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Review Article

SAVING AND SPENDING HABITS OF YOUTH IN SULTANATE OF OMAN

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Abstract
The study aims to investigate with the saving and spending habits of youth in Sultanate of Oman. Youth are an influential group by virtue of their numbers in the total population, purchasing power, high levels of leisure time and exposure to abundance of information because of the advent of technology. The objective of the study is to study the saving and spending habits of youth and the variables which have an impact on it. The extent of peer influence, parental influence and financial literacy on the saving and spending habits of youth in Sultanate of Oman are investigated. The adopted method for this study is a survey design based on collection of data, through a structured questionnaire from randomly selected youth. Descriptive Analysis and Correlation results revealed that influence of peers, influence of parents and financial literacy of youth are significantly correlated with the saving and spending habits of youth.

Keywords: Saving, Spending, youth, peer, parental influence, financial literacy.

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INTRODUCTION

The study investigates the saving and spending pattern of youth in Oman. It also examines the influence of peers, parents and financial literacy of self on the saving and spending behavior of youth. Youth fall in the age group of 19-25 years i.,e individuals who are born in the age bracket of 1994-2000. According to the statistics of World Bank and United Nations two-thirds of the population in the Middle East are below the age of 25. Youth are an important group by virtue of their numbers, purchasing power, relatively high levels of leisure time. They have access to abundance of information because of advent of technology. Youth have a significance influence and demand for various products and play an important role in consumption as they do not have any basic financial commitments like paying rent, bills and have enough purchasing power. The spending habits vary from person to person. Youth involves in conspicuous consumption regardless of the source of funds. They have no or limited experience in saving and spending as they learn to live within their means. Individuals below the age of 30 years have high rate of debt because of their limited experience with finances and managing money (Kim *et.,al* ,2016).

Saving is presented as the portion of the income that has not been spent on consumption. Saving is defined as a part of the individual income while maintaining some part for the future when needed. Saving and spending is dependent on the ability and the willingness to save or spend (Katona, 1975). Saving and spending is dependent on disposable income and financial expectations and attitudes. People who saved and had savings, though have debts, felt more optimistic and in control of their lives than those who had debts but no savings (Furnham, 1997). According to Tuvesson and Yu (2011) youth saves because their parents wants them to save and the sense of pride they achieve out of it. Lunt & Livingstone (1993) examined the relationship between saving and borrowing. Habitual or regular savers were found to have different psychological motivations from borrowers, seeing debt either as a failure or as a normal part of everyday life. The results showed that savings and borrowing are independent behaviors.

There is abundance of research done on saving and spending habits of adults but there is very little research on saving particularly among youth and adolescents (Furnham,1999; Webley *et al.,* 1991). This study understands the saving and spending pattern of youth and studies the effect of peers, parental influence and financial literacy on the saving and spending habits of youth in Sultanate of Oman.

LITERATURE REVIEW

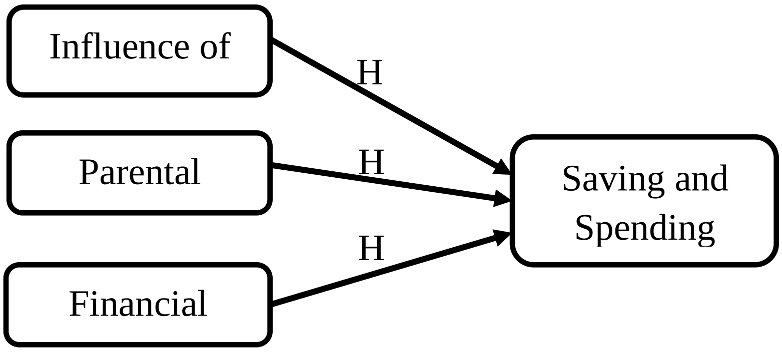
Salikin *et al., (*2012) in their study seek to determinate the effect of the background of parents on savings attitude on students in a Malaysian local university. The findings of the paper indicated that the higher the educational background of parents, the less likely their children tend to money saving and higher the income parents, the less likely their children tend to put their money for saving. Alwi, Amir & Ali (2015) aims to study the factors influencing savings habits of millennial in Malaysia. This study focused on a group of students among business school with various degree programs to determinate the principal factors effecting savings attitude. The results of the study showed that lack of financial knowledge can affect financial behavior negatively which can later affect their financial well-being. Cummins *et al.,* (2009) seeks to investigate with the financial attitudes and spending habits of students among freshmen college. The results of this study showed that college students may not be ready to handle with the financial situations faced by them and youth have no planning for their expenses. Furnham (1999) in his study focused on the saving and spending habits of children. Findings showed that over 80 percent of the respondents indicated that their parents do not give them extra money. Results showed also that there is a significant correlation between gender and the amount of money to spend while males spend more than females. Leiser & Ganin (1996) studied the impact of parental influence on saving and spending of children. They have distinguished parents into two categories. First category of parents avoid talking about financial matters and important purchases in front of their children. They do not involve the adolescents in financial matters. Second are those parents who act on the assumption that children need to be trained to be economically independent in the future. In the second case they believe that the child will learn the value of money and get motivated to save. Ranjith (2002) study revealed that the increase in age leads to increase in tendency to save and decrease in risk taking attitude.

Methodology and Hypothesis
The data is collected through a survey based on a structured questionnaire distributed to 200 youth using random sampling in Sultanate of Oman. The objective of the study is to investigate the saving and spending pattern of youth and study the factors which influence the spending and saving pattern of youth.

The following hypotheses was formulated:

H1: There is correlation between influence of peers and saving and spending pattern of youth in Oman
H2: There is correlation between parental influence and saving and spending pattern of youth in Oman
H3: There is a correlation between financial literacy and saving and spending pattern of youth in Oman.

Hypotheses of the study



Data Analysis
The data analysis has two parts. Part 1 consists of the distribution of the sample and Part 2 consist factors affecting the saving and spending pattern.

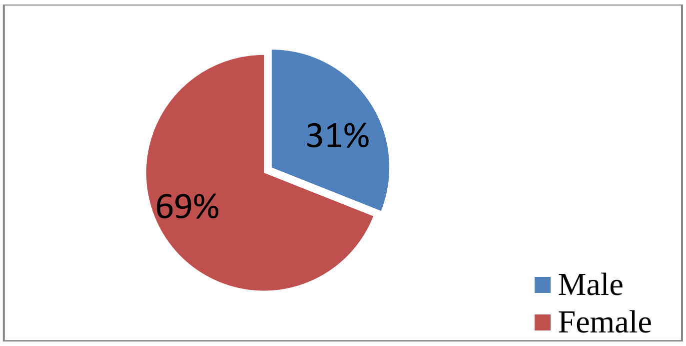


Fig. 1: Gender distribution of sample

- The gender distribution of sample is female in the sample represent 69 percent and male represent 31 percent.
- The sample are in the age group of 19 to 25 years studying bachelors and masters.
- 56 percent of respondents have a banking account whereas 44 percent of them are not banking with any bank. According to the research done by Sherraden *et al.,* (2011) having a bank account at an young age motivate adolescents to save.
- 60 percent of respondents do not have a credit or debit card whereas 40 percent of youth have and use it for spending money and consumption.

The reliability of collected data is checked by using Cronbach's Alpha.

Table 1: Reliability Statistics

Cronbach's Alpha	N of Items
.809	5

The Cronbach's Alpha value is 0.809 as indicated in the above reliability table, this value is greater than 0.7 which signify that there is a good reliability.

Part 2: Factors affecting saving and spending pattern:

Table 2: Influence of Peer group on youth

Questions		Mean	Std. Deviation
1	Do you ever lend money to your friends?	4.18	.672
2	Do you ever borrow money from your friends?	4.23	.679
3	Do you travel with your friends?	4.18	.672
4	Do you exchange gifts with your friends on occasions?	4.23	.679

5	Do your friends encourage you to spend?	4.18	.672
6	Do you eat meals with your friends outside the house?	4.23	.679

According to Table 2 mean values are greater than 3 (neutral response), this signify that most of respondents agree that there is an influence of peer group on youth.

Table 3: Parental influence on youth

Questions		Mean	Std. Deviation
7	Do you usually get regular money from family?	3.96	.680
8	Would your parents give you more money if you had spent it all?	4.18	.672
9	Are your parents asking you to save money?	4.23	.679
10	Are your parents people who save money?	4.18	.672

Youth have opportunities to receive allowances and earnings by working outside of school hours. Compared to children youth have larger budgets (Furnham & Thomas, 1984). The opportunity to earn pocket and money doing small chores outside home. Parental influence has an impact on the variety of experiences of the youth can engage in.

The mean value in the above descriptive table 3 reveal that they are greater than neutral response value (3), this indicates that large proportion of participants agree to the statement that parental influence has an impact on saving and spending of youth.

Table 4: Financial Literacy of youth

Questions		Mean	Std. Deviation
11	Do you think that saving money is important in the future?	4.23	.679
12	Have you read books or researches about the importance of saving money?	3.73	.962
13	Do you think planning your daily and monthly expenses is important?	4.18	.672
14	Is it important to do extra work to save money?	4.23	.679

It is inferred from Table 4 that respondents agree to the fact that financial literacy plays an important role in the saving and spending pattern of youth.

Table 5: Saving and Spending Pattern of youth

Questions		**Mean**	**Std. Deviation**
15	It is important to save.	4.11	.723
16	I tend to spend money as soon as I get it	4.18	.672
17	When I save, it is usually because I want something special	4.23	.679
18	I am interested in looking at different ways of saving money	4.18	.672
19	I have always tried to save	4.20	.752
20	I tend to spend money as soon as I get it	1.99	.732
21	Money is for spending, not for holding on to	2.00	.725
22	Occasionally, I like to go on a big spending spree	2.14	.697
23	Having a lot of money has never been my aim in life	2.13	.706
24	I don't care if I don't have much money	1.99	.732
25	Everybody should have a bank account	2.15	.687
26	You can't get far to without a bank account	2.00	.725
27	Modern people use cheques and cards, not cash	2.01	.718
28	I never seem to have enough money	2.12	.671

It is clear from the above table which represent the responses to the saving (Question 15 to 19) and to the Spending (Question 20 to 28). Respondents are aware that they have to save. Furnham & Goletto (2002) in their research observe positive attitude towards saving behavior of children between the age in 16 to 21. Their results showed that older and more educated participants are more positive attitudes towards saving. Age predicted positive attitudes towards saving behavior and attitudes becoming more positive as age increased.

Table 6: Correlation for Hypothesis 1

		Peer Influence	Saving and Spending Pattern
Peer Influence	Pearson Correlation	1	.613(**)
	Sig. (2-tailed)		.000
	N	100	100

Saving and	Pearson Correlation	.613(**)	1
Spending Pattern	Sig. (2-tailed)	.000	
	N	100	100

H1:There is a significant correlation between peer influence and saving and spending habit of youth.
Table 6 is the correlation between peer influence and saving and spending pattern of youth. It is inferred that the correlation is high because the sig. (2-tailed) is less than 0.01. The Pearson Correlation value (0.613) confirms also this significant correlation. We can interpret from the above table that there is a significant correlation between peer influence and saving and spending pattern of youth. According to Duesenberry's Relative Income Hypothesis (1949) youth have a variety of opportunities to observe the consumption levels of their peers and relevant others and be influenced by them.

Table 7: Correlation for Hypothesis 2

		Parental Influence	Saving and Spending Pattern
Parental	Pearson Correlation	1	.566(**)
Influence	Sig. (2-tailed)		.000
	N	100	100
Saving and	Pearson Correlation	.566(**)	1
Spending Pattern	Sig. (2-tailed)	.000	
	N	100	100

H2: There is a Significant Correlation between parental influence and saving and spending pattern.
According to Table 7 the significance value (0.000<0.01) and the Pearson correlation value (0.566**), it is clear that there is a 0.01 level of correlation between the parental influence has an influence on saving and spending habits of youth. The hypothesis is accepted and the null hypothesis is rejected.

Table 8: Correlation for Hypothesis 3

		Financial Literacy	Saving and Spending Pattern
Financial Literacy	Pearson Correlation	1	.573(**)
	Sig. (2-tailed)		.000
	N	100	100
Saving and Spending	Pearson Correlation	.573(**)	1
Pattern	Sig. (2-tailed)	.000	
	N	100	100

H3: There is a significant correlation between financial literacy and saving and spending pattern.
Table 8 represents the outcomes of financial literacy variable and the saving and spending habits of youth is clear that the person correlation value equals to 0.573** which indicated that the correlation is significant at the 0.01 level.

CONCLUSION

The main objective of this study was to determine the factors affecting the saving and spending habits of youth. To investigate with this issue, the researcher put the following variables: peer influence, parental influence, financial literacy towards saving and spending habits of youth. The analysis in this research revealed that there is a significant correlation between saving and spending habits and influence of peers, parental influence and financial literacy.

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