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EFFECT OF REGULAR SAVINGS ON EMPLOYEES' PERSONAL DEVELOPMENT; A CASE OF TOWER TECH LTD

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ABSTRACT

When it comes to productivity, savings are a vital source of funding. Savings from liquid cash are converted into tangible assets, such buildings, machinery, equipment, and other useful items, in this process. The main goal of this study is to investigate how savings affect employees' personal growth. The specific goal is to look into how consistent saving helps people grow financially, become property owners, invest in real estate to enhance their living conditions and be able to send their children or themselves to college. This study's research technique is descriptive in nature. There was use of both primary and secondary data sources. While literature reviews provided the secondary data, questionnaires were used to collect primary data. While secondary data came from literature reviews and other studies on the subject, primary data was collected through the distribution of questionnaires. 32 respondents provided useful responses for the study, which focused on a sample of 43 employees at Tower Tech Ltd. out of a total population of 215 employees. The data was gathered using semi-structured questionnaires, verified for accuracy, and then examined using Microsoft Excel. To clarify the research findings, percentages were generated and displayed as tables, pie charts, and bar graphs. The study's findings show that consistent saving has a major positive impact on people's personal growth. This is demonstrated by the decreased need to borrow money for daily needs, the easier access to collateral for development loans, the availability of funds for unanticipated expenses, the facilitation of property ownership, and support for both personal and children's education.

Key Words: Regular Savings, Employees' Personal Development

Introduction

Savings form the basis of investment in a productivity relationship because they convert from liquid assets into tangible capital—things like buildings, machinery, and equipment—that are necessary for economic expansion (Al-kasasbeh, Al-Azzam, Al-Azzam, & 2022; Dlabay, Hughes, & Kapoor, 2007). Saving is seen as a basic human need and is universally acknowledged as a safe way to save money for future use (Dlabay, Hughes, & Kapoor, 2007). Since the beginning of time, humans have been saving as a cultural practice to ensure their survival (Fengler, 2013).

According to Fengler (2013), government laws and activities demonstrate that the idea of saving goes beyond individuals and includes institutions and even countries. According to Adewuyi, Bankole, and Arawomo (2007), obtaining financial security, macroeconomic stability, and economic growth all depend on strong saving performance. Studies indicate that a nation's investment and economic growth are mostly dependent on its local savings, even though foreign capital flows can occasionally be significant (Adewuyi, Bankole, & Arawomo, 2007).

Savings practices have evolved from a group emphasis on survival to a more individualized and group-focused quest of wealth. Modern saving strategies put long-term gains ahead of short-term spending, which encourages capital creation and investments in future assets like infrastructure, vehicles, residences, and business equipment (Fengler, 2013). It is believed that making these investments will guarantee improved economic prospects.

Modern saving patterns, however, suggest that a sizable segment of the populace finds it difficult to save enough money. Just about 25% of people save more than 10% of their income, according to Bank Rate (2015), and 44% of Americans have emergency funds built, according to Cunningham (2004). According to Vasel (2015), 18% of Americans save nothing at all, while over half of Americans save 5% or less of their income. Concerns over people's financial readiness for upcoming opportunities and demands are raised by this tendency.

According to Farrell (2010), significant savings are necessary to make the transition from labor to capitalism. To ensure their financial future, he advises people, particularly those in their mid-20s, to strive for retirement plans, savings accounts, and real estate equity equal to at least 10% of their yearly salary (Farrell, 2010).

The impact of consistent savings on employees' personal growth at Tower Tech Ltd. is the main topic of this study. It looks into how saving practices affect workers' capacity to save money, their ability to buy a home, their capacity to invest in real estate to improve their living standards, and their capacity to send their kids or themselves to college. With consequences for both individuals and the business as a whole, the research attempts to shed light on the connection between saving behavior and personal development.

Statement of the problem

Although most people agree that saving money is important for both personal and societal economic development (Adewuyi, Bankole, & Arawomo, 2007), recent data show that many people, including Tower Tech Ltd. employees, find it difficult to save enough money (Bank Rate, 2015; Cunningham, 2004; Vasel, 2015). Their financial readiness for upcoming requirements and opportunities is called into question by this. Furthermore, there is a dearth of thorough knowledge about how workers' saving practices influence their personal growth—that is, their ability to manage their finances, own property, live in comfortable circumstances, and pursue educational goals (Fengler, 2013). Therefore, research into how regular savings affect Tower Tech Ltd. employees' personal development is necessary to provide insights that can guide initiatives for boosting financial literacy, saving behavior, and overall personal development.

Objective of the study

i. To determine the effects of regular savings on employees' personal development at Tower Tech Ltd.

Literature Review

Theoretical review

Savings as a subject has received immense publishing from different authors and schools of thought. Savings and consumption are normally considered together in most of the theories of savings because if a household decides to consume, it is in effect deciding not to save the consumed amount Mbuthia, (2011). Several models are used to explain motivations to save: life-cycle (to provide for anticipated needs), precautionary, independence, inter-temporal substitution (to enjoy interest), improvement (to enjoy increasing expenditure), enterprise, bequest, avarice and down payment (Karlan and Morduch, 2010).

Keynesian theory is a short-run theory and assumes that the marginal propensity to consume (MPC) is between zero and one. MPC declines with an increase in income, implying that the marginal propensity to save increases as income increases. The implication of this is that low-income families save a lower percentage of their income as compared to high-income families. According to the relative income hypothesis, a household's consumption expenditure is a function of the relative income of the household. When a household's income falls, the household dis-saves or borrows to prevent a large fall in their living standards and also to maintain their living standards at par with their peer groups, this is because it is difficult for a family to reduce the level of consumption once attained. This is an important distinction between the absolute income hypothesis and the relative income hypothesis hence the theory supports the regular savings of employees.

Regular savings and personal development

According to Yang (2009), bank savings accounts have traditionally been one of the simplest and most convenient ways to save. Guilford (2001) explains regular savings as an account at a bank that pays interest every year on the deposits within the account and whose function is to provide a safe place to save money and to pay interest on the balance in the account. There are no restrictions on the availability of funds within a regular savings account and no interest penalty for early or frequent withdrawals. Regular savings accounts are an important part of the average investor's overall portfolio, and it is estimated that 65 percent of Americans have a regular savings account.

To gain a better understanding of the savings-investment gap in South Africa, Hungwe & Odhiambo (2019) examined the dynamics of savings and investments in the nation. Although investment rates have fluctuated over time, saving rates have historically been low. A rising trend was evident in both variables between 1960 and the 1970s. But by 2015, the savings rate had dropped significantly, and compared to the years 1964–1984, investment rates were still low and unstable. The report suggests passing laws that will raise capital costs and investment returns to increase the nation's appeal to foreign direct investment.

RESEARCH METHODOLOGY

The study utilized a descriptive research approach to examine the saving behaviors of Tower Tech Ltd. personnel. Since descriptive research sheds light on the current state of the phenomenon being studied, it was selected. All 215 workers of Tower Tech Ltd., including middle and upper management as well as non-managerial staff, made up the target group. This variation in job titles and pay scales provided a rich background for analyzing how various groups divided their salaries between savings and the ensuing differences in the personal growth of savers and non-savers.

To meet the research goals, 43 employees, or 20% of the population, were included in the sample for the survey. Based on Mugenda & Mugenda's (2003) suggestion that 10% to 20% of a population is suitable for a study of this kind, this sample size was judged appropriate. Stratified sampling was the method used by the researcher to guarantee that each employee type was represented.

Self-administered structured questionnaires were used to collect data, allowing for sample-wide standardization of data collection. Both formal and unstructured questions were included in the surveys to get a thorough picture of the employees' saving practices and how they felt about how they affected their personal growth. To enable easy visualization and comprehension, the gathered data was evaluated using percentages and then displayed in tables and graphs.

In summary, the study utilized a descriptive research design with a focus on surveying a 20% sample of Tower Tech Ltd employees to investigate the effect of regular savings on personal development. The stratified sampling technique ensured representation from different employee levels, while the use of structured questionnaires enabled standardized data collection and analysis. The findings were presented using tables and graphs to facilitate understanding and interpretation.

DATA ANALYSIS, PRESENTATION AND INTERPRETATION

The response numbers and percentages are shown; the response rate was 74%. This is adequate for this type of study. Only 11 respondents out of 43 did not respond to the questionnaires which represent 26% of the total sampled employees, the 11 respondents were ignored in the analysis and interpretation of the questionnaires.

Effect of regular savings on personal development

This section sought to establish the effects of regular savings on personal development, results showed that 40% of the sampled population had established a regular savings account while 60% of the population did not have an established regular savings account.

Table 1: Population with and without a regular savings account

Category	With regular savings account	Without a regular savings account	Totals	Percentage with regular savings in each category	Percentage without regular savings in each category
Top management	2	1	3	67%	33%
Mid management	3	3	6	50%	50%
Non-managerial	18	6	24	75%	25%
Totals	23	9	32	72%	28%

Source: field data 2023

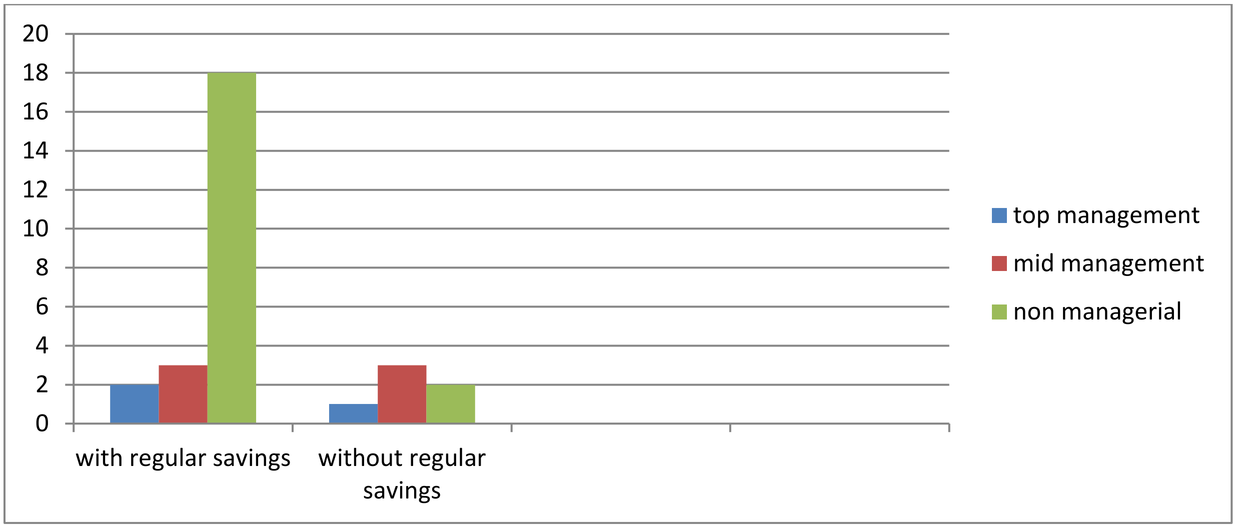

Figure 1 Representation of individuals with and without a regular savings account
Source: researcher (2023)

The study to determine individuals with regular savings as illustrated in Table 1 above showed that when comparing all categories, top management employees and non-managerial employees had a larger percentage of individuals with regular savings, 67% and 75% respectively as compared to mid-management employees with 50%. This may be explained using Behavioral and sociological theory Duesenberry (1949). Psychological and sociological theories of saving consider additional determinants of saving and asset accumulation, including personality characteristics, motives, aspirations, expectations, and peer and family influences. There may be other specific personal factors encouraging the employees in the two categories to save more than the ones in the category of mid-management

Reduced urgency of borrowing

Respondents who indicated they had an established regular savings account were asked to indicate whether the availability of their fixed savings from their salary had reduced the urgency of borrowing. The results are presented in the table below;

Table 2: reduced the urgency of borrowing

	Frequency	**Percentage**
Strongly disagree	2	9%
Disagree	3	13%
Not sure	5	22%
Agree	10	43%
Strongly agree	3	13%
Totals	23	100

Source: researcher (2023)

The results obtained by the researcher after data analysis as per Table 2 above gave evidence that the majority of respondents, 43% agreed that regular savings reduce the urgency of borrowing with 13% strongly agreeing. 9% strongly disagreed while 13% disagreed. Among the reasons why there existed a population who disagreed may be explained using Behavioral theories. Mbuthia (2011) points out households are expected to respond and create their behavioral incentives and constraints to savings.

Behavioral theorists have identified many common human characteristics that shape financial behavior, including the tendency to place too much weight on current consumption relative to future consumption, people not always learning from their mistakes and eventually becoming overwhelmed by too many choices and tendencies to continue with routine. Often, according to behavioral theory, these tendencies lead individuals to behave in ways that are inconsistent with their priorities or inconsistent with maximizing long-term consumption. For example, lack of self-control often causes people to over-spend and under-save, even. Also, limited intellectual capabilities highly influence an individual's ability to save.

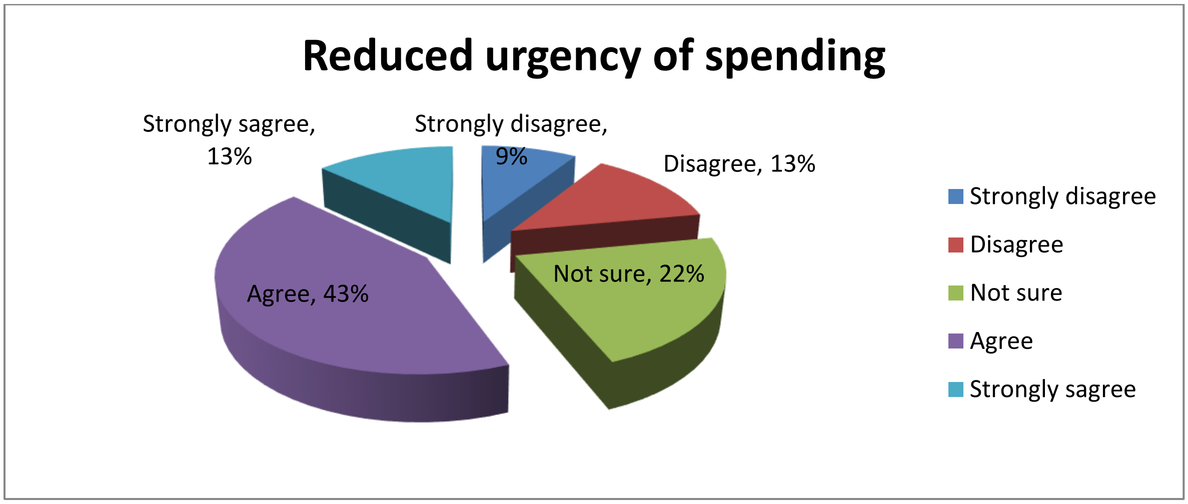

Figure 2: Representation of response on reduced urgency of borrowing

Availability of security to borrow development loans from Sacco's

Respondents who indicated they had an established regular savings account were asked to indicate whether the availability of their fixed savings from their salary had granted them collateral to take up loans in Sacco's. The results are presented in the table below;

Table 3: Analysis of availability of security to borrow development loans

	Frequency	Percentage
Strongly disagree	2	9%
Disagree	2	9%
Not sure	0	0%
Agree	9	39%
Strongly agree	10	43%
Totals	23	100%

Source: researcher (2023)

The result obtained showed that the majority of the respondents strongly agreed, a population of 43%, and those who agreed that regular savings provided security to borrow development loans 39%. This may be a result of the majority of the employees having been allowed to take loans in their various Saccos with their fixed deposit savings as collateral. These results may be explained using Keynesian theory (Keynes, 1936), among the reasons for the demand for money being the speculative motive. If people predict a future investment they may demand money to undertake the investment opportunities

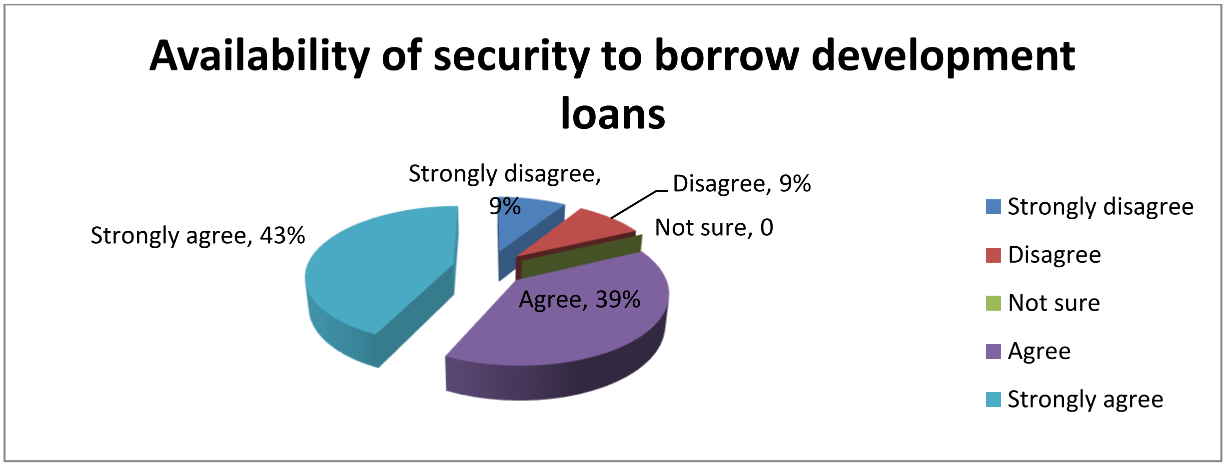

Figure 3: Regular savings as security to borrow development loans

Availability of funds to meet unexpected events

Respondents who indicated they had an established regular savings account were asked to indicate whether the availability of their fixed savings from their salary had provided them with funds to meet unexpected events. The results are presented in the table below;

Table 4: Analysis on availability of funds to meet unexpected events

	Frequency	Percentage
Strongly disagree	5	22%
Disagree	6	26%
Not sure	0	0%
Agree	8	35%
Strongly agree	4	17%
Totals	23	100%

The results obtained from the analysis as per Table 4 above, gave evidence that regular savings made funds available to meet unexpected events with 17% strongly agreeing, 35% agreeing the population who disagreed 26% disagreed and 22% strongly disagreeing. Despite a majority agreeing that regular savings assisted in providing funds to meet unexpected events, there was the existence of quite a larger percentage of the sampled population who disagreed forming a total of 48% of the entire population. This may be explained by the Rational Expectation Theory. People tend to make decisions based on what they predict the future may look like.

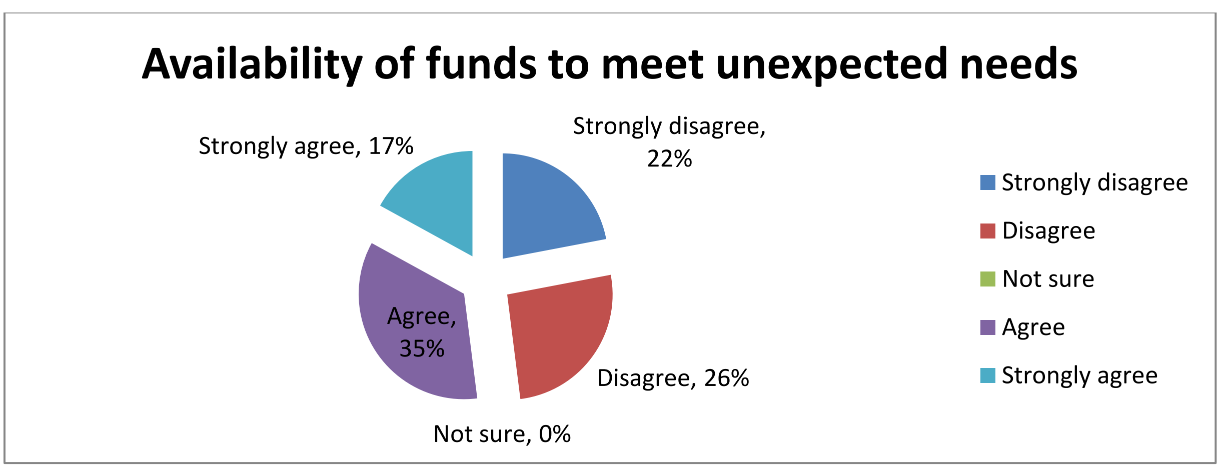

Figure 4: Regular savings ability to meet unexpected needs

Measures to increase the percentage of amount directed to regular savings

The respondents were asked to give suggestions on what could be done to encourage employees to increase the percentage of their salaries directed towards regular savings, some of the clear suggestions given were: increment in salaries to have enough to direct towards day-to-day expenditures and have enough left to put aside as regular savings and creation of awareness by employers and the government through continuous advertisement through the media on the importance of having a regular savings account.

Reasons for lack of regular savings account

The availability of too much expenditure was a reason for the lack of a regular savings account, others stated it was because of little pay that prevented them from establishing a regular savings account

Do you feel you'd be on a different level financially if you had a regular savings account?

The entire population who stated they did not have a regular savings account was asked to mark if they felt they would be on a different level financially. The entire population marked YES indicating they felt there would be a change in their financial level.

What can be encouraged for those without a regular savings account to establish one?

Some of the suggestions given by individuals who did not have regular savings accounts to encourage those without regular savings accounts to establish some were: organizations and the government should create awareness and educate employees about regular savings, their benefits and why individuals should participate in establishing the account.

SUMMARY, CONCLUSION AND RECOMMENDATIONS

The majority of the respondents agreed that regular savings have a strong effect on personal development. Regular savings of an individual were found to reduce the urgency of borrowing funds from other sources. This is because savings create self-reliance on one's self thus eliminating the need to borrow funds from others who aren't always guaranteed to accept lending money to an individual for use in financial difficult times or even for quick investment an arising opportunity. The majority of regular savings highly contribute to establishing entrepreneurial activities too. The researcher also established that regular savings provided security for individuals to borrow development loans from Sacco's, this is because due to regular savings, the borrower creates a certain degree of confidence in the lender who thus feels fit to grant out a loan to them.

The majority of the respondents were also in agreement that regular savings made funds available to meet unexpected events. This creates a level of personal development since the savings enable an individual to be ready to solve unexpected events such as the sudden loss of one's job. From the findings and conclusion of the study, the following measures are recommended for the way forward of improve the level of personal development of employees through savings; Banking institutions should introduce incentives that will encourage and attract people to save more using regular savings.

Limitations of the study

The study was limited to only three forms of saving in trying to measure personal development while there exist numerous methods an individual can use to save.

Suggestions for further studies

The researcher has urged more research in the areas of savings and various savings account types because it's a broad topic that many individuals just have a cursory understanding of. The following areas should be the focus of future research: Undertake long-term research to monitor the effects of consistent savings on Tower Tech Ltd. employees' personal growth over time. This could shed light on whether the impacts that have been seen are sustainable as well as any prospective long-term changes in saving behavior and results in terms of personal development. Examine the personal development outcomes and saving behaviors of workers in various sectors or industries to find industry-specific elements that could affect saving behavior and its effect on personal growth.

To obtain a more nuanced picture of the reasons behind employees' saving behavior, the difficulties they face, and the subjective sense of personal growth that arises from their saving habits, combine the quantitative data with qualitative research techniques like focus groups or interviews. Create and carry out interventions targeted at encouraging employees to save regularly, then evaluate the results in terms of personal growth. Programs for financial education, savings incentives, or adjustments to company rules about employee savings could all be part of this. To compare saving practices and their consequences on human development in various cultural contexts, conduct cross-cultural studies. This could assist in determining the cultural elements that impact saving behaviors and how these elements interact with the results of personal development.

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