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AN ANALYSIS OF SAVING PRACTICES AND PREFERENCES OF LOW-INCOME EARNERS IN ESWATINI: A CASE STUDY OF TEXTILE WORKERS

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Abstract

This study analyzed the saving practices and preferences of low-income earners in the textile industry in Manzini, Eswatini. The study analyzed three key fiscal management practices; saving attitude, budgeting, and spending practices to determine whether low-income earners have good or bad saving practices and preferences. The study adopted a quantitative research approach. Self-administered questionnaires were used to collect primary data from 386 randomly selected participants using the stratified random sampling technique. The findings indicated that low-income earners have good saving practices and preferences. The t-test and ANOVA analysis showed that the saving practices and preferences of low-income earners vary significantly with their age, marital status, household size, education, income level and family background. Logistic regression analysis results showed that household size, education and income level were the only demographic variables that influence saving practices and preferences of low-income earners. Based on the findings, the study concluded that in spite of their low income which constraint saving, textile workers have good attitude saving.

Keywords: Saving Practices and Preferences, Logistic Regression, Low-Income Earners

1. Introduction

Finance is the lifeblood of any economy, enterprise and of any individual hence managing it becomes very vital and crucial for any economy (Nandanan and Fernandez, 2017). According to Centre for Financial Inclusion Report (2015) saving is a critical area of personal finance. Savings is one of the critical tools that households utilize to achieve their financial goals and also to improve their financial well-being (Yao *et al.* 2011). Household saving is one of the important instruments for an economy and is considered a fundamental instrument of welfare in developing countries (Mahlo, 2012).

Loko *et al.* (2022) noted that the savings rate in the African region, in particular the Sub-Sahara Africa (SSA), was the lowest amongst world's developing countries. The aggregate national savings in the region were approximately 18% of Gross Domestic Product (GDP) in 2005

which contrasted unfavorably with the 26% in Southern Asia and 43% in Pacific and East Asian countries. The Factbook (2018) ranked Eswatini position 117 with Gross National Saving of 11.1% of GDP. Coulibaly and Gandhi (2018) state that the average domestic savings for the SSA was 15% of GDP, which point to unfavorable saving habits of Eswatini as a country since the gross national saving rate is far below the SSA average domestic saving rate.

The Factbook (2018) shows that Eswatini has a high-income inequality than most developing countries. Income distribution is highly skewed, with an estimated 20% of the population controlling 80% of the nation's wealth. These statistics suggest that Eswatini's employment population is comprised of many low-income earners which may explain the low saving rate in Eswatini as the majority of the working population earn low income, struggle to meet their daily expenditures and save. The Swaziland Household Income and Expenditure Survey (2017) states that the total extreme poverty line includes the food poverty line and the non-food basic needs like rent, education, transport, medical expenses, amongst others. According to the study, the per capita food poverty line is 2,100 kilocalories per day per adult and the cost of the minimum food basket is estimated at SZL463.40 per month. This as per the study is set as the food or extreme poverty line. Therefore, the total minimum basket for a household depends on the household size and that suggest that for a household with a size of five (5) members where, for instance there are two (2) adults and three (3) children, the total minimum basket for the minimum food poverty line is SZL1,621.90.

The textile and clothing industry plays a key role in Eswatini's manufacturing sector and has remained a major creator of employment because it is labor-intensive. The industry was hit hard by the withdrawal of the Africa Growth and Opportunities Act (AGOA) which decreased the number of jobs from 30,000 to 14,373 between 2004 and 2005. Even though the number of jobs decreased (because of the withdrawal of AGOA), textile workers still form a considerable number of the low-income household in Eswatini. Most of the workers in the textile industry earn between SZL1 300 and SZL1 500 per month (Zwane, 2018). The Government of Eswatini (2018) states that the minimum wage rate is SZL283.72 per week (which translates to a monthly minimum wage of SZL1 134.88). The food poverty line alone is above the maximum wages for textile workers, without even considering the non-food basic items such as rent and transport. The Swaziland Household Income and Expenditure Survey (2017) point out that the non-food basic items are essential for households so much that they will even forgo meeting their calories requirement (or consume an "inferior" basket) in order to purchase them. It is against this backdrop that this study sought to investigate whether textile workers are able to make savings for future consumption with the little income that they earn considering their present daily expenditure. The cost of living at Eswatini is at an all-time high and for the low-income earners, they find it difficult to make ends meet, let alone save. In the face of the fiscal challenges in the Kingdom of Eswatini versus the increase in the general cost of living, education amongst other basic expenditures, low-income households as indicated above have little income to cope with, yet they must save for the future. Saving theories such as the Absolute Income Hypothesis, Permanent Income Hypothesis and the Life-Cycle Hypothesis suggest that savings are positively correlated with income. Therefore, this study sought to analyze the factors that influence the saving practices and preferences of textile workers considering that they are low-income earners.

The objectives of this study were to investigate the saving practices and preferences of textile workers, determine whether these saving practices and preferences among textile workers differ from their demographic characteristics and determine the factors that influence the saving practices and preferences of the textile workers. This study contributes to the personal fiscal management literature by offering evidence on the saving practices and preferences of low-income earners in Eswatini. To the best of our knowledge, no existing studies provide any evidence on the saving practices and preferences of low-income earners and their ability to save in Eswatini, a developing country that has high income inequality (comprising of most of the work force earning low income) and whose saving rate is below the region's average saving rate. Most research studies undertaken focused on household saving behavior of developed countries. This is the first study in Eswatini that seeks to analyze the saving practices and preferences of low-income earners in the country. The study found that despite their low income, textile workers have good savings and practices and preferences. The study found that the household size,

educational level, and income level predict the saving practices and preferences of the textile workers. Age, gender, marital status, and family background do not predict the saving practices and preferences of the textile workers.

The rest of the paper is organized as follows: Section 2 reviews the literature on saving practices and preferences. The methodology is discussed in Section 3. Section 4 presents and discusses the results. Section 5 provides conclusion drawn from the findings of the study.

2. Literature review
2.1. Saving practices and preferences

In simple terms, saving is putting money aside for future use. Keynes (1936) defines saving as the portion of disposal income which is excess after consumption of consumer goods. According to Virani (2012) saving is sacrificing the current consumption in order to increase the level of living standard and fulfilling the daily requirements in the future. Saving practices can also refer to saving behavior. Thung *et al.* (2012) define saving behavior as the combination of perceptions of future needs, a saving decision, and a saving action. The importance of saving is well-captured in Aesop's Fables, where an ant worked tirelessly collecting and preserving corn for the winter season while the grasshopper was enjoying the feasting time without saving for the future. Numerous studies supported Aesop's Fables by highlighting numerous benefits of savings. Oxford Economics (2014) indicates that for households, savings build resilience against recessions and life events and creates wealth that ensures citizens have an adequate income in retirement. Njung'e (2013) observed that savings play a significant role in economic development since an increase in savings can lead to an increase in investment and the GDP of a country can improve.

Saving practices and preferences can be measured using the attitude of saving, spending practices, and budgeting practices. An attitude can be defined as a way of feeling towards a certain idea, object, person, or situation. Attitude can influence a person's action or thoughts, either positively or negatively. Attitude towards saving can be simply defined as the feeling towards the importance and the practice of setting aside income for future consumption. Lopes *et al.* (2019) state that if an individual considers that saving behaviors are important and he/ she has cheerful outlook towards such behavior, it is more likely to increase the intention to act on saving. Therefore, it can be assumed that a person who has a more positive attitude towards saving will show good saving behavior. Traut-Mattausch and Jonas (2015) state that the influence of financial satisfaction on attitude towards saving depends on income, of which low-income people have a low ability to save. Therefore, if they are unsatisfied with their financial situation, saving will not seem possible, and they will develop a negative attitude towards saving. Such an attitude will result in less saving behavior. In contrast, if low-income people are satisfied with their financial situation, saving can become feasible and therefore a positive attitude towards saving can be formed. A cheerful outlook may result in good saving behavior (Traut-Mattausch and Jonas, 2015). A proper spending plan can help one prioritize spending to be left with money for saving or can include savings as priority on the plan. Additionally, budgeting, also known as financial planning, can help improve savings by discouraging unnecessary spending of income. Studies on personal saving like Tam and Dholakia (2011) have also suggested that financial planning can encourage saving behavior.

Saving practices and preferences are meant to be practiced by everyone in different income groups with regards to attitude of saving, spending practices and planning or budgeting practices. The extent to which an individual engages in these practices is the distinguishing factor between good or bad saving practices and preferences. Good saving practices and preferences will constitute the individual's cheerful outlook towards saving, the ability to spend their resources responsibly and according to plan, and the ability to plan properly on how to use their resources.

2.2. Saving practices and demographic variables

Savings habits are significantly influenced by certain socio-economic and demographic characteristics, cultural and physical variables as well as institutional factors. It is therefore

imperative to understand the factors that affect saving practices and preferences of low-income earners. This study considered the following demographic factors, level of income, age, gender, household size, educational level, marital status, and family background.

2.2.1. Income level

Empirical research agrees with the Absolute Income Hypothesis which states that savings are directly and linearly related to current disposable income. The literature underlines the fact that household saving rates are low where income is low or near or below subsistence level. According to Kodom (2013) various empirical studies based on different methodologies conducted in distinct parts of the world, all found a positive relationship between income and savings. For instance, a study by Kudaisi (2013) of West African countries during 1980-2006 confirmed that increase income has a positive effect on household savings. Similarly, Guma and Bonga-Bonga (2016) in their empirical work among corporate and household savings in South Africa as well as Fisher and Anong (2012) in their study of 3,822 non-retired households in the United States all confirmed that an increase in income has a positive effect on household savings. Chowa *et al.* (2012) indicated that low and irregular income have been posited to contribute to Sub Saharan Africa low savings rate. Low-income earners form a majority of the work force in Eswatini and in sync with the study of Chowa *et al.* (2012) the saving rate of the country is low.

2.2.2. Age

The Life-Cycle Hypothesis by Modigliani and Brumberg (1954) factors age as an important variable in explaining saving behavior. Kelley (1968) found that the age of the head of the household is an important determinant of household savings in rural households and that the average and marginal saving rates raised the share of agricultural income. Amaglobeli *et al.* (2019) state that individuals are more likely to save during their working years. The middle-aged groups tend to have positive savings, while younger and older groups will have negative savings (Poon and Hon, 2015). One of the flaws of the Life Cycle Hypothesis is that it does not address the one important aspect of this study of low-income earners who are unable to save during their working period. This means therefore that if one were unable to save during his working days, he or she would not be able to provide for their families at retirement. A study conducted by Gedela (2012) used the multiple and logistic regression approach to analyze the determinants of saving in both rural and tribal areas and the results concluded that age of the household head positively related with saving and square of the head's age negatively related with saving, which showed that saving increase with the age but tends to decline when cross a certain limit.

2.2.3. Gender

Studies have shown that the economic well-being and financial behaviors of people differ significantly (Muriithi and Muriithi, 2014). Women tend to face constraints that are different from those faced by men; as a result, their saving practices differ. Women particularly those in most developing countries have been found to hold lower levels of wealth and have significantly lower earnings than men (Gonzales *et al.* 2015), hence that result in different financial behaviors. Studies such as Gedela (2012) indicated that female headed households save less as compared to male headed households. However, a study in Ethiopia by Hailesellasie *et al.* (2013) reveal that female individuals had better save behavior than males because of the life developed style by the community and household consumption and cost in any social interaction. The textile industry in Eswatini is dominated by the female workers and the study sought to determine whether saving practices and preferences differ with gender and whether gender influences savings practices and practices.

2.3.4. Household size

Household size is another major determinant of saving behavior. A study by Mosk (2010) indicates that household saving rates are higher when the dependency ratios are low. Kibet *et al.* (2009) concur that an increase in dependency ratio decreased saving, while a decrease in dependency ratio increased saving among households in Kenya. This is evident on the China's one child policy case which had resulted in high household savings in China (Kraay, 2000). The family structure of the Eswatini is such that there are extended families and therefore the dependency ratio is high and thus decreases likelihood of high savings on Emaswati.

2.3.5. Education level

Education is one of the factors that positively influence saving behavior (Mahdzan, 2013; Chiang *et al.* 2019). Higher levels of education imply better understanding of economic management, hence better saving practices, whereas low levels of education imply poor understanding of fiscal management, hence poor finance decisions. Lusardi and Mitchelli (2007) show that people with low level of education demonstrate low levels of financial literacy, which subsequently affect financial decisions hence low savings. Education was found to be a significant predictor of savings in Kenya (Kibet *et al.* 2009). Their study revealed that higher education level translates to higher savings level. Son and Park (2019) acknowledged that education is especially important in raising the level of self- awareness to inculcate saving behavior.

2.3.6. Marital status

Marriage can be considered as an institution of wealth enhancing, on the basis of economies of scale since the couple can achieve the same utility in consumption with less combined expenditure (Grossbard and Pereira, 2010). This may imply that money will be left for savings in marriage households. In their study Grossbard and Pereira (2010) reveal that married households save more than singles due to their multiple sources of income (the income of the partners) and economies of scale with to respect basic expenditure. In married households, spouses combine their income and share the same expenditure, and more money is left for savings. However, Mosk (2010) study showed that widowed household save more than married and unmarried household because they face unanticipated and extra risk of life such as rearing children alone.

2.3.7. Family background

Family background is one of the factors that influence saving behavior (Bona, 2018). A study conducted by Kassim *et al.* (2019) in Malaysia among Muslims employees found that family background was one of the factors that had significant relationship to saving behavior. Most of the children in most countries grow in families where they are either raised by single parents, both parents, relatives or child headed families. Nevertheless, family is the first surroundings for every child and therefore the first trainer for every child. When coming to saving behavior, Cronqvist and Siegel (2015) state that family becomes the first source of every child to learn from, and the more family members the more sources for the children to learn from. Shim *et al.* (2010) argue that the role played by parents predicting young adult behavior is substantially greater than the role played by work experience and high school financial education, since the financial behavior formed in childhood persists into adulthood. In addition, Firmansyah (2014) in an analysis to determine the influence of family background on student's saving behavior found a high correlation between parents support and parents experience of saving toward students saving behavior. It is evident from the literature above that individuals who have been raised by their parents are mostly likely to have better saving practices than those that grew up without parents.

3. Methodology

This paper is based on data collected through a survey from a population of 10 923 employees from the operating textile firms in Matsapha, Eswatini. Proportionate sampling was applied to the sample of 386 textile workers that from the fourteen firms was calculated using the Yamane (1967) formula. The research instrument (the structured questionnaire) was pre-tested through a pilot study. The pilot study revealed that most of the participants on the pilot sample had challenges in reading the questionnaire in English, hence their understanding of the questionnaire was questionable. Consequently, the questionnaire was translated to the vernacular; Siswati. The Cronbach's Alpha coefficient was used to measure the inter-correlations of items. The alpha values for attitude towards savings, impact of spending on saving and impact of budgeting on saving were 0.73, 0.80 and 0.72, respectively. Data were collected through a self- administered, closed-ended questionnaire adopted from Pattanashetti (2012). Out of the 386 questionnaires distributed as per the sample size, 324 were correctly filled in and returned, representing a responsive rate of 84% which was considered adequate.

4. Findings and discussion

In Table 1, we present demographic statistics by gender, age, education, number of dependents, income levels and family background. It is observed that a majority of the participants were females (69%) compared to males (31%), a finding that confirms the observation of the AFL-CIO Solidarity Centre (2014) in conjunction with the Trade Union Congress of Swaziland (TUCOSWA) that female employees have dominated the textile industry. The 18-25, 26-35 and the 36-45 age groups respectively constituted 25%, 31% and 32% of the participants.

Table 1. Demographic statistics of the participants

Demographic variables		Summary statistics		
		Frequency	Percent (%)	Cumulative Percent (%)
Gender	Male	101	31.2	31.2
	Female	223	68.8	100.0
Age	18-25	80	24.7	24.7
	26-35	100	30.9	55.6
	36-45	104	32.1	87.7
	Above 45	40	12.3	100.0
Marital status	Single	114	35.2	35.2
	Married	137	42.3	77.5
	Divorced	49	15.1	92.6
	Widowed	24	7.4	100.0
Number of dependents	None	24	7.4	7.4
	1 to 2	68	21.0	28.4
	3 to 5	104	32.1	60.5
	More than 5	128	39.5	100.0
Education level	None	1	0.003	0.003
	Primary	55	17.0	17.3
	Secondary	99	30.6	47.8
	High school	134	41.4	89.2
	Tertiary	35	10.8	100.0
Income level (SZL)	Below 1000	72	22.2	22.2
	1000-2000	140	43.2	65.4
	2000-3000	84	25.9	91.4
	Above 3000	28	8.6	100.0
Family background	Both parents	110	34.0	34.0
	Single parent	114	35.2	69.1
	Child-headed	33	10.2	79.3
	Lived with relatives	67	20.7	100.0

Source: Authors' construction based on data collected

This finding is not surprising as the labor-intensive nature of the textile industry suits young people. The education levels reported in this study confirm the notion that the textile industry is largely labor-intensive and attracts semi-skilled workers without advanced education. The Participants that had primary level were at 17%, Only 11% of the participants had tertiary qualifications while 41.4% had high school education and 31% of the participants had secondary education. The Regulation of Wages (Textile and Apparel Industry) Order (2018) states that the minimum wage rate is SZL283.72 per week, which translates to a monthly minimum wage of SZL1134.88 since none of the participants indicated that they earn less than the minimum wage rate stipulated. It can be inferred that some firms were not complying with this order as 22% of the participants reported that they earned monthly income below SZL1000 (which is below the minimum wage). The low wages prevalent in this industry are confirmed by the findings as 43% of the participants reported that they earn monthly income that ranges from SZL1000 to SZL2000. Those who earned monthly income that ranges from SZL2001 to SZL3000 were 26%. It is interesting analyze how the textile workers save considering the monthly incomes reported in this section.

4.2. Saving practices, preferences, and demographics

In Table 2 we report demographic statistics by gender, age, education, number of dependents, income levels and family background, which are useful in highlighting observed differences in characteristics and the saving practices and preferences indicators between these sub-samples. Saving habits significantly differ by demographic characteristics . This section aims to determine whether saving practices and preferences (saving attitude, spending, and budgeting practices) differ with demographic characteristics. Therefore, the demographics characteristics of the participants were evaluated for their level of significance with their saving practices and preferences using mean scores using t-test for variable with two categories and ANOVA Analysis for variables with more than two categories.

Participants within the age group of 26-35 years (mean of 3.64), had the best attitude towards saving, followed by age group 18-25 years and 36-45 years with mean scores of 3.48 and 3.11, respectively, and the worst group being age group above 45 with mean score of 3.05. The 18-25 years age group had the best spending practices with mean score of 3.40, followed by age group 26-35 years and 36- 45 years with mean scores of 3.37 and 3.18, respectively. The last age group were those above 45 with the mean score of 3. On the budgeting practices, the age group 26-35 also had better budgeting practices than all other groups (mean of 3.71), also followed by 18-25 years and the 36-45 years age group with mean scores of 3.64 and 3.34, respectively. The last group being the age group above 45 years age group with a mean score 3.15. Overall, textile workers ranging between age 26-35 years were found to have better saving practices and preferences (mean of 3.60) than all the other age groups while those above 45 years had the worst saving practices and preferences (mean of 3.00). The Life Cycle Hypothesis recognizes that labor income improves as individuals move up in the financial life stages hence saving behavior of individuals become better as individual grows up and dis-save on retirement stage. Similarly, Borko (2018) differs with the present study since he found that most of the participants who were underage category of 36 to 60 had highest savings than the rest of the age categories. The findings of this study contradict the above expectation of general life, theory, and previous studies. Therefore, further analysis was undertaken to find why participants above 45 years had the worst saving practices and preferences than the other age groups. Age was cross tabulated with income to determine if participant's income has increased with age. The results as illustrated in Table 3 indicated that only 20% of the participants above 45 years earn monthly income above SZL3000. This shows that there was no improvement of salary as age increases in textile industry as a majority would have been expected to earn above SZL3000 as predicted by the Life Cycle Hypothesis.

Saving attitude and spending practices were statistically different among marital status since p-values are 0.00 and 0.07, respectively. However, the participants' differences in budgeting practices were found to be insignificant. Married participants were found to have better saving and spending practices than the unmarried (single, divorced, and widowed) since they had greater

means scores than the rest. The overall saving practices and preferences are statistically significantly different among the various marital status since the p-value (p-value=0.00). The results also show that the married participants had better savings practices and preferences (mean of 3.60), followed by those who were single (mean of 3.30) while the divorced and widowed had the worst with mean of 3.04 and 3.01, respectively. The findings of the study support the findings of Grossbard and Pereira (2010) which alluded that married households had better saving practices than singles due to multiple sources of income, economies of scale and shared expenditure.

The differences are statistically significant between the overall saving practices and preferences among the participants different when they are classified by the number of dependents (p- value =0.00 < 0.05). The results also show that the saving attitude, spending, and budgeting practices of participants are significantly different among the number of dependents. The findings of the study show that saving attitude, spending, budgeting and overall saving practices and preferences decrease as the number of dependents of participants increases. The average scores of overall saving practices are as follows; participants with no dependents (mean = 3.82), participants with 1 to 2 dependents (mean = 3.79), participants with 3 to 5 dependents (mean = 3.33) and those with more than 5 dependents (mean = 3.08).

According to Chiang *et al.* (2019) education may influence someone's saving behavior. This is solely because education increases financial literacy and helps individuals manage their finances better. Our findings are consistent with Lursadi and Mitchell (2007) and Kibet *et al.* (2009) amongst others, which revealed that people with low level of education demonstrates low levels of financial literacy, which subsequently affect financial decisions hence low savings.

Table 2. Saving practices, preferences, and t demographic variables of participants (n=324)

Demographic variables		Savings Attitude			Spending practices			Budgeting practices			Overall saving practices and preferences			
		Mean	Std. Dev	P-value	Mean	Std. Dev	P-value	Mean	Std. Dev	P-value	Mean	Std. Dev	F-value	P-value
	Male	3.49	1.03	1.26	3.27	0.91	0.96	3.70	1.12	0.03**	3.49	0.93	1.53	0.13
Gender	Female	3.30	1.07		3.27	0.98		3.42	1.09		3.31	0.96		
	18-25	3.48	1.16		3.40	1.07		3.64	1.17		3.50	1.07		
	26-35	3.64	0.99	0.08	3.37	0.84	0.09	3.71	1.08	0.01**	3.60	0.85	5.50	0.00***
Age	36-45	3.11	0.97		3.18	0.94		3.34	1.01		3.17	0.89		
	Above 45	3.05	1.07		3.00	1.00		3.15	1.16		3.06	0.97		
	Single	3.27	1.15		3.24	0.99		3.45	1.14		3.30	1.04		
Marital status	Married	3.65	0.96	0.00***	3.40	0.95	0.07	3.67	1.02	0.11	3.60	0.86	6.26	0.00***
	Divorced	2.97	0.89		2.99	0.88		3.33	1.05		3.04	0.83		
	Widowed	2.88	1.06		3.19	0.92		3.23	1.44		3.01	0.97		
	None	3.83	0.82		3.88	0.96		4.04	1.04		3.82	0.71		
Number of dependents	1 to 2	3.67	0.96	0.00***	3.62	0.74	0.00***	3.99	1.01	0.00***	3.79	0.89	11.49	0.00***
	3 to 5	3.34	1.03		3.19	0.85		3.45	0.94		3.33	0.86		
	More than 5	3.06	1.12		3.04	1.05		3.19	1.18		3.08	1.04		
	None	2.00	-		2.51	-		2.50	-		2.30	-		
	Primary	2.57	0.79		3.00	0.85		2.77	1.13		2.60	0.74		
Education level	Secondary	2.86	0.91	0.00***	3.02	0.82	0.46	3.28	1.02	0.01**	2.97	0.83	40.38	0.00***
	High school	3.76	0.93		3.54	0.87		3.85	1.06		3.74	0.85		
	Tertiary	4.50	0.38		4.13	0.74		4.01	0.66		4.33	0.25		
	Below 1000	3.26	1.03		3.36	0.97		3.48	1.19		3.26	1.08		
Income level (SZL)	1000-2000	3.30	1.21	0.01**	3.16	0.97	0.35	3.36	1.05	0.07	3.37	0.93	3.06	0.03***
	2000-3000	3.38	0.98		3.31	0.99		3.64	1.13		3.40	0.92		
	Above E3000	3.98	0.85		3.43	0.74		3.89	0.99		3.85	0.73		
	Both parents	3.38	1.21		3.21	0.98		3.46	1.16		3.36	1.06		
Family background	Single parent	3.68	0.96	0.00***	3.48	0.93	0.01**	3.70	1.05	0.06	3.65	0.89	7.03	0.00***
	Child-headed	2.93	1.00		3.26	0.84		3.15	0.81		3.04	0.85		
	Lived with relatives	2.98	0.80		3.01	0.96		3.43	1.19		3.07	0.79		
Overall score		3.36	1.28		3.27	1.20		3.50	1.23		3.38	1.24		

Note: ** and *** denote significance at 5% and 1%, respectively.

Source: Authors' construction based on data collected

All theories of savings pointed to income as the main source of savings. Various empirical studies based on different methodologies conducted in various parts of the world, found a positive relationship between income and savings (Kodom, 2013). Table 2 shows that the saving attitudes of participants are significantly different among their income level. The saving attitudes of the participants improve as the level of income increases. The overall saving practices and

preferences of participants significantly vary with their level of income (p-value = 0.03 <0.05). The saving practices and preferences get better as income level increases; hence the mean scores increase with increase in income. Our findings are consistent with the Absolute Income Hypothesis and previous studies like Kodom (2013) amongst others and which all implies that the higher the income, the better the savings and vice-versa. While there are statistically significant differences between saving attitude and income levels, we do not find any evidence to suggest that spending and budgeting practices of participants are not significantly different among income levels.

The findings of the study revealed that overall saving practices and preferences (saving attitude, spending, and budgeting practices) and the mean differences between males and females' participants is not significant, implying that saving practices and preferences of participants did not differ with gender. Our findings are contradict Hailesellasie *et al.* (2013) who found that females have better saving habits than males. They also differ with Gedela (2012) who concluded that males have better saving practices than females.

Family backgrounds shape individuals' saving attitude, spending and budgeting practices. Firmansyah (2014) posited that children inherit the attitude and behavior from families, and this can predict the kind of financial decisions they will make in the future. Our findings show that differences in saving practices and preferences of participants' family background are statistically significant. Participants who were raised by single parents had the highest overall saving practices and preferences mean score of 3.65 than all the others from other family background. They were followed by participants who were raised by both parents (mean score of 3.36). and the least were those Participants who grew up living with relatives and those that lived in child-headed families had mean scores of 3.07 and 3.04, respectively. The present study is consistent with study conducted by Kassim *et al.* (2019) who used mean scores and that found that family background was one of the factors that had significant relationship to saving behavior.

The overall mean score differences of the saving practices and preferences and the demographics variables used in the study except for gender (p-value of 0.13) were statistically significant. This means that age, marital status, household size, education level, level of income and family background of the textile workers can be considered the reasons of the differences in their saving practices and preferences.

The mean scores were benchmarked at 3.0 indicating bad practice for participants obtaining mean score less than 3.0 and good practices for participants obtaining mean score more than 3.0. The overall saving practices and preferences of textile workers based on the saving attitude, budgeting and saving practices were fairly good. The last row of Table 2 shows the computation of the overall mean score for the saving attitude, spending and budgeting practices were above the benchmark score, confirming that textile workers have good saving practices and preferences.

Table 3. Participant's income according to age (n=324)

			Household monthly income				Total
			Below SZL1000	SZL1000-SZL2000	SZL2001-SZL3000	Above SZL3000	
Age	18-25 years		23	40	14	3	80
	26 years	-35	15	46	26	13	100
	36–45 years		26	38	36	4	104
	Above years	45	8	16	8	8	40
Total			72	140	84	28	324

Source: Authors' construction based on data collected

Age groups were further cross tabulated with the number of dependents and the results presented in Table 4 indicate that the majority (75%) of the above 45 years age group had more than 5 dependents. Therefore, the worst saving practices and preferences can be best explained by the number

of dependents they have. The larger the number of dependents the more burden an individual has in terms of household expenditure and that reduces the chances of better saving practices.

Table 4. Participant's number of dependents according to age groups (n=324)

		Number of dependents				Total
		None	1 – 2	3 - 5	Above 5	
	18-25 years	16	11	14	39	80
	26 -35 years	6	26	33	35	100
Age	36–45 years	2	19	47	36	104
	Above 45 years	0	0	10	30	40
Total		24	56	104	140	324

Source: Authors' construction based on data collected

4.3.1. Logistic regression analysis

The logistic regression was conducted to determine the predictors and explanatory variables among the demographic characteristics of the participants. The logistic regression was chosen because the dependent variable was considered binary (saving practices and preferences of the participants can either be good or bad). The dependent variable (saving practices and preferences) was binary coded using '0' for bad saving practices and preferences and '1' for good saving practices and preferences.

The logistic regression model used in predicting the saving practices and preferences based on the independent variables is shown below as Equation 1.

$$\ln\left[\frac{p}{1-p}\right] = \alpha + \beta 1(age) + \beta 2(gender) + \beta 3(marital\ status)$$
$$+ \beta 4(field\ of\ family\ background)$$
$$+\beta 5(household\ size) + \beta 6(education\ level) + \beta 7\ (income\ level) + \varepsilon \tag{1}$$

where: ln [p/ (1-p)] = is the log odds ratio, or "logit" which is the probability of textile workers possessing good saving practices and preferences to those possessing bad saving practices and preferences.
$\beta 1 - \beta 7$ = are the predictors and explanatory variables of saving practices and preferences
α = is the constant
ε = is the error term

Table 5. Logistic regression results of saving practices of textile workers

	B	S.E.	p-values	Exp(B)
Age	0.03	0.19	0.88	1.03
Gender	0.45	0.35	0.20	1.56
Marital Status	-0.31	0.22	0.16	0.73
Family Background	-0.20	0.15	0.18	0.82
Number of Dependents	-0.98	0.19	0.00***	0.37
Education level	1.49	0.20	0.00***	4.44
Income level	0.54	0.19	0.00***	1.71
Constant	-2.38	1.08	0.03	0.09

Note: ** and *** denote significance at 5% and 1%, respectively.
Source: Authors' construction based on logistic regression

The findings in Table 5, indicate that number of dependents (household size), educational level and income level are the independent variables that predict the saving practices and preferences of the textile workers. Age, gender, marital status, and family background do not predict the saving practices and preferences of the textile workers. Among the independent

variables that significantly predict saving practices and preferences, educational level and income level have positive coefficients (β=1.49 and 0.54, respectively). The number of dependents is the only variable that has negative coefficient (-0.98) indicating that a unit increase in the number of dependents of the participants will reduce the likelihood of participants in having good saving practices and preferences by 63% (1-0.37). When the number of dependents increases, household expenditure increases due to increased responsibilities, and little is left or nothing for saving. Our findings are consistent with Borko (2018) who found that large family size is associated with lower saving, an increase in the household size leads to decrease in savings due to increase in demand for household consumption. Similarly, Timerga *et al.* (2011) found that the number of dependent family members significantly influenced the saving habits of employees. Their study found that the odds of saving decrease by 43.4% for one unit increases in the number of dependents family members, after controlling other variables in their model.

The positive coefficient of education level and income level suggest their positive relationship on the saving practices and preferences. This implies that a unit increase in the education and income level of participants will increase the chances of participants having good saving practices and preferences. The findings of this study concur with Timerga *et al.* (2011) who used logistic regression and found that educational level significantly influenced the saving habits of employees. The findings of this study concur with Kodom (2013) and Amponsah (2015) amongst others where the findings indicated household income to be statistically significant predictor of savings and have positive relationship with savings.

Our findings show that age, gender, marital status, and family background are the independent variables that do not predict the saving practices and preferences of low-income earners. Our findings show that age does not predict savings practices and preferences, contradicting Gedela (2012) and Kodom (2013) who concluded that age of the household head was positively related with saving and this showed that saving increases with age but tends to decline when participants cross a certain limit. Our findings on gender indicate that the gender of participants does not predict the likelihood of the saving practices and preferences of participants. The results are consistent with Amponsah (2015) study which found that gender was statistically insignificant in predicting saving behavior.

5. Conclusion

The overall conclusion drawn from the study is that low-income earners in Eswatini have good saving practices and preferences. The findings were based on the saving, budgeting, and spending practices which formed the overall saving practices and preferences. The mean scores showed that on average textile workers have good saving practices and preferences. Therefore, based on the findings it can be concluded that textile workers in Eswatini have good saving practices and preferences even though their monthly income does not cover their basic monthly expenditure and thus make it difficult for them to save. We conclude that despite their handicaps and challenges, low-income earners such as textile workers save and have good knowledge and attitude towards saving. Theories such as the Absolute Income Hypothesis cannot be used to adequately explain the savings behavior of the low-income earners such as textile workers.

The present study covered saving practices and preferences of low-income earners using cross-sectional data. Cross sectional data is limited in that it measures data at a point in time. Therefore, longitudinal studies tracking the saving practices and preferences of these low-income earners over time could offer insights into their savings culture should be conducted. The study found that most of the textile workers had good saving practices and preferences; however, it was also found that most of them earned income that is less than their monthly expenditure. The study focused on savings of which literature shows that saving is largely influenced by spending habits so a study on the spending habits of low-income earners can further provide insight to the topic.

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