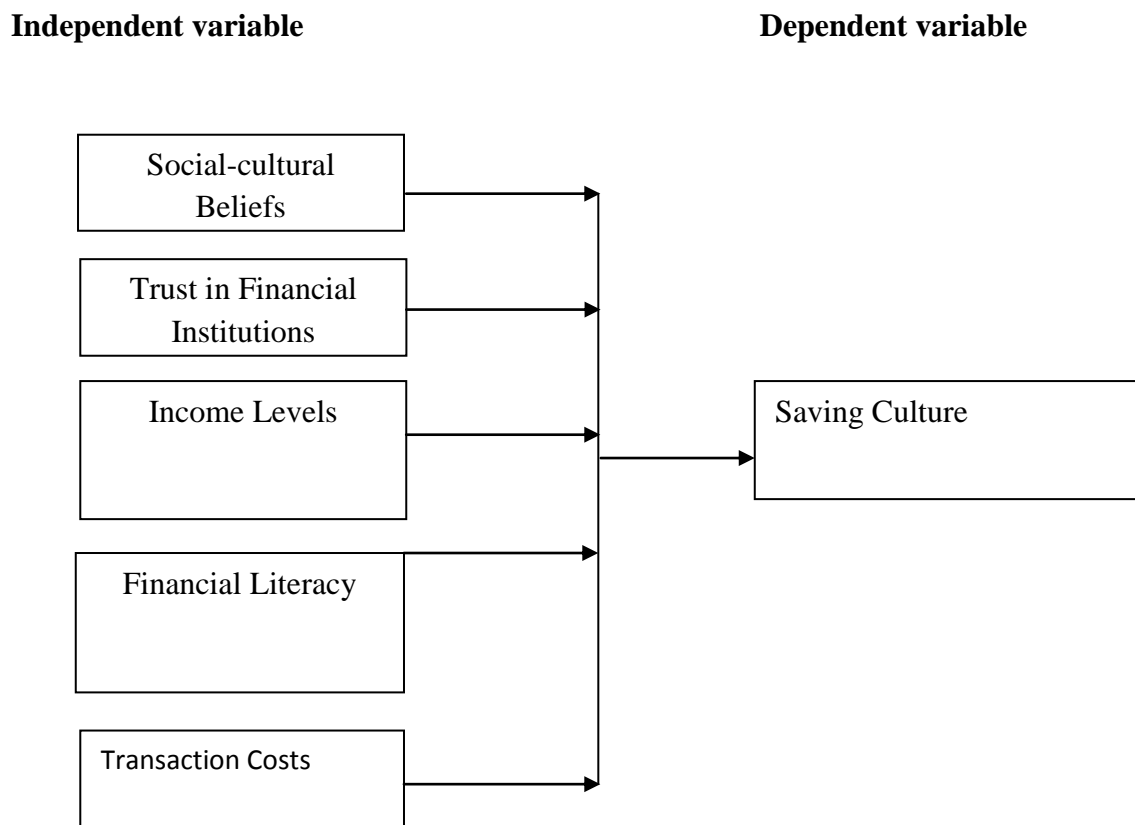


Figure 2.2: Conceptual framework

2.3 Empirical Review

Empirical literature review refers to the directed search of published work including books as well as periodicals (Zikmund et al., 2010). It involves surveying past inquiries comprehensively as they relate to the study objectives. According to Miller and Young (2008), a systematic approach to past scholarly work enables the researcher to position his study into a historical and intellectual context, which promotes the declaration of why the current study matters. In this regard, this empirical review focuses on the determinants of saving including bank charges, financial literacy, income levels, trust, and social-cultural beliefs.

Studies on economy developed by Sabri (2011) in India revealed that most low-income countries are influenced by the economy more than the high-income countries. The study further revealed that the high-income countries are the controllers of the economy and that their decision affects the less developed countries. Another study by Nanna (2008), 74% of people in rural areas affected by the real interest rate on savings deposits i.e. the return on savings adjusted for inflation.

Wruuck (2013) study found that bank cost and interest rates establish the overall customer satisfaction. The costs play a vital role in the consideration by customers whether to save in a given bank or switch banks. As per the results, high costs of products and services discourage people from saving.

A study conducted in Malaysia by Delafrooz and Laily (2009) sort to assess the extent to which financial literacy affected the saving behavior. The researchers utilized a quantitative methodology through issuing questionnaires to about 2246 workers in the public and private sectors. The results reveal that saving culture is considerably

affected by the person's financial literacy in which case one with a low level of the same is not intended to save and ultimately face financial issues in future.

Hilgert, Hogarth, and Beverly (2003) study appear consistent with Delafrooz and Laily research. The three authors examined the link of knowledge to the behavior of US household using secondary data gathered from the monthly surveys of consumers done in 2001 from the University of Michigan data base. The survey had been performed through interviews involving 1004 households in the state via telephone. Hilgert and colleagues discovered a significant correlation between saving behavior and financial literacy. Their findings reveal that households obtaining higher financial scores seem to have higher scores on the saving index. Hence, they concluded that an increase in financial knowledge can improve the saving behavior.

Additionally, the study by Sabri and MacDonald (2010) shows that financial literacy was positively related to the saving behavior. The two researchers had studied 3850 students from 11 Malaysian universities using questionnaires as the data collection instrument. They distributed the questionnaires to 350 participants who were selected randomly from the target campuses. The study findings suggest that the respondents with a greater comprehension of his or her finance seem to engage in efficient saving behavior.

Meyers and Lee (2003) study found a positive relationship between savings and income earned. The findings reveal that income generation alone challenges the household heads' participating in low-wage employment markets. It appears that saving is made even more difficult when other situations linked to unstable markets

are combined. The research by Loayza et al. (2000) found that purely redistributive policies affect the aggregate saving. For instance, public transfers to the poor financed by taxes on the wealthy will lower total saving in case the former's saving propensity is higher than the latter. In another research, Duflo (2003) made an estimate and found that out of the transfers to women, 53% were saved in comparison to 50% of the non-pension revenue. According to Attanasio and Borrelia (2006) estimate, the recipients of the Accion family conditional transfer program saved 50% of the transfer. It is clear that the size of the family lowers its aggregate saving and yields considerable dissaving. The authors utilized the life cycle model to examine the link of family size to saving behavior. In reference to this cycle model, the bigger the family, the lower their savings.

Bank policy is a powerful banking factor that influences saving behaviour. Stix (2012) study utilized survey data from 10 European countries and found that a lack of trust influences the saving behavior. The study arrived at this conclusion on the basis of some measures of trust in banks such as the supposed deposits' safety. The effects of trust in banks and doubts regarding the safety of deposits are economically significant. The distrust is connected to stronger liquidity preferences and reduced incidence of saving account ownership by around 8% of the respective sample mean (Stix, 2012).

On the other hand according to Guiso et al. (2004) explanation and the relationship between the level of trust and the way a person makes his/her financial decisions, they argued that the anticipated amount of income from a certain investment i relies on the assumption that a broker will not fulfill his intended actions r will go against the agreement. The probability of not doing things according to plan relies insignificantly

on the amount of legal action XJ and on the level of trust one places on him TJ . From this the need for cash $Di = l(XJ, TJ, \phi_i)$ is decreasing in the level of legal enforcement XJ and in the level of social capital (trust) TJ . In Kenya, poor services in banks (53%) are essential factors of low customer-bank mistrust while poor availability of banks (15%) is the least essential factor for poor customer-bank mistrust in Kenya (KPMG, 2013).

According to research by William (2014), there is a strong savings culture among younger persons in developed countries. According to Sabri, (2011) how young people save and their consumption patterns is determined by the kind of role models that their parents played in consumption of money. Amritha (2012) on the other hand argues that young people in China tend to get information about saving tactics by word of mouths that is from their parents and other relatives which accounts for 53.32% out of a total of 313 people interviewed. Hasni Hashim (2014) study at Politeknik Sultan Azlan Shah that states parents as the main factor influenced savings behaviour among youths goes hand in hand with this study.

In relation to Social Class, Donald (2010) reveals that family size, social status and level of education in society influences saving habits. This also means that the number of persons who save could be identified by their social cluster. The idea of saving could be because of peer influence either at work or at home. Another factor that is relatively social in saving culture is the fact that people tend to save because others are saving. This means that the benefit and confidence of saving rely on others and their experience (Maceah, 2011).

A study to ascertain the major determinants of savings in Nigeria asserts that the young and elderly tend to have little incomes and minimal level of savings. The middle age tends to have high income and hence are able to save more and more. This means that the rate of savings is affected by the age group that one falls in. Research about the amount of dependency and the rate of savings has inconclusive findings. Some advocate for a positive correlation between the level of dependence and the rate at which an individual is able to save. Some findings stated that huge rate of dependence has a negative effect on the rate of saving (Sabri, 2011).

A study by Nanna (2008) reveals that the rate of growth is an obvious indicator for explaining the rate of saving. The demographic nature and motive behind saving were widely attested by a 74% response on the statement that saving and growth are long time plans and another 56% of response being that saving is directly associated with output through investment higher domestic saving generally result in higher growth. In another study by Opiyo (2009), the fact that the rate of savings is determined from the age group that one falls is comes out of life-cycle theory that argues that as the amount of working people continues to increase as compared to the amount of persons that have gone for retire, the amount of savings tend to significantly increase. Other factors have been found to influence the rate at which individuals are willing to save. The factors entail economic growth, the age group that one falls in together with increasing level of births.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter describes the methodologies, which was used in the study. It describes the research design, the data collection tools and processes as well as the target interviews. This chapter also gives an insight of data analysis methods and tools which was employed during the study.

3.2 Research Design

The research design can defined as the way in which the study is designed, which means, method adopted to carry out research study (Mugenda & Mugenda, 2003). Descriptive survey approach was adopted by the researcher. This describes phenomena as it exist. The research design is influenced by the fact that most of the researcher's questions require descriptive answers; it is not possible to study the whole population. The respondents were be drawn from formal sector employees in the SMEs operating in the tourism industry in Nairobi County. Target respondents were comprise of senior management from key departments as well as middle level managers and other staff employees. The departments are human resource, marketing, IT, operations, logistics and finance.

3.3 Target population

Population refers the total group of items, individuals, objects and events showing common characteristics (Mugenda & Mugenda, 2003). There are about 250 licensed SMEs as tour operators registered by Kenya Association of Tour Operators (KATO),

in Nairobi County, which employs approximately 3,000 employees. These make up the population of study from which twelve tour operators companies was selected. The study plans a target population 200 members both managers and other staff members in the departments of Human Resource, Marketing, Information Technology, Operations and Finance. These departments was comprise the sample population the researcher was use to gather the required information.

Table 3.1: Target population

Category	HR Dept	Marketing Dept	I.T. Dept	Finance Dept	Operations Dept	Logistics Dept	Total
Top Level Mgt.	2	2	2	2	2	2	12
Middle Level Mgt.	2	4	2	3	4	3	18
Other staff members	25	30	25	25	35	30	170
Total	29	36	29	30	41	35	200

Source: Author 2016

3.4 Sampling technique and Sample size.

Out of 200 respondents stratified and random sampling methods was used to come up with the sample size, managers and other staff out of every section was chosen to come to a total of 106 sample population. It is more than half of the population that was studied. According to Kotler et al. (2001) when a sample is chosen efficiently, if it is of over 30% of the target population then it can be able to give good findings. Stratified and simple random sampling was be utilized to carry out the study. Stratified Sampling is more essential since it makes certain that the three sections among the staff members are all represented and that the variances in the groups are

taken care of to ensure that the sample is diverse. This method puts several small groups in the population out of a certain characteristic and then samples are selected from this. It was to make sure that the population is put in several similar categories strata and each stratum is represented in the sample in a proportion equivalent to its size in the population. Simple random sampling was used to ensure that each member of the target population has an equal chance of being included in the study.

Table 3.2: Sample Sizes

Category	Target Population	Sample Percentage (%)	Sample Size
Top Level Mgt	12	100%	12
Middle Level Mgt	18	50%	9
Other staff members	170	50%	85
Total	200		106

Source: Author 2016

3.5 Data collection instruments and procedures

In this project study questionnaire was used to gather data. A questionnaire can be defined as a written list of questions to be answered by a number of people so that data can be collected from the answers. It is appropriate to use questionnaires since confidentiality was be upheld and it makes it easy to analyze the information gathered. Questionnaires are time saving and information can be collected from a large sample. Self administered questionnaires was be used in this study since the response rate is high. The researcher interacted with the respondents thus enabling clarification of issues by the respondents.

The respondents were taken through the questionnaires individually after booking appointment with them to help them understand the information required from them for the study. This was done within a specific period depending on their availability but within a maximum of two weeks from the date they received the questionnaires. The head of each department was be briefed about the whole research and the questionnaires where they in turn was pick the most potential people with the information required from their respective departments and brief those members to help them answer the questionnaires comprehensively capturing every bit of the information required.

3.6 Data analysis

Data analysis is a technique of setting order, structure, and meaning to the mass of data collected. It involves analyzing what has been collected and making deductions and inferences (Kombo & Tromp, 2006). Once data was collected, it was checked for completion and verification. The researcher employed the regression model to analyze the data. According to Saunders, Lewis, and Thornhill (2009), this regression is undertaken to evaluate the link between variables through the calculation of the coefficient of multiple determination and regression. In practical terms, multiple regression offers a comprehension on whether a real relationship exists between the variables, of is negatively or positively skewed, how strong it is, and the best manner to explain the relationship. For the sake of this research, the regression model used was as follows:

$$Y=B_0+B_1X_1+B_2X_2+B_3X_3+B_4X_4+B_5X_5 +e$$

Where:

Y= Dependent Variable-Saving Culture

X_1 - X_5 = Independent Variables

X_1 =Social-cultural beliefs

X_2 =Trust in financial institutions

X_3 =Income Levels

X_4 =Financial literacy

X_5 =Transaction Cost

B_0 =Constant

e =The Error term

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION AND INTERPRETATION

4.0 Introduction

This chapter provides a presentation of research findings collected through the methodology discussed in chapter three. It provides findings on the various factors, which determine the saving culture among the employees in Kenya. This chapter opens with a section on the demographic description of participants who were involved in data collection. This was followed by reporting of data pertaining to the research objectives posed in this study and regression analysis.

4.1 Demographic information

The study takes into consideration the respondents personal characteristics to give general information about respondents and to assist the researcher understanding on the findings. Variables included here are gender, age, job tenure and highest educational level.

4.1.1 Gender

The study put into account the gender of the respondents. From the results, 37% (40) of the respondents were female and 63% (66) of them were male. The results indicate that male individuals comprise the majority. The results also indicate that both male and female individuals have a chance at being employed in SMEs in the tours and travel industry. Since both male and female individuals are given a chance to share their knowledge, the outcome for the SMEs analysis is likely to be of greater value with regard to the saving culture.

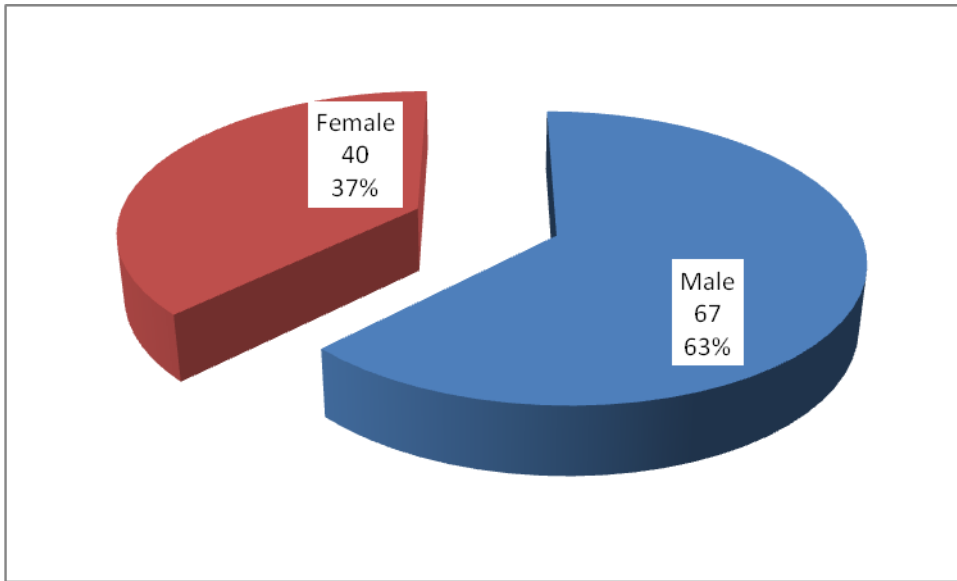


Figure 4.1 Gender

4.1.2 Respondents' age

The study settled on four age groups, from which, respondents were asked to identify their group. The groups were:- between 18 to 30 years old, 31 to 40 years old, 41 to 50 years old and over 50 years. The data collected revealed that 14% of the respondents are aged between 18 to 30 years, 57% aged between 31 to 40 years, 28% aged between 41 to 50 years and 0.9% were over 50 years of age. These findings suggest that, the study was dominated by people aged between 31 to 40 years old, as this class appears to be the model class of the age groups. (See figure 4.2).

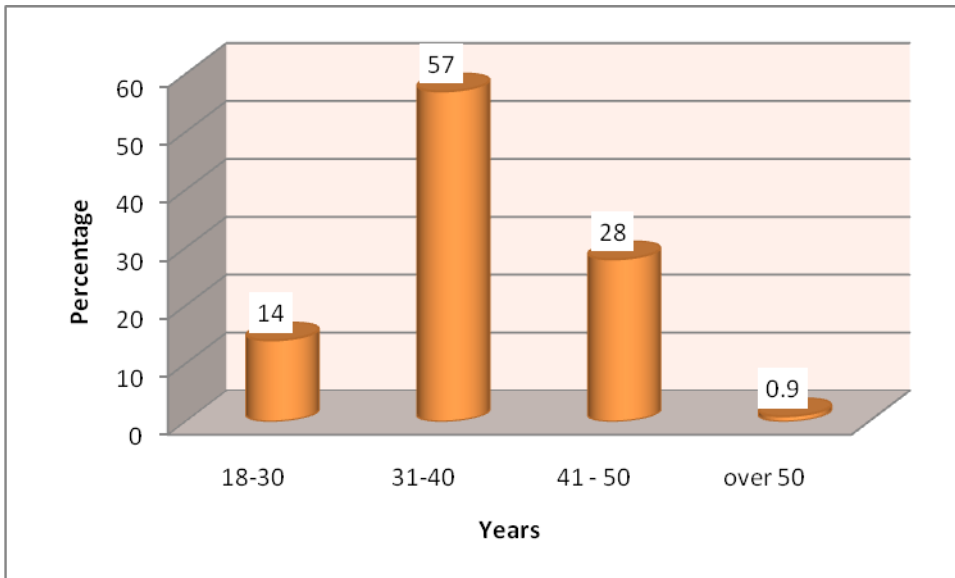


Figure 4.2 Respondents' age

4.1.3 Job tenure

There is a possibility of gaining knowledge informally through interaction and exposure over a given period of time. In light of this eventuality, the respondents were asked to fill the questionnaire stating their job tenure and their response were captured in figure 4.3. From the results, 44.9% of the respondents have worked for 4 to 6 years, 23.4% for 7 to 9 years, 22.4% for over 10 years and 9.3% for less than 3 years. The results imply that most of the respondents have worked for 4 to 6 years hence they offered reliable information as sought by the study.

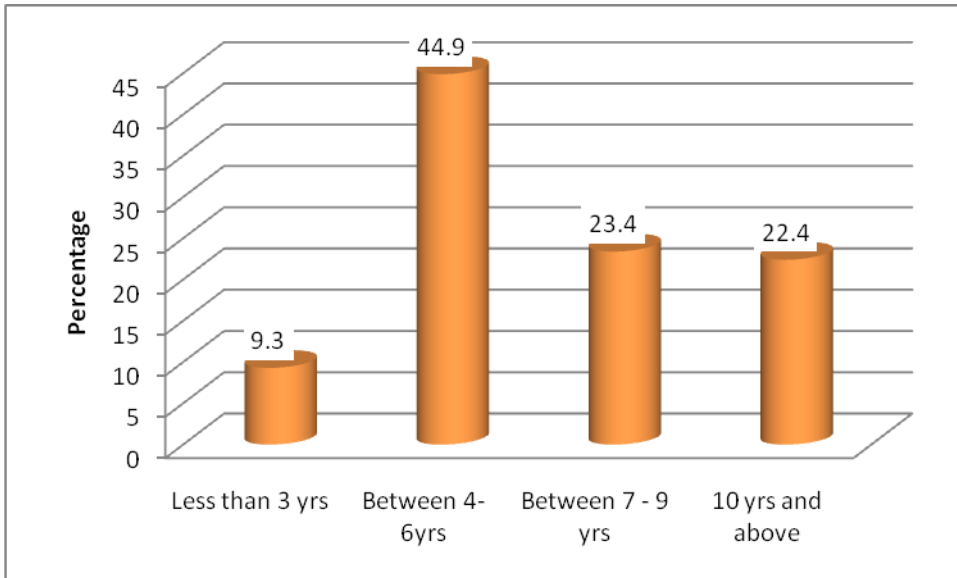


Figure 4.3 Job tenure

4.1.4 Highest level of education

In most cases, organizations use education as an indicator of a person’s skill levels or productivity (Benson, Finegold, & Mohrman, 2004).The study therefore deemed it important to establish if the educational level of the employees had a bearing on the savings culture. From the results, 40.2% of the respondents have a Diploma, 27.1% Degree level, 16.8% Masters Level and 15.9% Certificate level. It is evident that the employees possess the requisite skills to perform their duties effectively.

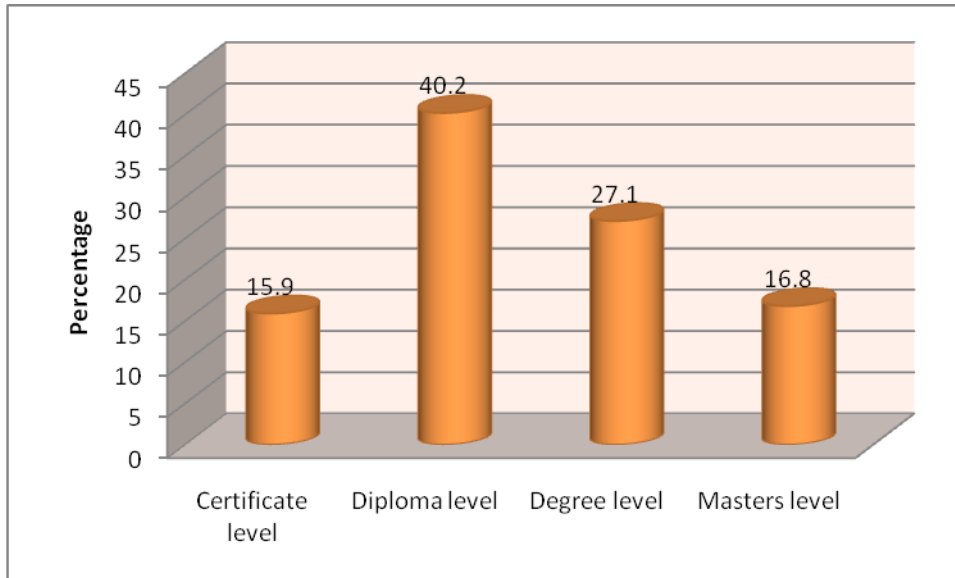


Figure 4.4 Highest level of education

4.2 Influence of Financial Literacy on Saving Culture among Employees in SMEs in the Tours and Travel Industry

4.2.1 Financial literacy

The researcher deemed it important to establish the influence of financial literacy on saving culture among employees in SMEs in the tours and travel industry. Four items were measured on a 5-point Likert scale. Table 4.1 illustrates the results.

The results from table 4.1 revealed that, of the total respondents, 36.4% (39) strongly agreed that they have knowledge on methods of saving money, 38.3% (41) of them agreed, 0.9% (1) disagreed, 0.9% (1) strongly disagreed while 23.4% (25) of the respondents were undecided. The mean value was 4.08 and standard deviation 0.848 implying that the employees have knowledge on the methods of saving money.

In determining whether employees have adequate literacy on why people save, the study revealed that; 29.9% (32) of the respondents strongly agreed, 56.1% (60) of them agreed, 0.9% (1) disagreed, 6.5% (7) strongly disagreed while 6.5% (7) of the respondents were undecided. The results summed up to the mean of 4.02 and the

standard deviation of 1. It suggests that majority (86%) of employees have adequate literacy on why people save.

In a related question of whether the respondents have knowledge on the investment opportunities their income is able to conduct, results from the study revealed that, the question had a mean of 3.69 and standard deviation of 0.926. This was due to 23.4% (25) of the respondents strongly agreeing, 29.9% (32) agreeing, 5.6% (6) disagreeing, 0.9% (1) strongly disagreeing and 13.1% (14) being uncertain.

Furthermore, in order to find out whether, the respondents have a goal of saving due to their knowledge on saving; respondents were asked to state the degree to which they concurred with the above. Of the total respondents, 58.9% (63) of the respondents strongly agreed, 1.9% (2) of them agreed, 25.2% (27) disagreed, 0.9% (1) strongly disagreed while 13.1% (14) of them were undecided. The results summed up to mean of 3.93 and the standard deviation of 1.351 meaning, the respondents have a goal of saving as a result of the knowledge they have on saving.

Generally, the results on financial literacy revealed mean of 3.9299 and the standard deviation of 0.752 which shows that the employees have knowledge on methods of saving money and investment opportunities their income is able to conduct, they also have adequate literacy on why people save and goals of savings. The results are in tally with a study conducted in Malaysia by Delafrooz and Laily (2009) which showed that saving culture is considerably affected by the person's financial literacy. Specifically, individuals with low levels of financial literacy are less likely to save hence are prone to financial issues in future. The results are also in tally with findings by Sabri and MacDonald (2010) that indicate that financial literacy was positively related to the saving behavior.

Table 4.1 Financial Literacy

		sd	d	u	a	sa	Mean	Std. Deviation
I have knowledge on methods of saving money	Freq.	1	1	25	41	39	4.08	0.848
	%	0.9	0.9	23.4	38.3	36.4		
I have adequate literacy on why people save	Freq.	7	1	7	60	32	4.02	1
	%	6.5	0.9	6.5	56.1	29.9		
I have knowledge on the investment opportunities my income is able to conduct	Freq.	1	6	43	32	25	3.69	0.926
	%	0.9	5.6	40.2	29.9	23.4		
I have goal of saving due to my knowledge on saving	Freq.	1	27	14	2	63	3.93	1.351
	%	0.9	25.2	13.1	1.9	58.9		
financial literacy							3.929	0.752

4.2.2 Influence of Financial Literacy on Saving Culture among Employees in SMEs in the Tours and Travel Industry

Findings from table 4.2 revealed that 50% variation of the saving culture is predicted by financial literacy ($R^2 = 0.5$). Financial literacy had beta coefficient that was significant to affect saving culture ($\beta = 0.707$, $\rho = 0.000 < 0.05$). This means that a unit increase in financial literacy will result in an increase in saving culture by 0.707 units. Consistently, Hilgert et al., (2003) discovered a significant correlation between saving behavior and financial literacy.

Table 4.2 Influence of Financial Literacy on Saving Culture among Employees in SMEs in the Tours and Travel Industry

	Unstandardized Coefficients		Standardized Coefficients		Sig.
	B	Std. Error	Beta	t	
(Constant)	1.599	0.207		7.718	0.000
financial literacy	0.564	0.055	0.707	10.245	0.000
R Square	0.5				
Adjusted R Square	0.495				
F	104.954				
Sig.	.000b				
r	0.707*				

a Dependent Variable: saving culture

4.3 Saving Culture

The researcher also found it necessary to establish the savings culture. The findings are as presented in table 4.3. In regards to whether the respondents always try to save from their income. Of the total respondents, 50.5% (54) of the respondents strongly agreed that they always try to save from their income, 36.4% (39) of them agreed, 6.5% (7) disagreed, 5.6% (6) strongly disagreed while 0.9% (1) of the respondents was undecided. The results give to a mean of 4.2 and the standard deviation of 1.12. The mean value indicates that the respondents always try to save from their income. This implies that they have developed a saving culture.

The study further enquired from the respondents whether they save once each year. The results revealed that 26.2% (28) of the respondents strongly agreed that they save once each year, 43% (46) of them agreed, 6.5% (7) disagreed, and 15.9% (17) strongly disagreed while 8.4% (9) of the respondents were undecided. The results give mean of 3.57 and standard deviation of 1.367. From the results, saving once each year is common among majority of the respondents however still a significant percentage (30.8%) of them have not embraced this culture.

In relation to whether the respondents save severally for payment of bills only, the results indicated that 2.8% (3) of the respondents were in strong agreement, 66.4% (71) in agreement, 5.6% (6) disagreement, 15.9% (17) strong disagreement while 9.3% (10) of them were neutral. The item realized a mean totaling to 3.35 and the standard deviation of 1.166. This implies that the respondents did not save their income for the sole reason of paying bills.

Further, respondents were asked whether they have a saving plan. The results showed that 7.5% (8) of the respondents strongly agreed that they have a saving plan, 10.3% (11) of the respondents agreed, 20.6% (22) of them disagreed, 6.5% (7) strongly disagreed while 55.1% (59) of the respondents were neutral. The results indicate that there is uncertainty as to whether there is a savings plan. This is backed up by mean totaling to 2.92 and the standard deviation of 0.933.

The respondents asked whether they earn and spend all their money, the results indicated that, 52.3% (56) of them strongly agreed that they earn and spend all their money, 29% (31) of them agreed, 1.9% (2) disagreed, 6.5% (7) of them strongly disagreed while 10.3% (11) of the respondents were neutral. The item revealed a mean of 4.19 and standard deviation of 1.125. On the whole, majority of the respondents earn and spend all their money.

Additionally, 29.9% (32) of the respondents strongly agreed that they have a reason to save, 47.7% (51) agreed, 15.9% (17) strongly disagreed while 6.5% (7) of them were undecided. The results gave a mean totaling to 3.76 and the standard deviation of 1.324. The results suggested that many of the respondents have a reason to save.

Finally, in determining whether the respondents save more and spend less on household, the study revealed that; 12.1% (13) of the respondents strongly agreed, 60.7% (65) of them agreed, 5.6% (6) disagreed, 15.9% (17) strongly disagreed while 5.6% (6) of the respondents were undecided. The results gave mean totaling to 3.48 and the standard deviation of 1.254. This suggests that majority (72.8%) of the employees save more and spends less on household.

Table 4.3 Saving culture

		sd	d	u	a	sa	Mean	Std. Deviation
I always try to save from my income	Freq.	6	7	1	39	54	4.2	1.12
	%	5.6	6.5	0.9	36.4	50.5		
I save once each year	Freq.	17	7	9	46	28	3.57	1.367
	%	15.9	6.5	8.4	43	26.2		
I save severally for payment of bills only	Freq.	17	6	10	71	3	3.35	1.166
	%	15.9	5.6	9.3	66.4	2.8		
I have saving plan	Freq.	7	22	59	11	8	2.92	0.933
	%	6.5	20.6	55.1	10.3	7.5		
I earn and spend all my income	Freq.	7	2	11	31	56	4.19	1.125
	%	6.5	1.9	10.3	29	52.3		
I have a reason to save	Freq.	17		7	51	32	3.76	1.324
	%	15.9		6.5	47.7	29.9		
I save more and spend less on household	Freq.	17	6	6	65	13	3.48	1.254
	%	15.9	5.6	5.6	60.7	12.1		
saving culture							3.635	0.85156

4.4 Influence of Income Levels on Saving Culture among Employees in SMEs in the Tours and Travel Industry

4.4.1 Income Levels

The project study sought to establish if the income levels influence saving behavior. Results are as presented in table 4.4. From the findings, 15.9% (17) of the respondents strongly agreed that they get monthly income, 57.9% (62) of them agreed, 18.7% (20)

of them disagreed, 5.6% (6) strongly disagreed while 1.9% (2) of the respondents were neutral. The mean value of 3.6 and standard deviation 1.132 was confirmation that majority (73.8%) of the respondents get monthly income.

In a bid to establish if the respondents get certain salaries/wages income, the respondents were asked to respond accordingly. 45.8% (49) of the respondents strongly agreed, 40.2% (43) of them agreed, 0.9% (1) disagreed, 12.1% (13) strongly disagreed and 0.9% (1) of the respondents were neutral. The item realized a mean of 4.07 and standard deviation of 1.268. The results suggest that majority of the respondents get certain salaries/wages income.

To establish whether the respondents are somewhat satisfied with the income they get, participants were asked for the opinion and the results showed that, 8.4% (9) of the participants strongly agreed, 61.7% (66) agreed, 8.4% (9) of them disagreed, 5.6% (6) strongly disagreed while 15.9% (17) of the respondents were neutral. The results showed total mean of 3.59 and the standard deviation of 0.961. As a whole, majority of respondents were somewhat satisfied with the income they get.

Finally, in order to ascertain whether most of the time respondents experience excessive salary deductions, results revealed that, 29.9% (32) of them strongly agreed that the respondents experience excessive salary deductions, 13.1% (14) of them agreed, 38.3% (41) of them disagreed, 0.9% (1) of them strongly disagreed and 17.8% (19) of the respondents were neutral. This summed up total mean of 3.33 and the standard deviation of 1.287. The mean value shows that there is uncertainty as to whether most of the respondents experience excessive salary deductions.

On the whole, results on the level of income indicated a total mean of 3.645 and also showed a standard deviation of 0.984. This means that the respondents were agreeable that they get monthly income and are somewhat satisfied with the income they get. Cognate to the results, Meyers and Lee (2003) found a positive relationship between savings and income earned. In a similar vein, Loayzal et al. (2000) found that purely redistributive policies affect the aggregate saving.

Table 4.4 Income levels

		SD	D	U	A	SA	Mean	Std. Deviation
I get monthly income	Freq.	6	20	2	62	17	3.6	1.132
	%	5.6	18.7	1.9	57.9	15.9		
I get certain salaries/wages income	Freq.	13	1	1	43	49	4.07	1.268
	%	12.1	0.9	0.9	40.2	45.8		
Am somewhat satisfied with the income I get	Freq.	6	9	17	66	9	3.59	0.961
	%	5.6	8.4	15.9	61.7	8.4		
Most of the time I experience excessive salary deductions	Freq.	1	41	19	14	32	3.33	1.287
	%	0.9	38.3	17.8	13.1	29.9		
Level of income							3.645	0.984

4.4.2 Influence of Income Levels on Saving Culture among Employees in SMEs in the Tours and Travel Industry

Table 4.5 illustrates the results on the influence of income levels on saving culture among employees in SMEs in the tours and travel industry. From the results, level of income exhibited a positive and significant effect on the saving culture ($\beta = 0.629$, $\rho < 0.05$). Hence the more the level of income, the more the saving culture. Also, 39% variation of the saving culture is predicted by the level of income ($R^2 =$

0.39).Furthermore, the above discussed coefficient of determination was significant as evidence of F ratio of 68.732 with p value 0.000 <0.05 (level of significance).

Table 4.5 Influence of Income Levels on Saving Culture among Employees in SMEs in the Tours and Travel Industry

	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
(Constant)	1.944	0.214		9.086	0.000
Level of income	0.488	0.059	0.629	8.29	0.000
R Square	0.396				
Adjusted R Square	0.39				
F	68.732				
Sig.	.000b				
r	.629*				

a Dependent Variable: saving culture

4.5 Effects of Transaction Costs on the Saving Culture among Employees in SMEs in the Tours and Travel Industry

4.5.1 Transaction Costs

This section of the analysis presents the results on transaction costs. The findings are as presented in table 4.6. In order to find out if the bank interest rate is very high for them, the respondents were asked for their views on this and the results showed that 53.3% (57) of the respondents strongly agreed, 36.4% (39) of them agreed, 0.9% (1) disagreed, 0.9% (1) of them strongly disagreed while 8.4% (9) of the respondents were neutral. The item gave total mean of 4.4 and also the standard deviation of 0.763, an indication that the banks' interest rate is relatively high for them.

Also, the results from the study indicated that 55.1% (59) of the respondents strongly agreed that the bank charges high ATM withdrawal fee, 36.4% (39) agreed, 1.9% (2) disagreed, 5.6% (6) strongly disagreed and 0.9% (1) of the respondents were neutral.

The item reported a mean of 4.34 meaning the respondents were in agreement though the standard deviation was 1.018, an indication of variation in the responses.

In regards to whether the respondents find it difficult to transact money because of high transaction fees. Of the total respondents, 20.6% (22) of the respondents strongly agreed, 44.9% (48) of them agreed, 8.4% (9) disagreed, 5.6% (6) strongly disagreed and 20.6% (22) of the respondents were neutral. This position was further confirmed by the 3.66 mean and standard deviation of 1.072.

Finally, the study sought to find out if the bank charges are not consistent. Results indicated that 29.9% (32) of the respondents strongly agreed, 43% (46) of them agreed, 14% (15) disagreed, 5.6% (6) strongly disagreed while 7.5% (8) of the respondents were neutral. The results summed up to mean figure of 3.78 and the standard deviation of 1.184 indicating that the bank charges are not consistent.

In general, results on transaction costs showed mean figure of 4.04 and the standard deviation of 0.83. Mean figure indicates that employees find the bank interest rates and charges very high, it is difficult to transact money because of high transaction fees and that the bank charges are not consistent. In conformity with the results, a study by Wruuck (2013) found that bank cost and interest charges affect the overall customer satisfaction. According to the author, transaction cost plays a vital role in the consideration to customers as to either to save in a given bank or switch banks. Furthermore, high costs of services or products (70%) are the major causes for poor customer-bank mistrust in commercial banks (KPMG, 2013).

Table 4.6 Transaction costs

		sd	d	U	a	sa	Mean	Std. Deviation
I find bank interest rate very high for me	Freq.	1	1	9	39	57	4.4	0.763
	%	0.9	0.9	8.4	36.4	53.3		
The bank charges high ATM withdrawal fee	Freq.	6	2	1	39	59	4.34	1.018
	%	5.6	1.9	0.9	36.4	55.1		
I find it difficult to transact money because of high transaction fees	Freq.	6	9	22	48	22	3.66	1.072
	%	5.6	8.4	20.6	44.9	20.6		
The bank charges are not consistent	Freq.	6	15	8	46	32	3.78	1.184
	%	5.6	14	7.5	43	29.9		
transaction costs							4.04	0.83

4.5.2 Effects of Transaction Costs on the Saving Culture among Employees in SMEs in the Tours and Travel Industry

The results on the effect of transaction costs on the saving culture among employees in SMEs in the tours and travel industry are as presented in table 4.7. From the results, transaction costs exhibited a positive and significant effect on the saving culture ($\beta=0.177$, $p<0.05$). As such, the more the transaction costs, the less the saving culture. Also, 3.1% variation of the saving culture is predicted by transaction costs ($R^2 = 0.031$).

Table 4.7 Effects of Transaction Costs on the Saving Culture among Employees in SMEs in the Tours and Travel Industry

	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
(Constant)	2.898	0.409		7.092	0.000
transaction costs	0.182	0.099	0.177	1.842	0.068
R Square	0.031				
Adjusted R Square	0.022				
F	3.394				
Sig.	.068b				
R	0.109				

a Dependent Variable: saving culture

4.6 Effect of Trust on the Saving Culture among Employees in SMEs in the Tours and Travel Industry

Table 4.8 illustrates the results on trust. In an attempt to establish whether the respondents and their bank have good relationship, the participants were asked to give views on trust towards banks. Results revealed that 27.1% (29) of the respondents strongly agreed, 0.9% (1) of them agreed, 13.1% (14) disagreed, 5.6% (6) strongly disagreed while 53.3% (57) of them were undecided. The results showed total mean figure of 3.31 and the standard deviation of 1.169. This shows that there is uncertainty as to whether the respondents have a good relationship with the bank.

With reference to whether the respondents believe their financial institutions pose a risk on their savings, 27.1% (29) of the respondents strongly agreed that they believe their financial institutions pose some risk, 14% (15) of them agreed, 5.6% (6) strongly disagreed, 6.5% (7) disagreed while 46.7% (50) of them were undecided. The item realized mean figure of 3.5 and the standard deviation of 1.127. It is an indication that participants believe that some of the financial institutions poses some risk on bank deposits.

In a bid to establish whether the bank does have clear bank policy on providing enough information to the customers, the respondents were asked to respond accordingly. The results were such that 31.8% (34) of the respondents strongly agreed, 24.3% (26) of them agreed, 29.9% (32) disagreed, 5.6% (6) strongly disagreed while 8.4% (9) were neutral. The item summed up mean figure of 3.47 and the standard deviation of 1.355. It suggests that banks' policy is not well defined to cater for the saving needs of the people.

Finally, 63.6% (68) of the respondents strongly agreed that they trust their financial institution with charges, 15% (16) agreed, 9.3% (10) were undecided, 6.5% (7) disagreed and 5.6% (6) strongly disagreed. The results summed up to a mean of 4.24 and standard deviation of 1.204. This means that the respondents have trust in their financial institutions with respect to charges. Generally, results on trust summed up to a mean of 3.631 and standard deviation of 1.021.

Table 4.8 Trust

		sd	d	u	a	sa	Mean	Std. Deviation
I have a good bank relationship	Freq.	6	14	57	1	29	3.31	1.169
	%	5.6	13.1	53.3	0.9	27.1		
I believe my financial institutions security instability	Freq.	6	7	50	15	29	3.5	1.127
	%	5.6	6.5	46.7	14	27.1		
The bank does not have clear bank policy	Freq.	6	32	9	26	34	3.47	1.355
	%	5.6	29.9	8.4	24.3	31.8		
I trust my financial institutions with charges	Freq.	6	7	10	16	68	4.24	1.204
	%	5.6	6.5	9.3	15	63.6		
Trust							3.631	1.021

4.6.1 Effect of Trust on the Saving Culture among Employees In SMEs In The Tours And Travel Industry

Table 4.9 illustrates the results on the effect of trust on the saving culture among employees in SMEs in the tours and travel industry. From the results, trust has a positive correlation to culture hence the significant effect on the saving culture ($\beta=0.463$, $p<0.05$). Hence, an increase in trust in the financial institution, results to an increase in the savings culture. In line with the results, a survey day from 10 European countries that was conducted by Stix (2012) found that lack of trust influences the saving behavior. Similarly, 21.4% variation of the saving culture is predicted by trust ($R^2 = 0.214$). Furthermore, the above discussed coefficient of determination was significant as evidence of F ratio of 28.642 with p value 0.000 <0.05 (level of significance).

Table 4.9 Effect of Trust on the Saving Culture among Employees in SMEs in the Tours and Travel Industry

	Unstandardized Coefficients		Standardized Coefficients		Sig.
	B	Std. Error	Beta	t	
(Constant)	2.234	0.272		8.214	0
Trust	0.386	0.072	0.463	5.352	0
R Square	0.214				
Adjusted R Square	0.207				
F	28.642				
Sig.	.000b				
R	0.588*				

a Dependent Variable: saving culture

4.7 Effect of Social Cultural Beliefs on the Saving Culture among Employees in SMEs in the Tours and Travel Industry

The study sought to establish the influence of socio cultural beliefs on the saving culture. To achieve this objective the respondents were requested to fill the

questionnaire stating their level of agreement/disagreement. The results are presented in Table 4.10.

The respondents were asked whether their culture is gender biased when it comes to bank savings. Results of the study revealed that, of the total participants, 48.6% (52) strongly agreed that their culture is gender biased when it comes to bank savings, 29.9% (32) of them agreed, 15% (16) disagreed, 5.6% (6) strongly disagreed while 0.9% (1) of the respondents were neutral. The mean value was 4.01 and the standard deviation was 1.27. The mean value indicates that there is a gender bias when it comes to bank savings.

In order to find out whether, the respondents' society has very high dependency rate, participants were asked to state the extent to which they concurred with high dependency rate. Of the total respondents, 29% (31) of the respondents strongly agreed, 50.5% (54) agreed, 6.5% (7) disagreed, and 5.6% (6) strongly disagreed while 8.4% (9) of them were neutral. The results showed mean figure of 3.91 and the standard deviation of 1.069 implying society has very high dependency rate. Sabri, (2011) elucidates that high dependency ratio has a robust negative influence on savings. Consequently, the huge dependency rate could negatively impact on the saving culture.

Finally, 37.4% (40) of the respondents agreed that most of the people in their society are poor, 57% (61) disagreed and 5.6% (6) of them strongly disagreed. On the whole, it appears that most of the people in the society are not poor. This is backed up by the mean figure of 3.26 and the standard deviation of 0.928. Results detailing socio cultural beliefs showed mean figure of 3.726 and the standard deviation of 0.928.

Table 4.10 Social cultural beliefs

		Sd	d	u	a	sa	Mean	Std. Deviation
Our culture have gender biased when it comes to bank savings	Freq.	6	16	1	32	52	4.01	1.27
	%	5.6	15	0.9	29.9	48.6		
Our society has very high expectancy rate	Freq.	6	7	9	54	31	3.91	1.069
	%	5.6	6.5	8.4	50.5	29		
Most of the people in our society are poor	Freq.	6	61	0	40	0	3.26	0.731
	%	5.6	57	0	37.4	0		
Social cultural							3.726	0.928

4.7.1 Effect of Social Cultural Beliefs on the Saving Culture among Employees in SMEs in the Tours and Travel Industry

The study deemed it important to establish the effect of social cultural beliefs on the saving culture among employees in SMEs in the tours and travel industry. Results in table 4.11 indicates that socio cultural beliefs had positive correlation and relevant effect on saving culture ($\beta = 0.421$, $\rho < 0.05$). Hence, an increase in socio cultural beliefs by 0.421 units leads to a similar increase in the saving culture. In agreement with the results, Donald (2010) reveals that family size, social status and level of education in society influences saving habits. Further, 17.7% variation of the saving culture is predicted by socio cultural beliefs ($R^2 = 0.177$).

Table 4.11 Effect of Social Cultural Beliefs on the Saving Culture among Employees in SMEs in the Tours and Travel Industry

	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
(Constant)	2.321	0.287		8.101	0.000
Social cultural	0.357	0.075	0.421	4.754	0.000
R Square	0.177				
Adjusted R Square	0.169				
F	22.6				
Sig.	.000b				
r	0.372*				

a Dependent Variable: saving culture

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary of findings, conclusion, recommendations and areas for further studies. The findings are outlined in direct response to the specific objectives of the research. Also presented in this chapter are recommendations and areas for further research which arose during the conduct of the research and conclusion.

5.2 Summary of the Findings

Demographic information of participants revealed that many of the participants were male. Large proportions are between 31 to 40 years of age and have worked for 4 to 6 years in SMEs in the tours and travel industry. More finding revealed that the respondents mainly comprise those with Diploma as their highest academic qualification. As such, they possess the requisite skills to perform their duties effectively.

The results on financial literacy revealed that the employees have knowledge on the methods of saving money as well as the investment opportunities their income is able to conduct. Besides, they have adequate literacy on why people save and have a goal of saving due to their knowledge on saving.

Additionally, the findings on income levels revealed that the employees get monthly income and hence yearly incomes. Most of the employees are satisfied with the

income they get though it was undefined whether the employees experience excessive salary deductions.

With reference to the transaction costs, employees affirmed that the banks' interest rate is relatively high for them. It was also revealed that the bank charges high ATM withdrawal fee making it a challenge to transact money. Moreover, the bank charges are not consistent and this discourages the willingness to save in the bank account.

Furthermore, findings on trust showed that the employees believe that their financial institutions have some financial risk. Similarly, the bank's policy on giving complete information to the customers is not well defined and there is doubt whether employees have a good relationship with the bank. However, the employees trust their financial institution with charges as they have no way to prove the basis of the charges. Finally, results on socio cultural beliefs showed that there is a gender bias when it comes to bank savings. Besides, the society has very high dependency rate with a number of people that are poor.

5.3 Conclusion

In conclusion, financial literacy has a positive influence on the saving culture. Precisely, an increase in financial knowledge results in an improvement in the saving behavior. As such, it would be true to affirm that individuals with a greater comprehension of their personal finance engage in efficient saving behavior. This is due to the fact that they possess the knowledge on the methods of saving money and have set goals for saving. In a nutshell, financial literacy enhances the saving culture.

Also, the income levels have an influence on the saving culture. Saving is made possible in the event that employees earn a monthly income that they are satisfied

with. For instance, a monthly income that is able to meet the household needs satisfactorily without affecting saving. However, in such a case, the saving culture is dependent on the size of the family whereby individuals in small families tend to save more compared to those in large families that earn meager income. On the whole, among other factors such as financial literacy, saving culture is also dependent on the income levels.

Furthermore, transaction cost has a significant influence on the saving culture. The transaction fee determines whether an individual saves money in a given bank or switches to another bank. Consequently, banks with high transaction fees are likely to discourage individual from saving with them. This is also the case with ATM withdrawal fee and whether the bank charges are consistent.

In addition, trust is essential in enhancing the saving culture. Aspects such as the security status of the financial institution and the policy in place are among the determining factors. In such a case, whenever the financial institution has security instability and a policy that is not well defined, there is a likelihood of fewer saving due to mistrust on the part of the customers. As well, the relationship between bank customers and the bank itself is also of significance when it comes to saving.

Finally, socio cultural beliefs were also found to have a significant influence on the saving culture. This was because certain socio cultural beliefs such as gender bias had an influence on the saving culture. In such a case, both male and female individuals do not have an equal opportunity of saving with the bank. This discourages the saving culture. Besides, a society with individuals from a poor background is unlikely to embrace the saving culture since they lack finances.

5.4 Recommendations

The study is indicative of a positive and significant influence of financial literacy on the saving culture. There is thus need for employees to undergo rigorous training on the methods of saving money and the investment opportunities that their income is able to conduct. This will also increase their knowledge on why people save. Moreover, they will be able to embrace the saving culture since they are aware of the benefits that can be accrued through saving.

Since the income levels have positive effect and huge influence on saving culture, there is need for organizations to sufficiently compensate their employees for the job done. This can be done by awarding them monthly income that is commensurate to their organizational tasks. Also, organizations need to take a bold step towards ensuring that their employees do not experience excessive salary deductions. Such motives will enhance the saving culture among the employees.

Additionally, the transaction cost also influences the saving culture. In light of this, it is utmost necessary for banks to ensure that their bank charges are consistent so that they do not drive away customers. Consistent bank charges will also encourage employees to save with the bank. The ATM withdrawal fee needs to be slightly lower so as to make it easier for customers to transact money. With the above put into consideration, the saving culture will be embraced.

Moreover, trust in the financial institution influences the saving culture. Therefore, there is need for a bank policy that is well defined and stable security that can be relied on. Besides, the banks need to focus on building a good relationship with its customers and earning their trust. In so doing, individuals will have trust in the financial institution and be confident enough to save with the financial institution.

Finally, socio cultural beliefs also dictate the saving culture. As such, there is need for employees to do away with socio cultural beliefs that do not support the saving culture. Specifically, there should be no gender bias when it comes to savings. Both men and women need to have equal opportunities of saving.

5.5 Limitations of the Study

In this study there were challenges that were experienced; these being confidentiality and flexibility of the respondents. Most employees were not willing to disclose information regarding personal savings for their own personal reasons. This limitation was however, overcome by showing official letter and explaining to the respondents the reasons for the study.

The research covered only Small and Medium Enterprises in Nairobi hence the study did not incorporate the respondents from other regions in the country. This was due to the limitation of time and financial resources.

5.6 Areas for further research

The project study is a milestone for further research on the various factors, which determine the saving culture among the employees in Kenya. The findings demonstrated the important factors that influence the saving culture which include; income levels, financial literacy, transaction costs, socio cultural beliefs and trust. Existing literature indicates that as a future avenue of research, there is need to undertake similar research in other countries so as to establish whether the explored factors can be generalized to affect saving culture.

There is also need for further data collection ways for instance interviews and group focus discussions which will help to double check the data and information collected from the respondents. Finally, more study can be conducted and using additional variables that might be relevant to the project study.

REFERENCES

- Attanasio, O., & Borrel, M. (2006). *Household savings and income distribution Mexico* (Research Department Publications 4152). Inter-American Development Bank, Research Department.
- Anthes, W.L. (2004). Frozen in the headlights: The dynamics of women and money. *Journal of Financial Planning*, 13(9), 130-14.
- Amritha, G. (2012). Savings trends and behaviour in Nigeria. *West African Journal of Monetary and Economic Intergration*, 2(2), 87 – 102.
- Delafrooz, N., & Laily (2011). Determinants of saving behavior and financial problem among employees in Malaysia. *Australian Journal of Basic and Applied Sciences*, 5(7), 222-228
- Duflo, E. (2003). *Child Health and Household Resources in South Africa: Evidence from the Old Age Pension Program*. American Economic Association, 390, 393-398
- Ernst, A. & Young, B. (2014). Customer Satisfaction and Dissatisfaction in Retail Banking: Exploring the Asymmetric Impact of Attribute Performances. *Journal of Retailing and Consumer Services*, Vol. 16, No. 4, pp. 271-280
- Flynn, M., (2010), *Who would delay retirement?* Middlesex University School, London, UK.
- Guiso, L., Sapienza, P., & Zingales, L., 2004. The Role of Social Capital in Financial Development. *American Economic Review* 94 (3), 526–56.
- Hilgert, M.A., Hogarth, J.M., & Beverly S.B. (2003). Household Financial Management: The Connection between Knowledge and Behaviour. *Federal Reserve Bulletin*, pp. 309–322.
- Infotrak Research & Consulting (2009). *A Report on Young Savers Survey*. Prepared for the Retirement Benefits Authority (RBA).
- Kefela, G. (2010), Promoting Access to Finance by Empowering Consumers – *Financial Literacy in Developing Countries*, in *Education Research Reviews* 5, pp 205-212.

- Keizi, L.K. (2010), *Barriers to pension scheme participation by workers in the informal economy*, Research paper RBA, Research and Policy Analysis Department.
- Lindbergh, J., Nahum, R.A., & Sandgren, S., (2008), Opportunities and challenges for retail banking. *Journal of Bank Marketing*, 26 (1), 6-24.
- Loayza N., Hebbek S.K., & Serven L. (2000). *Saving in developing countries: An Overview*. pp 393-409
- Meyers, M. K., & Lee J.M. (2003). Working but Poor: How Are Families Faring? *Children and Youth Services Review*, 25(3), 177–201
- Modigliani, A., Kotlikoff, S.S., & Hogarth, J., (1991), *Life cycle hypothesis of savings*.
- Morrin, M., Broniarczy, S., & Inman, J. J., (2011), Retirement Plan Participation. *Journal of Bank Marketing*, Vol.29 (No.5), pp 433-450.
- Njuguna, A. G., Mutanu, L. Otsola J. K. & Thuku, M. V. (2011), Financial and Pension Literacy: *A survey of Pension Scheme Members in Kenya*, paper RBA, Research and Policy Analysis Department.
- Nyagah, C. (2013). *Non-financial constraints hindering growth of SME's in Kenya*:
- Nyakundi, B. (2009), Pension Coverage in Kenya: *Legal and Policy Framework Required to Enhance Pension Coverage in Kenya*. [Online] Available: <http://ssrn.com>.
- Paralta, S.S. (2010), : *Longevity and saving for retirement*.
- Posthuma, A. R., Roehling, V. M., & Campion, A. M., (2011), Employment discrimination law. *Journal of Law and Management*, 53 (4), 281-298.
- Rickwood, C. & White, L. (2010), Pre-Purchase decision-making for complex service, *Journal of Services Marketing*, 23 (3), 145-150.
- Sabri, M.F., & MacDonald, M. (2010). Savings behaviour and financial problems among college students: The role of financial literacy in Malaysia. *Cross-Cultural Communication*, 6(3), 103-110.
- Saunders, M., Lewis, P., & Thornhill, A. (2009). *Research methods for business students* (4th ed.). Harlow, England: Prentice Hall.
- Stix, H. (2012). Why do people save in cash? Distrust, memories of banking crises, weak institutions and dollarization. *Working Paper*, 1-61
- Wangombe, M. (2013). The role of the family counsel board on the growth of Small

and Medium Enterprises in Kenya after exit of the founder: A case of Nairobi CBD family small SMEs. *International Journal of Social Sciences and Entrepreneurship*, 1 (2), 588-600

Zikmund, G.W., Babin, B.J., Carr, C. J., & Griffin, M. (2010). *Business Research Methods* 8th ed. South-Western, Cengage Learning

APPENDICES

APPENDIX I: QUESTIONNAIRES FOR THE RESPONDENTS

Introduction

I am a student at the University of Nairobi undertaking a Masters Degree in Business Administration. As part of the requirement for the award of this degree, I am conducting a research on **DETERMINANTS OF SAVING CULTURE AMONG EMPLOYEES IN SMALL AND MEDIUM ENTERPRISES IN NAIROBI COUNTY, KENYA.**

This questionnaire is issued purely for academic purpose and the information provided will be treated with the highest level of confidentiality. Your corporation will be highly appreciated.

Thanks in advance.

INSTRUCTIONS:

1. Tick (√) in the provided box where responding positively or negatively to the questions for your answer.
2. While filling the gaps of explanation, explain briefly what your response is to the required information

SECTION A: PERSONAL INFORMATION;

1. What is your gender?

a) Male []

b) Female []

2. What is your age bracket?

a) 18-30 []

b) 31-40 []

c) 41-50 []

d) Over 50 []

3. How long have you been in your position?

a. Less than 3 years []

b. Between 4-6 years []

c. Between 7-9 years []

d. 10 years and above []

4. What is your highest level of education?

a) Certificate level []

b) Diploma level []

c) Degree level []

d) Masters level []

**SECTION B: RESEARCH SPECIFIC INFORMATION FROM EMPLOYEES
LEVEL OF INCOME**

What is your opinion regarding the statements on level of income leading to poor saving culture among employees in SMEs in the tours and travel industry under the tours and travel industry in Nairobi?

Key: SA-Strongly agree, A-Agree, U-Undecided, D-Disagree, SD-Strongly disagree

	Statements	SA	A	UD	D	SD
1	Unemployment days influences saving culture					
2	My low income is the main reason for saving or not saving for the future					
3	Unstable and uncertain salaries and wages have led to saving culture or spending culture					
4	Excessive salary deductions have created poor saving habits					

FINANCIAL LITERACY

What is your opinion regarding the statements on the influence of financial literacy on saving culture among employees in SMEs in the tours and travel industry under the tours and travel industry in Nairobi?

Key: SA-Strongly agree, A-Agree, U-Undecided, D-Disagree, SD-Strongly disagree

	Statement	SA	A	UD	D	SD
5	I have no knowledge on methods of saving money					
6	I ignore savings due to lack of details on why people save					
7	I lack knowledge on the investment opportunities my income is able to conduct					
8	I have no goal of saving despite my knowledge on saving					

TRANSACTION COST

What is your opinion regarding the statements on the influence of Transaction cost on poor saving culture among employees in SMEs in the tours and travel industry under the tours and travel industry in Nairobi?

Key: SA-Strongly agree, A-Agree, U-Undecided, D-Disagree, SD-Strongly disagree

	Statement	SA	A	UD	D	SD
8	The reason that I fail to conduct bank savings is because of their high interest rates					
9	The bank charges high ATM withdrawal fee which discourages saving culture					
10	I find it difficult to transact money because of high transaction fees					
11	The bank charges are not consisted and thus discourage saving habits					

SOCIAL CLASS

What is your opinion regarding the statements on Social Class leading to poor saving culture among employees in SMEs in the tours and travel industry under the tours and travel industry in Nairobi?

Key: SA-Strongly agree, A-Agree, U-Undecided, D-Disagree, SD-Strongly disagree

	Statement	SA	A	UD	D	SD
12	Low income leads to poor saving habits					
13	High life expectancy leads to low saving					
14	Lack of occupation leads to poor saving culture					
15	The size of household leads to poor saving behaviour					

CUSTOMER-BANK RELATIONSHIP

What is your opinion regarding the statements on customer-bank relationship leading to poor saving culture among employees in SMEs in the tours and travel industry under the tours and travel industry in Nairobi?

Key: SA-Strongly agree, A-Agree, U-Undecided, D-Disagree, SD-Strongly disagree

	Statement	SA	A	UD	D	SD
16	High taxes leads to low saving culture					
17	Poor savings is largely caused by security instability					
18	Lack of Bank policy on retirement leads to poor saving					
19	High demand for licenses on businesses leads to low poor saving culture					

SAVING CULTURE

What is your opinion regarding the determinants of saving culture among employees in SMEs in the tours and travel industry under the tours and travel industry in Nairobi?

Key: SA-Strongly agree, A-Agree, U-Undecided, D-Disagree, SD-Strongly disagree

	Statement	SA	A	UD	D	SD
20	I have never saved from my income					
21	I save once each year					
22	I save severally for payment of bills only					
23	I have no saving plan					
24	I earn and spend all my income					
25	I don't have a reason to save					
26	I save less and spend more on household					

THE END

Thank you for taking your time

APPENDIX II: BUDGET

PARTICULARS/ EXPENDITURES	AMOUNT “Kshs”
Newspapers and other reports buying and search	1,000.00
Research on internet in the cyber and Modem credit	3,000.00
Printing the first copy (before correction of errors)	1,500.00
Printing the second copy (after correction of errors)	2,000.00
Printing and binding the proposal documents	1,000.00
Printing of questionnaires for data collection in the field	1,000.00
Miscellaneous during the course of research	2,000.00
Printing and binding the final research project	1,000.00
Total	Kshs.12,500

APPENDIX III: TIME PLAN

SCHEDULES	ACTIVITIES
September 2016	Preparation of the topic to be studies
September 2016	Working on the variables and preparation of chapter one, two and three.
September 2016	Submission of the research proposal, Assessment by supervisor and correction of errors
September 2016	Submission and defense of the research proposal
October 2016	Going to the field and collection of data
November 2016	Analysis of data, writing of research finding report and submitting of the research project