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RESEARCH ARTICLE

PREDICTORS OF SAVING BEHAVIOR OF HOUSEHOLDS IN CASE OF METTU TOWN, ILUBABOR, OROMIA, ETHIOPIA, 2018

***Azmeraw Misganaw Getahun, Wolde Mariam Erkalo Gobena and Dereje Gebeyehu Ababu**

Department of Statistics, Natural and Computational Science, Mettu University, Ethiopia

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**Corresponding author:*
Azmeraw Misganaw Getahun

ABSTRACT

***Introduction*:** The household saving rate is calculated by dividing household savings by household disposable income. A negative savings rate indicates that a household spends more than it receives as regular income and finances some of the expenditure either by incurring debt or through gains arising from the sale of assets. From the classical times, saving has been considered as one of the determinants of growth. ***Objectives*:** The aim of this study is determining factor that affect saving behavior of households in Metu town. ***Methods*:** In this study the researcher uses cross-sectional study design and applied self-administered questionnaires to collects data to make inferences about a population of interest at one point in time. The source of data is primary source and the target population of this study was covers list of households of Metu town which contains 3 kebeles and random sampling method were applied to select representative sample form for the total population of household. The researcher is primarily used based on quantitative research, which constructed regression model to identify and measure the predictors of saving households behavior in the study area. ***Results*:** From descriptive analysis the average amount of household saving monthly is 852.97 birr per month and almost 49.3 percent of households were involved in saving. According to descriptive statistics of the sample households, the highest percentage of income of households was observed greater than 6,000ETB (27.9 percent) followed by in between 4,801 to 6,000ETB (20.5 percent) and 3601 to 4800ETB (20.2 percent). On the other hand, the lowest percentage of income of households was recorded in between 2,401 to 3,600ETB (13.9 percent), 1201-2400ETB (12.5 percent) and followed by households income which is less than 1,200birr (5.0 percent). Hence, there appears to be some variation in proportion of income of household's heads in Metu town during the study period. ***Concussion*:** Income of the household head, working status of household heads, housing status of household heads, household size, and encouragements to save their income were found the major predictors that affects saving behavior households during the study period. It is also recommended to conduct a study that compares status of saving behavior in rural households with urban households.

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INTRODUCTION

Background of the study: The household saving rate is calculated by dividing household savings by household disposable income. A negative savings rate indicates that a household spends more than it receives as regular income and finances some of the expenditure either by incurring debt or through gains arising from the sale of assets (financial or non-financial,) or by running down savings which have been accumulated in the past (Global Finance, 2018). A study conducted in India indicated that 51% respondents put their money in the bank and 36% of the households still to prefer to keep cash at home. The national survey finding further has indicated that Indian has got strong saving habit. Despite the saving patterns differs in income; education level; and occupation. The study has shown that 83% and 81% of the households have made saving for the key priority areas. Saving rate in Ethiopia is low when we compare with the sub-Saharan African countries .There are a lot of issues can be raised as to what accounts for the low rate of saving in the country (Mengistu *et al*., 2013). In low income nations like Ethiopia where production is meant basically for subsistence with uniformly inflationary cases of the country. Recently this inflationary more create problems for the citizens of Ethiopia. Because the purchasing power Money in Ethiopia is deckling on the recent years. Saving behavior has interested economists, but until recently they had only aggregate information from the national accounts. Then the Board of Governors of the Federal Reserve System supported a series of Surveys of Consumer Finances (SCF) from 1947 through 1960, including some re interviews that allowed estimates of the saving of individual households. One of us analyzed those data, and with Lawrence Klein, George Katona and John Lansing, published some results (Katona *et al*., 1954).Therefore the general objectives

of this study were identifying factors that affecting the households saving behavior in Metu town.

Statement of the problem: Saving is a driving force of economic success and stability. Domestic household saving have become a major contributor to a country's economic success (Chenge *et al*., 2006). However, household saving practice and culture generally in Ethiopia as well as similarly and specifically in Oromia region is very low and found at worst level as compared to the saving rate of developed countries households (Aron *et al*., 2013; Girma *et al*., 2013). In addition to this, no adequate practice has been performed to educate the metu University about saving behavior. This was happened due to lack of adequate empirical result about the public savings practice and factors that thesaurus the community to save. Saving rate in Ethiopia is low when we compare with the sub Saharan Africans standard .In Ethiopia there is a very low rate of saving (Mengistu *et al* 2013). However this low income nation like Ethiopia where there production s only for subsistence with a uniformly inflationary period. In Ethiopia reports indicated that about six million households save money in financial institutions with average of 875 Birr per year. The saving rate as percentage of GDP is 9.5 which are very low as compared to that of China, Bangladesh and South Africa (Aron *et al*., 2013). Therefore, saving is a very important tool for meeting, combating or any emergency accrued by the individual or the households or any corporate agencies and it also acts as form of investment. While the main purpose of this study was examine the impacts of saving and credit associations on the behavior of households in case of Mettu town by examining demographic characteristics and socio- economic status of Mettu communities during the study area. Risk factors and determinants of households saving behavior are not well identified in Illubabor and specifically in Metu town. It is therefore, important to examine the determinants for the households saving behavior are based on the multiple regression analysis to fill this gap this study is aimed to investigate the amount of saving household heads during the study period using regression models. This study, therefore, is intended to provide empirical evidence in the case of Ilubabor Zone, by addressing the following research questions.

- What is the relationship between independent variables with the households saving behavior at Metu town?
- Which factors are significantly affecting households saving behavior at study area?

Objective of the study

General Objective: To investigate the predictors of saving behavior of households in metu town.

Specific objective

- To identify factors that affecting saving behavior of household in Metu town.
- To determine the relationship between predictors and household saving behavior.
- To rank the factors according to their degree of influence on household saving behavior.

MATERIALS AND METHODS

Study Area: This study was conducted in Mettu town. Metu (also Mettu) is a market town and separate Woreda in south-western Ethiopia. Located in the Ilubabor Zone of the Oromia Region (or *kilil*) along the Sor River, this town has a latitude and longitude of 8°18′N 35°35′E and an altitude of 1605 meters. Metu has been an important market of the coffee trade, with several foreigners residing in the town as early as the 1930s to buy the crops from local farmers. In Illubabor zone there are some natural tourist attractions (historical heritage). Some of these are water fall, Yayo forest, Aba Gammachis (Onesmos Nasib Cast) and soar river.

Study Design: In this study the researcher uses cross-sectional study design to collects data to make inferences about a population of interest at one point in time. For this study the researcher applied self-administered questionnaires to get relevant data.

Data Sources and target group: In this study the source of data is primary source and the target population of this study was covers households of Mettu town which contains 3 kebeles namely kebeles 01, kebele 02, and kebele 03. The total number of population for this study consists of 53,906 households in Mettu town.

Sampling Technique and determination of sample size: Random sampling method used in this study to select representative sample form for the total population of household in Metu town. Currently Metu town has 53,906 households out of these there are 14,531 household heads within 3 kebeles selected so the researcher selects 337 households.

The total sample size was $n = \frac{345}{1+\frac{345}{14531}} = 337$

Variable in the study

Dependent variable: In this study the response variables was household saving behavior (measured by Household's amount of saving in Birr).

Independent variables: The predictors of households saving behavior are Sex, Age ,Living place ,Education level , Work status, Housing status, Religion, Marital status, Size of households, Monthly income of households head, Information about saving informal financial institution, Expenditure of households head, Encouragement of households saving behavior, Place of saving and Credit/loan of household heads.

Method of data analysis: In this study data analysis is based on both descriptive and inferential statistics. It means that this section provides the descriptive analysis of the time serial data and variables for the study in collaboration with some important test such as normality of data, discusses the correlation analysis between dependent and independent variables, deals the results of the linear regression and data analysis that constitute the main findings of this study.

Descriptive statistics: In this study descriptive statistics are used to describe the characteristics of the data. These include graphs, charts, mean, standard deviation and percentages.

Multiple linear regression model (MLRM): Multiple linear regression model (MLRM) is an extension of simple linear regression model. Simple linear regression model involves only one explanatory variable where as MLRM involves more

than one explanatory variable. Multiple linear regression analysis is the method of data analysis to measure the functional relationship between a continuous dependent variable and more than one independent variables (Montgomery *et al*., 2006). These independent variables may be continuous or categorical. In this study, MLRM is used to analyze factors affecting saving of households behaviors.
MLRM for saving of the household is given by:

$$\mathbf{Y} = \mathbf{X\beta} + \boldsymbol{\varepsilon}$$

RESULTS

Descriptive Summaries: The data for this study contains 337 randomly selected households of which 166(49.3%) involved in saving and the remaining 171(50.7%) did not participate in saving practice of any type. The summary statistics of data is given in table 4. 2. As shown in the table 4.1 the average amount of household saving annually is birr 852.97 birr per month and almost 49.3 percent of households were involved in saving (saving be it the formal or informal institutions). Summary descriptive results were presented in table 4.2 above. In this study a sample 337 household heads was considered. Of these 265(78.6%) were male and 72(21.4%) were females. Out of the entire subject integrated in this study; the frequency and percentage of age between less than 20, 20- 40, 41 -60 and >60 were 20(5.9%), 93(27.6%), 173(51.3%), and 51(15.1%) respectively. From these most of the age distribution of households was between fourteen one to sixty. Out of the total household head of work status included in this study 165(49%), 40(11.9%), 118(35%) and 14(4.2%) were self employed, Non government organization (NGO), civil servants and others workers respectively. Regarding to number of household heads size 148(43.9%), 111(32.9%) and 78(23.1%) were 1-2, 3-4, and greater than five, number of households respectively. From this, the percentage of number of households between one to two (household size 1-2) were higher than the others. Among 337 samples, those housing status of household heads profile, the percentage of owner housing was higher 48.7% for those household heads who had followed by renter 46.9% and the remaining 4.5% of household heads were other type of housing status. The proportion of income of household heads varied from one household heads to the other in Metu. For example, the highest percentage of income of households was observed greater than 6,000ETB (27.9%) followed by in between 4,801 to 6,000ETB (20.5%) and 3601 to 4800ETB (20.2%) while the lowest percentage of income of households was recorded in between 2,401 to 3,600ETB (13.9%), 1201-2400ETB (12.5%) and followed by households income which is less than 1,200birr (5.0%). Hence, there appears to be some variation in proportion of income of household's heads in Metu during the study period. Out of the sample households who participated in saving in the study area, 40.4% having enough information about saving Informal financial institution and the remaining 59.6% were did not have advantage of saving Informal financial institution. The highest percentage of expenditure head of households that was observed less than income (58.5%) among households greater than (21.4%) to expenditure which is equal to their income(20.2%). As table 4.2 shows the number and percentage of household heads was taken credit/loan from microfinance institution was 149 (44.2%) as opposed to heads of household which is not taken loan about 188(55.8%). Table 4.2 also reveals that the number and percentage of encourages to saving household heads that was observed in case of emergency, to earn interest, to invest and to buy luxury goods under the study were 156(46.3%), 121(35.9%), 55(16.3%) and 5(1.5%) respectively. Hence, 46.3% of household heads encourages to save their income was for the purpose of prevention and uses the money during in case of emergency. As shown in figure 4.2 of total marital status household's heads of single, married, divorced, and widowed were 18.4%, 70.92%, 6.23% and 4.45% in that order. Furthermore, result of the study illustrated that 70.9% of married household heads had participating in this study.

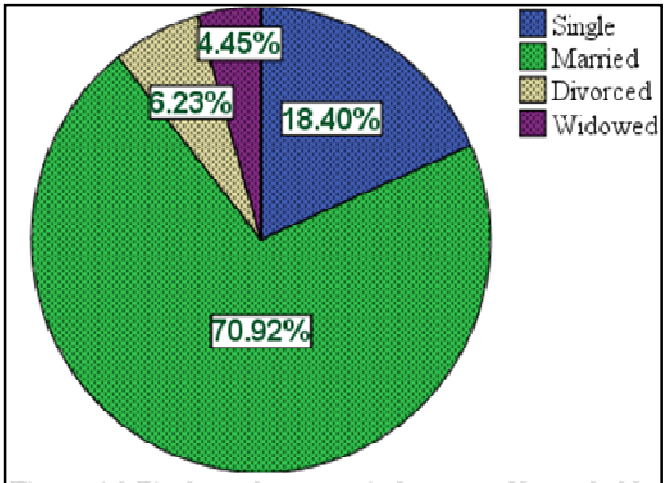

Figure 4.2 Piechart shows marital status of household heads in Mettu Town ,2018 survey Data

Inferential Results for the outcome variable: In this section, the correlation matrix, colinearity information of independent variables and univariable and multivariable multiple linear regression results and checking the assumptions of multiple linear regression analysis are presented. In this section the correlations matrix were used to measure the degree of linear association between two variables. In our case, we have to correlate the relation between Independents and outcome variables (household heads saving behavior). Variance Inflation Factors (VIF) greater than 10 are generally seen as indicative of severe multi-collinearity. The 1/VIF column is the tolerance and it ranges from 0 to 1, with 1 being the absence of multi-collinearity. In our case all of the VIFs are below 10 and all of the tolerances are close to one indicating that there is no problem of multi-collinearity in our data. Table 4.3 shows us correlations between household saving behavior and independent variables. Households amount of saving (households saving behavior) is negatively correlated with work status and housing status. The coefficient estimates of correlation -0.0095 and -0.1849 for working and housing status respectively. The result suggests that working and housing status are independent of households saving behavior. From table 4.3 above there is positive correlation between age, sex, educational level, religion, marital status, household size, income of household heads, saving place, credit from microfinance institution, expenditure of household heads, information to save and encouragement to save from their income related with household's amount of saving. This result shows that the age of household heads, sex, educational level, religion, marital status, household size, income of household heads, saving place, credit from microfinance institution, expenditure of household heads, information to save and encouragement of saving behavior is positively correlated with households saving behavior measured by household's amount of saving in birr.

Table 4.1. Summary results for Households amount of saving per month from monthly income

Variables	Mean	Std. Deviation	Minimum	Maximum
Households amount of saving	852.97	1149.472	0	6000

Table 4.2. Summary results between dependent variable (households saving behavior) and independent variables

Variables		Frequency	Percentage
Sex	Male	265	78.6
	Female	72	21.4
Age	<20	20	5.9
	20-40	93	27.6
	41-60	173	51.3
	>60	51	15.1
Work status	Self employed	165	49.0
	NGO	40	11.9
	Civil servants	118	35.0
	others	14	4.2
Housing status	Owner	164	48.7
	Renter	158	46.9
	Other	15	4.5
Saving status	Yes	166	49.3
	No	171	50.7
Size of households	1-2	148	43.9
	3-4	111	32.9
	>5	78	23.1
Income	<1200	17	5.0
	1201-2400ETB	42	12.5
	2401-3600ETB	47	13.9
	3601-4800ETB	68	20.2
	4801-6000ETB	69	20.5
	>6000	94	27.9
Information to save	Yes	136	40.4
	No	201	59.6
Expenditure	>income	72	21.4
	<income	197	58.5
	=income	68	20.2
Encouragement	For emergency	156	46.3
	To earn interest	121	35.9
	To invest	55	16.3
	To buy luxury Goods	5	1.5
Credit from loan/MFI	Yes	149	44.2
	No	188	55.8
	no formal education	6	1.8
Educational level	primary	43	12.8
	secondary	102	30.3
	Above secondary	107	31.8
	Degree and Above	78	23.1
	PhD	1	0.3

Table 4.3. Stata output for Correlation Matrix of dependent and independent Variables

	Househ~g	age	sex	educat~n	workst~s	housin~s	religion
Households~g	1.0000						
age	0.1342	1.0000					
sex	0.0600	0.3453	1.0000				
education	0.0554	0.3496	0.3149	1.0000			
workstatus	-0.0095	0.2547	0.1388	0.1878	1.0000		
housingsta~s	-0.1849	0.1890	0.2938	0.3628	0.2623	1.0000	
religion	0.1871	0.3192	0.1803	0.2807	0.0938	0.1649	1.0000
marital	0.0686	0.5629	0.4008	0.3957	0.2144	0.1813	0.2871
size	0.1035	0.4787	0.3101	0.2996	0.0903	0.0882	0.3165
income	0.5031	0.4500	0.1890	0.2595	0.2454	0.0100	0.3645
place	0.0186	0.2735	0.3420	0.3139	0.1560	0.2473	0.2001
Credit	0.0655	0.3505	0.2872	0.3637	0.1728	0.2932	0.2089
expenditure	0.1323	0.3500	0.2492	0.3642	0.1242	0.2635	0.2652
information	0.0112	0.4004	0.3606	0.3521	0.2022	0.3265	0.2412
Encouragem~t	0.0109	0.2476	0.2860	0.2782	0.1420	0.2033	0.2174

This means that as these variables increase household's amount of saving also will increase and vice versa.

Test of Multicollinearity: In this assessment, first VIF is applied to detect multicollinearity in the model. It has been noted that if any of the VIF is greater than 10, those variables are highly related to the other repressors. But in all cases as shown in Table 4.4, it is found that none of the variance inflation factor is greater than 10. Hence there is no problem of colinearity between independent variables.

Multiple linear regression results

Model specification: Before we fit the multiple linear regression model, first we check for linear functional form based on graphical displays of the dependent variable with each of the independent variables. The plots displayed in Figure 4.1 indicate that the relationship between the dependent and independent variables is near linear. Next we fit a multiple linear regression model, for the dependent variable when all the explanatory variables are included, the functional form is:

The fitted multiple linear regression models are given by:

Y (households amount of savings) = $\beta 0 + \beta 1age + \beta 2sex + \beta 3education + \beta 4work + \beta 5housing + \beta 6religion + \beta 7marital + \beta 8size + \beta 9income + \beta 10place + \beta 11credit + \beta 12expenditure + \beta 13information + \beta 14encouregement + \varepsilon i$

Where Bo is a constant which gives the value of Y, when X=0. It is called the Y intercept. $\beta 1, \beta 2, \dots, \beta 14$ is a c indicating the slope of the regression line, and it gives a measure of the change in Y for a unit change in X1, X2,….,X14. It is also regression coefficient of Y on Xi. The result of OLS (Ordinary least square estimation) estimates for the multiple linear regression model given in equation (4.1) are shown in Table 4.5. From table 4.5 above multiple linear regression analysis results indicate that working status, housing status, size of household heads, income of household heads and encouragements to save their income were significantly affect(since p-value(0.013, 0.001, 0.046, 0.000 and 0.014 is less than 5%) and age of households, sex of households, level of education, religion of household heads, marital status, saving place, credit from micro finance institution, expenditure of household heads, and information were not Significantly affects the household saving behavior (since p-value is larger than 0.05) in Metu town during the study period. From equation 4.1 above the fitted regression line from table 4.5 results is given by

Y (Households amount of savings)
$= 1164.255 - 53.488age + 70.456sex - 7.879education - 139.147work - 358.060housing + 60.168religion - 83.226marital - 146.517size + 340.742income + 2.347place - 10.564credit - 39.553expenditure - 87.041information - 170.560encouregement + \varepsilon i$…….equation (4.1)

From the fitted MLRM (Multiple linear regression model) there is also positive relationship between sex of household heads, religion of household heads, income of households heads, households place of saving, with household saving behavior(household amounts of saving in birr). Based on the results given in this table 4.5, fourteen (14) of the ten explanatory variables considered in this study were found statistically negatively associated with the households amounts of savings (households saving behavior). They are age of households, educational level, working status, and housing status, and marital status, size of households, credit, expenditure, information and encouragements.

Interpretation of the final regression model for significant variables: For measuring the household's amount of saving in birr using explanatory variables ,the stepwise discriminate analysis results presented in Table 4.5, five of the fourteen variables are selected for analysis to be included in the final regression model and the remaining are excluded from analysis and, hence, omitted from the model.
The final multiple regression model using significant variables is given by

Y(Householdsamountofsaving)
$= 1164.255 - 139.147work - 358.060housing - 146.517size + 340.742income - 170.560encouregement + \varepsilon i$

For every unit increase in working status of households, the amount of households saving(household saving behavior) decreased by 139.147 birr per month, holding all other independent variables constant and there is also negative relationship between work status and households saving behavior. The overall average number of household amount of saving per month would be 1,164.255ETB keeping other variables are constant. If the housing status of households will increases by one unit the amount of households saving decreased by 358.06birr per month and keeping other independent variables constant. If the number of household size increases by one unit the amount of households saving will be decreased by 146.517 birr per month and keeping all other independent variables constant. If saving behavior households of Metu town community encourages saving by one unit the amount of households saving will decreased by 170.560birr. Finally, if the income of households will increases by one unit (birr) keeping other predictor variables are constant, the amount of households saving behavior will increases by 340.742birr per month. The remaining variables are non-significant since p-value is greater than the default value (alpha =0.05).

Appropriateness of the regression model: Predictors: (Constant), encouragements, level of education, credit, age, expenditure, religion, place of saving, work status, sex of households, housing status, information, size of households, marital status, income of households

Dependent Variable: Household's amount of saving in Birr
From the above table 4.6 coefficient of determination (R^2=30.7%) the goodness of the fitted model approximately poor model. But, note that small and large value of coefficient of determination does not tell us the model is good or poor model. Usually we saw the model is poor model. From table 4.6 indicate that the overall significance of the regression parameter is statistically significant since p-value (0.000) is less than 5%. We can say that the reduction in the total variation in households amount of saving is about 30.7 % when accounting for encouragements , level of education, credit, age, expenditure, religion, place of saving, work status, sex of households, housing status, information, size of households, marital status, and income of households.

Table 4.4. Variance inflation factor (VIF)

Independent Variable	VIF	$\frac{1}{VIF}$(Tolerance)
Age of household heads	1.268	.789
Sex of households	1.122	.891
Level of education	1.034	.967
Work status	1.091	.917
Housing status	1.233	.811
Religion	1.101	.909
Marital status	1.198	.835
Size of households	1.187	.843
Income of households	1.283	.779
Place of saving	1.042	.960
Credit	1.102	.908
Expenditure	1.080	.926
Information	1.127	.887
Encouragement	1.037	.965

Table 4.5. Results of Multiple Linear regression Model

Coefficients					
Variables	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	1164.255	634.500		1.835	.067
age	-53.488	77.059	-.036	-.694	.488
sex of households	70.456	137.629	.025	.512	.609
level of education	-7.879	52.177	-.007	-.151	.880
work status	-139.147	55.464	-.122	-2.509	.013
housing status	-358.060	102.069	-.181	-3.508	.001
religion	60.168	68.125	.043	.883	.378
marital status	-83.226	89.604	-.047	-.929	.354
size of households	-146.517	73.232	-.101	-2.001	.046
income of households	340.742	39.240	.456	8.683	.000
place of saving	2.347	51.922	.002	.045	.964
credit	-10.564	112.563	-.005	-.094	.925
expenditure	-39.553	85.874	-.022	-.461	.645
information	-87.041	115.235	-.037	-.755	.451
Encouragements	-170.560	69.284	-.116	-2.462	.014
Dependent Variable: Household's amount of saving in Birr					

Table 4.6. Model summary for regression model

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.554	.307	.277	977.634

Table 4.7. ANOVA table for the overall significance of the parameter

Anova						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1.362E8	14	9728193.135	10.178	.000[a]
	Residual	3.078E8	322	955768.102		
	Total	4.440E8	336			

Conclusion and Recommendation

This paper analyzes the effect of encouragements, level of education, credit, age of households, expenditure of households, religion of households, place of saving, work status of households, sex of households, housing status, information, size of households, marital status of households, and income of households on saving behavior of households in Metu town. In this study, the average amount of household saving monthly is birr 852.97 birr per month and almost 49.3 percent of households were involved in saving (saving be it the formal or informal institutions). According to descriptive statistics of the sample households, the highest percentage of income of households was observed greater than 6,000ETB (27.9 percent) followed by in between 4,801 to 6,000ETB (20.5 percent) and 3601 to 4800ETB (20.2 percent). On the other hand, the lowest percentage of income of households was recorded in between 2,401 to 3,600ETB (13.9 percent), 1201-2400ETB (12.5 percent) and followed by households income which is less than 1,200birr (5.0 percent). Hence, there appears to be some variation in proportion of income of household's heads in Metu during the study period. The figures show that out of the 337 sample of households who participated in saving in the study area, the proportion of household heads using informal financial institutions is higher than the formal saving options like bank and microfinance institutions in the year during which the data was collected. As illustrated in the correlation analysis of saving behavior of households indicate that, there is statistically and significantly positive correlation between age, sex, educational level, religion, marital status, household size, income of household heads, saving place, credit from microfinance institution, expenditure of household heads, information to save and encouragement to save from their income related with household's amount of saving. This result shows that the age of household heads, sex, educational level, religion, marital status, household size, income of household heads, saving place, credit from microfinance institution, expenditure of household heads, information to

save and encouragement of saving behavior is positively correlated with households saving behavior measured by household's amount of saving in birr. This means that as these variables increase household's amount of saving also will increase and vice versa. In this study, the researcher employed multiple linear regression analysis to these factors that are expected to facilitate the saving behavior of households. The results of multiple linear regression analysis, showed that working status of households, housing status of households, household size, income of household heads and encouragements to save their income have statistically significant effects on the saving behavior households in Metu town during the study period. Finally, the saving households' behavior related factors studied through the multiple regression analysis revealed that factors such as income of the household head, working status of household heads, housing status of household heads, household size, and encouragements to save their income were found the major contributors to the saving behavior households in Metu town during the study period. Moreover, the factors were ranked based on their importance to the discrimination of the household heads saving behavior. Accordingly, in income of the household head was first ranked followed by housing status, working status, encouragements and household size. In this study, income of household heads and housing status was found the most important factor in aggravating amount of saving to the households.

Recommendation

Based on the result of the study researcher forward some recommendations. Based on the findings of our study different factors were identified for saving behavior of households.

- It should be noted that household size is known to be one of the leading causes of saving household behavior in the study area. This implies that policy measures directed towards the provision of better family planning to reduce household size should be given adequate attention and priority by the federal and regional governments.
- The saving behavior of the study area is largely determined by income of the household. In this context there is a need to further intensively the income generating programmes in the study area.
- Education that encompasses all aspects of training and it is therefore important that Metu Town administration should design a policy which enables household heads to reduce their household size by teaching family planning for the community.
- Future researchers should focus on important risk factors that affect the amount of saving households or status of household saving behavior at rural and urban area that would provide better insights for both management and regulatory bodies.
- Concerned bodies of Metu town administrative should attempt to give an emphasis to the community for specific factors like household head size, housing size, working status, encouragement and income of households. Because, those specific factors have significant effect on household saving behavior during the study period.
- Finally, we recommend for further studies to be conducted on the area of household saving behavior especially in all Woredas of Illubabor Zone by considering detail and accurate information on various variables including political and other factors that affect household's amounts of saving. It is also recommended to conduct a study that compares status of saving behavior in rural households with urban households.

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