

Financial savings disposition and behaviour of private and public sector employees in PNG

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Abstract

This article reports on a study of financial savings disposition and behaviour of Papua New Guineans employed in public and private sectors in the Morobe Province of Papua New Guinea. Relevant international and local literature is reviewed. Most people practice savings in one form or another. However, limitations such as inadequate knowledge, income and the will to save affects people's choices and manner of savings. This study hypothesized that socio-demographic profiles, socio-cultural and socio-economic factors have a degree of influence on the savings disposition and behaviour of people. It assumed that financial savings disposition and behaviour can be categorized and characterized. The study explored the socio-demographic profiles of PNG public and private sector employees in terms of age, education, status, position occupied at work, income and expenses per fortnight, income from other sources and the amount saved per fortnight; socio-cultural and socio-economic factors that influence the financial savings disposition and behaviour, the degree of influence of the cited indices, and the financial savings disposition and behaviour categories and characteristics.

Key Terms: financial savings, determinant, disposition and behaviour, socio-cultural, socio-economic, financial savings categories and characteristics

Introduction

Much has been written on the nature and importance of financial savings. Allied to its nature is the role individual savers play towards the development of commerce and industry, and the growth of economy of under-developed and well-developed countries. Aportela (2008) enthused that savings are a central element in the aggregate functioning of an economy. It is especially relevant in less developed countries where low national savings are considered an important cause of low investment and low economic growth. Aportela claims that savings also act as a shock absorber during a crisis and can adjust to expectations about the future and the current financial market conditions.

An important assumption that is shared by economic analysts is that savings' choices and decisions are determined by two factors: preferences and budget constraints, along with personal characteristics such as age or family size (Binswanger & Carman, 2008). Proficient knowledge rests substantially on complex decisions involving long-time perspectives. Having financial savings

supports social inclusion and enhances the general economic well-being of a community. The ANZ Bank (2008) argued that financial savings enable people to make informed and confident decisions on budgeting, spending, saving and planning for the future. The Asian Development Bank (2008) portrayed that the financial sector plays a key role in people's lives as they acquire the means to support their major expenses.

Papua New Guinea's (PNG) financial system has evolved since the 1960's. PNG's formal financial sector has contained a diverse variety of institutions including commercial banks, lease financing companies, insurance companies, and money market and security dealers. They created awareness of people's financial savings behaviour. In recent years profound changes in Papua New Guinean's financial savings behaviour were seen (International Monetary Fund, [IMF] 2004). Holden, P., Bale, and Holden, S. (2004) characterized financial markets and institutions in the Pacific as suppliers of a range of savings services in PNG.

Aside from commercial and savings banks, the PNG superannuation funds also provide a major repository for savings. Competition by the PNG financial sector for savings can occur among banks, savings and loan societies and those licensed financial institutions such as microfinance groups that accept deposits. Financial savings behaviour is an interdisciplinary field dedicated to the study of human behaviour in the dealing and handling of personal money. It is a discipline and concerns financial management by individuals (IMF Assessment Report, 2004).

Scope of the study

This study investigated the financial savings disposition and behaviour of people who had worked in Lae in the Morobe Province of PNG from 2008 to 2010. For respondents to participate in the study, they were to be: (1) a PNG citizen, (2) resident of the Morobe province, (3) gainfully employed either in private or public sectors for two years or more at the time of the study, and (4) engaged in financial savings either with commercial or savings banks or superannuation companies. A semi-structured survey-questionnaire and interview guide were utilized in gathering the study's primary data. Sixty respondents were randomly chosen. However, only 50 (83%) responded to the survey and interview activities of the researchers.

Theoretical background

Many economists claim that the act of savings requires knowledge, attitudes and skills. Moullick, Matthews and Sharma (2008) quoted Lukac as stating that saving money is a hard task to master. They further drew on findings from research by Chowdhury, Mazumdar, Xalxo, Thacker, Patwari and Ngashangvao (2008) who found that secure, accessible savings services are a necessity for anyone seeking to manage a household budget. Saving money is seen as the cornerstone of a successful money management plan.

The Bank of Papua New Guinea, the central bank of PNG, explained the importance of understanding the motives underlying the demand for money. It suggested that the demand for money as a means of payment may depend on income and consumption patterns while the demand for money as wealth may depend partly on the returns of holding other forms of financial assets. Conclusively, both demands are influenced by people's disposition (Bank of Papua New Guinea, 2010). The bank informed readers that commercial banks doing business in the country offer transactions and savings accounts. These are estimated to be over 90 percent of reported deposits by depository institutions. Deposits in banking institutions have grown in recent years as the state of the economy has improved, with a rise in the level of deposits from 23 per cent of Gross Domestic Product in deposit accounts in 2003 to a level of 35 per cent in late 2006.

Determinants of disposition and behaviour towards financial savings

The continuing requirement to find effective means of meeting savings needs has led Bangladesh and other South East Asian countries to introduce micro-credit schemes. It is said that they are directed towards developmental objectives and poverty alleviation and not profit maximization. Generally the schemes are conducted by local governments and non-government organizations (NGOs) and provide small, collateral free loans. The micro-credit schemes require that the borrowers may only avail credit once they agree that a certain portion of their income shall be put into a savings account with the project. The strategy is considered as a forced savings mechanism and is deemed to be a contribution of a private sector through the NGO's poverty alleviation activities in depressed areas (Moulick, *et al.*, 2008).

Hickson (1997) noted the difference between Papua New Guinea's environment and those in South East Asian countries where micro-finance schemes have achieved considerable success. Obstacles confining the scope for micro-credit schemes in Papua New Guinea include the limited opportunities for small scale trading and service industries in the rural areas, the remoteness and low density of the rural population which increase the cost of providing village level services, and the cultural tradition of sharing rather than accumulating resources. Based on the finding, it can be considered that cultural factors become a hindrance to individual saving.

Siman (2008) examined the relationship between entrepreneurship and active saving behaviour. Three main explanations of wealth differences among families have been offered: (1) the family's initial wealth endowment, (2) the family's market return on their personal asset portfolio, and (3) the family's saving behaviour. The same study proposed that before entry, and during entrepreneurship, entrepreneurial families exhibit a more accelerated active saving behaviour than wage-earning families. The study's findings suggested that accelerated saving behaviour is exhibited only at certain time periods during the life cycle of an entrepreneurship. Controlled funding and/or subsidies dedicated to entrepreneurship could lead to an increase in personal

saving of the families attempting to enter into, or incumbent in, entrepreneurship.

Gutter and Way (2007) studied the financial management practices of college students from states with varying financial education mandates. They explored the relationship social learning may have with savings behaviour and the previous social learning opportunities of current college students, including the discussions and observations students may have been exposed to from their peers and parents. The study used data coming from a study of college students across 15 college campuses resulting in a sample size of over 16,000 responses. Using logistic regression and structural equation modelling to test the relationships among the study's terms, results showed that: (1) social learning opportunities were an important predictor of financial dispositions and financial behaviours; and (2) financial education did not directly impact on behaviour but did impact on knowledge and that knowledge was a determinant of behaviour for savings.

On the other hand, Laibson (1997) claimed that not all means are determinant to positive savings behaviour of people. Other people save money in financial institutions because they want a good return on their investment. In progressive countries, technological innovation has further complicated the mechanisms behind individual financial savings behaviour which has made it more difficult for people to commit to saving. Laibson argues that technological innovation may have been responsible for the decline in US savings rates reducing welfare in the context of behaviour as it has increased liquidity and reduced the opportunities for commitment to savings strategies. It can be argued that savings interest, the amount of income one could get, could be a determinant of savings behaviour.

In the local context, there have been various initiatives to increase access to both saving and lending services to people in PNG who have difficulties in accessing other financial services. Reforms in the financial sector are providing more publicly available information about financial institutions and products to savers and investors (IMF, 2004). This helps people to make informed choices about where to save and invest. The reforms could become indicators that the PNG government is serious about influencing the attitude of the public to save. Recent initiatives include the Nasfund Contributors Savings and Loans Society, established by the National Superannuation Fund (NASFUND), and PNG Microfinance Ltd, established by PNG Sustainable Development Program Limited. The two companies are examples of legitimate competition to increase the range of options for savers. It is suggested that, aside from a government mandate on superannuation (a forced savings strategy), PNG employed individuals engage with superannuation schemes because the employers provide counterpart funding and the intent to become secure upon retiring from their jobs.

Fast-money schemes and other scams of various forms are not part of the financial sector in PNG. Looking at the competition, financial corporations in PNG will not compete with other players if there are no indications of the

public's propensity to save. What matters is how the competitive stance of the players in the market influence the clients' motivation to save.

A study of economic and psychological determinants of savings behaviour among college students and implications for college financial management courses was conducted by Wang and Way (2007). It sought answers to the question 'Do on-campus financial management courses promote a higher level of savings participation and motivation among students?' The study's findings disclosed that a majority indicated that a member of their family had taught them about saving and investing or both of their parents were 'savers' while growing up. The majority of the savers saved through passbook savings, certificates of deposit or through interest bearing cheque accounts. While any one of these is a sound practice with regards to saving, clearly more aggressive choices that could potentially yield a higher rate of return do exist; thus, additional information regarding these options, one could assume, would be welcomed by this particular population.

In summer of 2009, an agricultural experiment station in South Africa examined the behaviours and attitudes toward savings among low-income urban families living in public housing communities (Abdel-Ghany, 2010). Salient findings were: annual household income of about two thirds of the respondents was less than \$15,000; about 28% had household income of \$5,000 or less; over one third of the respondents stated that they saved some of their income; and a majority of them saved for a rainy day rather than for a specific financial goal.

Horioka and Watanabe (1997) analyzed the saving motives in Japanese households. Their study revealed that retirement and precautionary motives dominated other motives. The research concluded that the life-cycle approach to finding the dominant factors in savings is highly applicable in the case of Japanese since savings are determined by life-cycle stages. The study also revealed that savings motives vary greatly with age and that savings are responses to the needs of a given life stage. Another study by Horioka and Ohtake (1999) confirmed that retirement and housing motivations are of importance for saving in Japan. Motivation for the acquisition of owner-occupied housing remains strong and it promotes high saving, especially because of limited mortgage markets and high down-payment requirements (i.e. the presence of liquidity constraints).

Beller, Weiss and Palter (2005) discussed parental influences and the influences of others that are crucial to understanding financial behaviour. This is because behaviour results from deep seated, emotion-laden and often unconscious values. When consciously followed, values can act as motivational filters through which past behavioural data becomes comprehensible and future learning and actions become predictable. Fox, Bartholomae and Gutter (2000) described the process of financial socialization as one in which people learned about behaviours such as savings, budgeting, etc. from observing the behaviours of their parents and peers. In addition, formal education also

increases fundamental knowledge about financial concepts and influences behaviours.

Solomon (1999) explained that different cultures encourage conformity to a greater or lesser degree. The process of socio-cultural influence operates in many ways (Robert 1999). Sometimes the person is motivated to mimic the behaviour of others because this behaviour is believed to yield rewards such as social approval or money. Robert claimed that culture, a concept crucial to the understanding of behaviour, may be thought of as a society's personality. It includes abstract ideas, such as values and ethics, as well as the material objects and services, such as automobiles, clothing, food, art, and sports that are produced or valued by a society.

Children learn financial behaviour through observation and participation and through intentional instruction by socialization agents (Rettig & Mortenson 1986). Several possible socialization agents include family (parents, siblings, spouses, relatives.), peers, school, the workplace, media, and culture. The family is a very important agent of socialization for both factual and emotional uses of money as claimed by Rettig (1985). Parents can influence the development of financial behaviour in their children both directly and indirectly. The family mediates the effects of other socialization agents and family communication processes play an important role in this mediation process (Moschis, 1985). Parents are the main source of financial knowledge (Hira, Loibl, & Schenk, 2007). Parents are also the primary influence on the way children handle money, particularly their attitudes toward saving (Clarke, Heaton, Israelsen & Eggett, 2005).

In PNG, it is a norm that the preference of financial spending for cultural obligation occurs when people conform to expectations of the social group with which they belong. There is a strong link of social influence on financial savings behaviour. Papua New Guineans have strong clan ties and spend huge sums of money with their relatives and tribes-people in compensation payments, bride price payments, ceremonies, exchange baskets and other payments that add to their status amongst their *wantoks* (PNG term for a clan sharing the same language, or one-talk) (Bank of Papua New Guinea, 2008).

Families with low incomes live in a constant state of crises and stress because of insufficient financial resources to provide for their basic needs. This undoubtedly affects their savings behaviour (Rupured & Payne, 1993). Gaman and Forgue (1993) agree that the availability of financial resources is one factor that affects families' savings behaviour. When financial resources are scarce, families do not place a high priority on savings. Survival rather than saving becomes a financial goal of low-income families. The research study of Guo and Little (2006) found that among the various types of households, couples with children spent the most on entertainment services. In contrast, people aged 65 and over who lived alone spent the least and saved more.

Lusardi (2008) found that, notwithstanding the low levels of literacy that many individuals display, very few people rely on experts or financial advisors to

make savings and investment decisions. Ignorance about basic financial saving concepts can be linked to lack of retirement planning and lack of wealth. Several initiatives can be promoted to foster savings and financial security, such as educating workers to improve their financial knowledge about pensions and enrolling workers in pension plans. Social learning is a process by which individuals learn norms and behaviours by observing the behaviour of others, a process called modelling (Bandura, 1977). These dispositions are seen as important determinants of economic behaviour and include concepts such as materialism, impulsivity, and self-control. Bandura's Social Learning Theory proposes that attitudes, values, and norms are learned through modelling of these behaviours by agents of socialization.

Design of the study

The various considerations found in local and foreign literature and studies are relevant information for the current study. Consequently, the Project Model of Saving Behaviour by Gutter, Wang, & Way, (2007) became its framework (Figure 1).

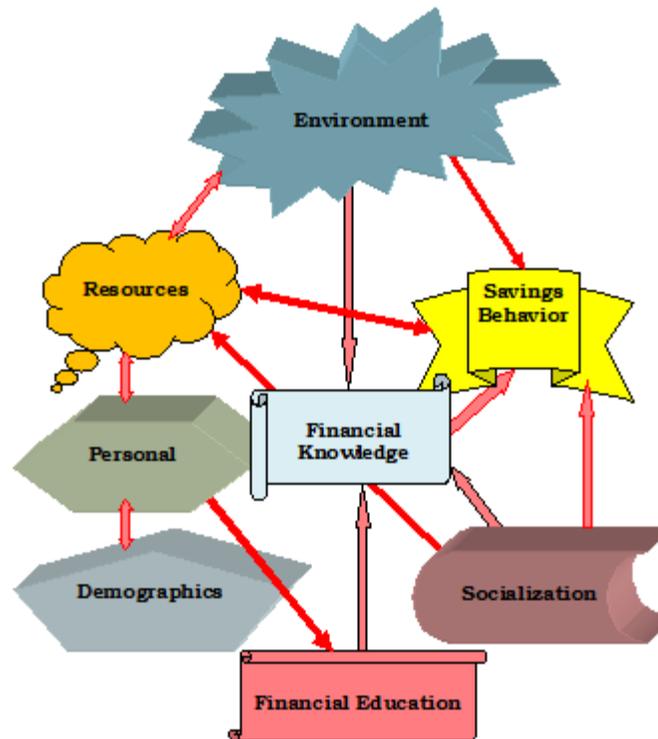


Figure 1 Theoretical Framework
(Project Model of Saving Behaviour by Gutter, Wang, & Way, 2007)

The project model uses environment, socialization, education, demographic, resources, personal, financial knowledge and others to explain the savings behaviour of individuals. The current study likewise made use of socio-demographic profiles, socio-economic and socio-cultural determinants to investigate and analyze the financial savings disposition and behaviour of various individuals working in Lae during the period 2008-2010. The study's conceptual framework (Figure 2) focused on exploring the determinants to financial savings disposition and behaviour of private and public sector employees who participated in this study.

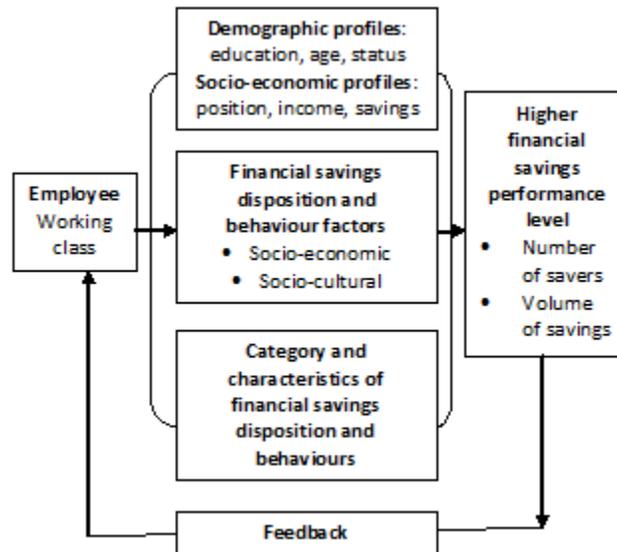


Figure 2 Conceptual framework

To effectively achieve the intent of the study, several individual participants were surveyed and interviewed. The primary data were processed, summarized, interpreted and analyzed using descriptive-quantitative methods. The researchers further utilized statistical tools (overall/weighted mean, rank, and percent) so that the information could be easily understood and useful. Descriptive statistics were used to describe the basic features of the data in the study. Such statistical treatments provide simple summaries about the sample and the measures (Trochim, 2006). Together with simple graphics analysis, the methods form the basis of quantitative data analysis.

In addition, the researchers also made use of documentary and univariate analyses. Documentary analysis was done with the secondary data. Univariate analysis was useful in the examination across cases of one variable at a time. The distribution and the central tendency were major characteristics of a single variable that the researcher looked at in the study. The general perceptions on

each indicator were interpreted and described using the scale, range, verbal interpretation and description shown in Table 1.

Table 1 Scale, range, verbal interpretation and description for the degree of influence

Scale	Range	Rating	Description
5	4.50 – 5.00	Very high	The degree of influence on the individual's savings disposition and behaviour is great.
4	3.50 – 4.49	High	The degree of influence on the individual's savings disposition and behaviour is outstanding.
3	2.50 – 3.49	Moderate	The degree of influence on the individual's savings disposition and behaviour is average or fair.
2	1.50 - 2.49	Low	The degree of influence on the individual's savings disposition and behaviour is minimal.
1	1.00 – 1.49	Very Low	The degree of influence on the individual's savings disposition and behaviour is almost nil.

Findings

Socio-cultural profiles of participants

The age, education and marital status demographic profiles of participants are shown in Table 2.

Table 2 Socio-Cultural profile

Profile	frequency	%	ranking
1. Age			
18 – 22	1	2	6
23 – 27	7	14	4
28 – 32	15	30	1
32 – 36	8	16	3
37 – 41	6	12	5
42 and older	13	26	2
Total	50	100	
2. Education			
Non-degree holder	35	70	1
Bachelor degree	14	28	2
Postgraduate	1	2	3
Masters or PhD	0	0	
Total	50	100	
3. Marital status			
Single	18	36	2
Divorced/widowed	4	8	3
Married	28	56	1
Total	50	100	

The results indicate that 38% of the participants were 37 years of age or older. With acquired knowledge and skills over the years, they were more likely to hold positions of responsibility in their workplaces with higher incomes than their younger colleagues. The 62% of younger colleagues were more likely to be in junior positions in their workplaces, earning less than older colleagues, possibly starting families or building houses, and with higher expenses and less opportunity to save. However, income-earners of all ages have cultural obligations to support non-income-earning relatives in the PNG context and this undoubtedly impacts on savings behaviour.

Of the fifty participants surveyed, the clear majority (70%) were not holders of degree qualifications. Unless sponsored, obtaining a degree qualification is expensive, and something most families would not prioritise over household expenses. Of the rest of the participants, no-one held a masters or doctoral qualification but had either a bachelor or postgraduate qualification. No information was gathered to indicate whether these were gained by being sponsored or by paying for the studies from their own savings.

Marital status is a factor influencing choices and decisions about how personal income is used. The majority (64%) of the participants were married, widowed or divorced and would need to consider views of family members in budgeting, expenditure and savings. The minority (36%) of participants were single and would have had greater personal freedom in the choices they made concerning the use of their income.

Socio-economic profiles

Demographic data were gathered on participants' positions at work, fortnightly salary, and fortnightly income from other sources, fortnightly expenses and fortnightly savings. The summary of data on these aspects is shown in Table 3.

Similar to the age profile, most (60%) of the participants were in junior workforce positions and the others were either in supervisory (24%) or managerial positions (16%). The results indicate a range of economic profiles with varied levels of income, expenses and savings. However, the fortnightly economic profile of the highest number of participants was: a salary income between K1000 and K1500, another source of income between K250 and K500, expenses K500-K1000, and savings less than K100.

An interesting feature of the findings was that all participants had a source of income in addition to their salary. Interviews disclosed that sources of other income were varied. Some were growing and selling food crops, some were buying goods and selling them at a profit, some did extra jobs, and three participants at a managerial level were receiving rental income from properties they owned.

Most people (44%) were unable to save very much (less than K100 per fortnight). Reasons included many *wantoks* living with them, living in settlements, and high rental, power and other utilities' costs.

Table 3 Socio-economic profile

Profile	frequency	%	ranking
1. Nature of work			
Workforce	30	60	1
Supervisory	12	24	2
Managerial	8	16	3
Total	50	100	
2. Salary income/fortnight			
K 500 – 1,000	9	18	2
K1,001 - 1,500	23	46	1
K1,501 - 2,000	6	12	4
K2,001 – 2,500	7	14	3
K2,501 – 3,000	4	8	5
Above K3,000	1	2	6
Total	50	100	
3. Income from other sources/fortnight			
K 250 and below	19	38	2
K 251 – 500	21	42	1
K 501– 750	6	12	3
K 751- 1,000	4	8	4
Above K1,000			
Total	50	100	
4. Expenses/fortnight			
K 500 and below	19	38	2
K 501 - 1, 000	21	42	1
K1 ,001 – 1, 500	6	12	3
K1, 501 – 2, 000	4	8	4
K2, 001 – 2, 500			
Above K2,500			
Total	50	100	
5. Amount saved per fortnight			
K100 and below	22	44	1
K101-500	19	38	2
K501-1,000	6	12	3
Over K1,000	3	6	4
Total	50	100	

Socio-cultural factors influencing financial savings disposition and behaviour

Wantokism and providing for large families were the major factors that influenced participants' financial savings disposition and behaviour. It reflects the strength of cultural obligations in PNG that meeting obligations to *wantoks* (46%) rated higher than catering for family needs (42%). As shown in Table 4,

minor factors influencing savings behaviour were compensation payments and expenses for activities to maintain homes and community roles.

Table 4 Socio-cultural factor

Indicator	frequency	%	ranking
1. Compensation payment	3	6	3.5
2. Various utility needs of a big size family. (Household expenses; children's education and school requirements and needs, medication for minor illness and accidents, birth of a child, death of a family member, etc)	21	42	2
3. Debt payment and gratitude to wantoks (wantokism)	23	46	1
4. Maintenance of status quo in the community (festivities, treating guests, expenses during festivals on clothes, food, guests; marriage of children, purchase of appliances and residential properties, house repair and beautification, and others)	3	6	3.5
Total	50	100	

Socio-economic factors influencing financial savings disposition and behaviour

Table 5 reports findings for socio-economic factors that influenced participants' financial savings disposition and behaviour. The need for savings were seen to be particularly necessary if income levels were to dip (saving 'for a rainy day'), there were hopes to start a business, to repay loans or to have funds for retirement or recreation leave.

Table 5 Socio-economic factor

Indicator	frequency	%	ranking
1. To carry out household expenses when income is stopped or low (Due to: unavailability of work, poor family business, failure/damage of crops, and sudden death of the earning family member)	37	74	1
2. Start or expansion of business. (Purchase of income-generating assets, additional working capital for the existing family business, and purchase of livestock)	6	12	2
3. Expenses during old age, funds for vacation trips upon retirement	2	4	3
4. Loan and interest repayment.	5	10	4
Total	50	100	

The results indicate that a majority (74%) of the participants were concerned about security of a continued income if the main income earner died or lost his/her job, or a crop or business venture failed. There was motivation to save in case anticipated income was not forthcoming.

Degree of influence of the determinants to financial savings and behaviour

As indicated earlier in the article (Table 1) the study sought to interpret the degree of influence of the determinants to financial savings and behaviour using a rating scale from very low levels of influence to very high levels of influence. Ratings for socio-cultural factors are displayed in Table 6 and ratings for economic factors are displayed in Table 7.

Table 6 Degree of influence of socio-cultural factors

Indicator	mean	rating
1. Future compensation. (for contingency payment)	4.67	Very high
2. Various utility needs of a big size family. (Household expenses; children education and school requirements and needs, medication for minor illness and accidents, birth of a child, death of a family member, etc)	4.05	High
3. Debt payment and gratitude to <i>wantoks</i> (<i>Wantokism</i>).	4.13	High
4. Maintenance of status quo in the community (festivities, treating guests, expenses during festivals on clothes, food, guests; marriage of children, purchase of appliances and residential properties, house repair and beautification, and others).	3.00	Medium
Overall mean	3.96	High

The overall mean revealed that socio-cultural factors have a high level of influence as a determinant of financial savings and behaviour by Papua New Guineans. The finding is that compensation payments, needs of a big sized family, obligations to *wantoks*, and expenses to maintain one’s role in community affairs were powerful motivations and influences to the participants to embrace financial savings. Mention should be made of the ‘bride price’ custom in PNG which is part of savings behaviour in relation to marriage of children, compensation and gratitude to *wantoks*.

Bride price is a traditional custom of giving some valuables and gifts, in cash or in kind, to represent payment to the parent or family members in order for a male to marry a girl of his or the clan’s choice. Custom argues that this PNG tradition is another form of gratitude to the parent or family member of the bride to compensate for all the good things they have done during the raising and education of the girl. For events such as bride-price and funeral ceremonies, it is expected that all relatives have a cultural obligation to contribute, and consequently the availability of savings.

Table 7 Degree of influence of economic factors

Indicator	mean	rating
1. To carry out household expenses when income is stopped or low due to: <i>unavailability of work, poor family business, failure/damage of crops, and sudden death of the earning family member</i>	4.74	Very high
2. Start or expansion of business (<i>Purchase of income-generating assets, additional working capital for the existing family business, and purchase of livestock</i>)	4.25	High
3. Expenses during old age, funds for vacation trips upon retirement	2.50	Medium
4. Loan and interest repayment	4.60	Very high
Overall mean	4.02	H

The results in Table 7 indicate that economic factors with the highest levels of influence on the need to save are 'saving for a rainy day' if anticipated income was not forthcoming for a variety of reasons, and being a trustworthy borrower in being able to repay loans. These indicate mature and responsible attitudes of wage-earners. The intention to start a business for an additional source of income was rated as a high influential factor and having money set aside for retirement or vacations was rated as having a medium level of influence.

Category and characteristics of financial savings disposition and behaviour

Finally, the study sought to examine the financial savings disposition and behaviour of participants according to categories and characteristic events. The researchers used the categories of long and short term recurring or expected expenses and long and short term emergency expenses.

Short-term recurrent or expected expenditure was the main (54%) category driving budgetary considerations that included participants' disposition towards savings. Characteristic of this category were household expenses, school fees, minor home repairs or equipment or birth of a child.

Long-term recurrent or expected expenditure was the second (26%) category driving budgetary and savings considerations. Characteristic of this category were expenses associated with marriage of children, purchase of income-generating assets, buying residential or agricultural land, starting or expanding a business and house construction.

Short-term emergency expenditure was the third (16%) category driving budgetary and savings considerations. Characteristic of this category were treatment of minor illnesses or health problems, covering household expenses

if the anticipated level of income dropped, accidents, natural disasters or death of a family member.

Long-term emergency expenditure was the fourth (4%) category driving budgetary and savings considerations. Characteristic of this category were treatment of major illnesses or health problems or death of the earning family member.

Table 8 Financial savings category and characteristic

1. Short term - recurring/expected/planned needs	No.	%
1. Birth of a child	8	16
2. Monthly school fees and, annually books, uniform	7	14
3. Household expenses, utilities and other services	6	13
4. Expenses for clothes, food, treating guests during festivals		
5. Debt repayment	2	4
6. Purchase of small-scale household assets, livestock and agricultural tools	1	1
7. Minor house repair	2	4
8. Addition to existing business expenses	1	2
Total	27	54
2. Long term - recurring/expected/planned needs	No.	%
1. Start or expansion of business	2	4
2. Marriage of children	5	10
3. Expenses during old age	1	2
4. Construction of house.	1	2
5. Purchase of residential or agricultural land	1	2
6. Purchase of income-generating assets such as a tractor	3	6
7. Expenses for higher education		
Total	13	26
3. Short term - emergency needs	No.	%
1. To treat minor illness	3	6
2. To carry out household expenses when income is stopped or low because of: unavailability of work, poor business, failure/damage of crops	2	4
	1	2
3. Animal epidemic		
4. Death of a family member	1	2
5. Accidents	1	2
6. Natural disasters		
Total	8	16
4. Long term - emergency needs	No.	%
1. For treatment of: *chronic/major illnesses such as cancer, HIV/AIDS *Serious accidents leading to disability		
2. Death of the earning family member	2	4
Total	2	4
Overall Total	50	100

Conclusions of the study

Based on the findings of the study, the following conclusions are reached:

- (1) That age, education and marital status of private and public sector employees in PNG can have bearings on the financial savings disposition and behaviour of these individuals
- (2) That a person's workplace position, salary, access to additional income, fortnightly expenses and savings funds are considered determinants influencing the financial savings disposition and behaviour of private and public sector employees
- (3) That *wantok* obligations, meeting household expenses and maintaining community roles are social and cultural factors that influence financial savings disposition and behaviour
- (4) That economic influences to motivate savings behaviour include keeping an amount of money for a time in the future when it might be needed (saving for a rainy day), repaying loans, or planning to start a business, retire or take a vacation
- (5) That some factors such as *wantok* obligations, household expenditure and family size have a higher degree of influence than others as determinants to financial savings and behaviour
- (6) That short term and long terms needs were budgetary considerations influencing financial savings disposition and behaviour private and public sector employees in PNG.

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