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Factors Affecting Rural Household Saving Intension and Ability Case of Coffee Producers in Bule Hora Woreda of West Guji Zone

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Abstract: This study was initiated with the aim of assessing factors affecting saving habit of coffee producers in Bule Hora Woreda West Guji Zone and further to investigate effects of identified factors on saving intension and abilities of households. Study was employed both qualitative and quantitative research approach with descriptive and explanatory research design. Data collected from both primary and secondary sources through data collection tools such as observation, interview and written questionnaires. 5-point Likert scale questions were employed to for the deep investigation of respondents attitudinal and feeling with regard to study issue. 215 households were included in sample using both random and non random sampling technique. Descriptive statistical tool such as mean, standard deviation, table, Percentages, and frequencies were used to analyze descriptive part, whereas, inferential statistics were used to analyze cause and effect relationship between dependent and independent variables. Qualitative data were analyzed in narrative form and also used as cross validation for quantitative data. Findings of the study reveals that the household family size, household consumption pattern, resource management and availability of saving institutions are major factors that affect saving intension and ability of the households in study area. Based on the findings researcher recommended that the farmers in the area need to special attention for consumption and resource management. Researcher also forwarded recommendation for governing organs to facilitate saving institutions for coffee producers rural households to initiate savings.

Keywords: Intension to Save, Ability to Save, Consumption Pattern, and Household Income

1. Introduction

Saving refers to the fraction of income not instantly consumed but kept for future investment, consumption or for unforeseen contingencies in the future. It is important in improving the well-being of individuals and serve as a security at the times of shocks for the households. It constitutes the basis for capital formation and capital formation constitutes a critical factor of economic growth [11]. Evidences reveal that economists, international organizations, and governments in developing countries have placed increasing emphasis on the mobilization of deposits to increase households' savings and achieve sustained economic growth and development [7].

However, households' savings in developing countries particularly in Sub-Saharan Africa remains limited and far behind from other parts of the world [3]. He concluded that saving rate and contribution of saving to economic development in Ethiopia is very low. Contribution of national saving to GDP of the Ethiopia for five consecutive years reveal decline from 19.2%, in 2011/12 to 17.6%, in 2012/13 and again decline from 21.8% in 2014/15 to 20.06% in 2016 [12, 17]. Because of the low level of saving, the national investment of the Ethiopia is dependent on foreign direct investment rather than domestic investment [21].

In developing countries like Ethiopia; there are number of factors that identified as contributing factors for household livelihood vulnerability and negative intention to saving. Among the factors climate risk is prominent and leading as identified and reported by scholars [17]. [3] state that low and irregularity in income and lack of access to financial services are contributing factors of households not to save.

Out of natural cause factors identified by scholars are Education level of household, marital status of household, Income level of household, Occupation of household and Land size of household [1, 3]. They concluded that all those variables have positive relation with saving. Another factors identified by Authors [2] are age, Sex, education level, work status, housing status, household income level, marital status, and number of dependents, attitude of the society towards saving, lack of appropriate saving institutions, lack of incentives to save, low interest rate, low income of the society, and inflation rate. This study was attempted to answer research questions based on the following objectives:

1) To identify annual income of the coffee producers in the study area.
2) To investigate consumption and expenditure trends of coffee producers in study area.
3) To explain Saving trends of coffee producers in the study area.
4) To identify challenging factors for saving of coffee producers in the study area.

2. Literature Review

2.1. Saving

Saving has been considered as one of the factors affecting growth to lead the developing countries to the path of development. In developing countries savings are important factors of household's welfare, on the other hand, without saving, households have few other mechanisms to smooth out unexpected variations in their income. For individuals and households savings, provide a cushion of security against future contingencies where as for nation savings provide the funds needed in the developmental efforts [7]. In addition, saving enable households to maintain a relative stable life time level of living. It is also likely that households refrain from current consumption to save for payment for children's education [1].

2.2. Who Should Save

Reports of daily nation 2013 reveal that high levels of national saving increases amount of domestic resources available for investment and decrease the need to resort to foreign borrowing to cover domestic investment and consumption demand. Countries with low internal saving rates forced to borrow from abroad, which results in a debt service burden. In light of these, this clearly underlines the importance of saving mobilization to sustain economic growth with domestic financial resource [19]. The need to save hence starts from individual, households, community up to the whole country. At an individual level, the need to save arises from the some of the following well argued reasons in theories and practice; emergency cushion, retirement, volatility of social security and education. Without money put away in savings and/or investments, you may open yourself up to other risks as well [20].

2.3. Saving Experience in Ethiopia

Most people in Ethiopia make little or no use of the formal savings and lending institutions. Some use informal institutions that occur within the informal sector of the economy [21]. It is known that saving in the informal institutions did not yield interest for the depositors and so could not help for mobilizing resource. As a result it is not used for investment to yield income and, of course, most of the time depositors have expected to pay for saving service to their changing financial needs [3, 10].

Access to deposit services in financial institutions enables the poor to efficiently manage their financial resources. It helps in consumption smoothing during economic shocks and provide an opportunity to accumulate large sums of money for future investment and household outlays [22]. In Ethiopia, for centuries, partly due to inaccessibility of commercial bank branches, absence of postal saving services and lack of strong cooperative movement, deposit services to the poor has been largely dominated by widely accepted and practiced informal mechanisms such as 'Iqub', 'Iddir', buying livestock and jewelry and hiding cash at home. The aim of the financial institutions during the GTP period has been establishing an accessible, efficient and competitive financial system [18, 16].

2.4. Factors Affecting Household Saving

Household composition, individual characteristics, demographic, economic and social features of households affect saving pattern and behavior of households in a given society. The variations in such factors lead to variations in national saving rate over time [4-6].

Family structure and composition is another important factor at influencing saving of households. Families with higher number of active working members involved in economic activities save much more than others [8, 9]. The sex parameter of the household head indicated that male headed households are more likely to save lesser than female headed households. The possible reason for the observed less inclination to save by male households are: male households were highly vulnerable to un expected income expense because of the already developed life style by the community, males are expected to cover the principal household consumption and outside the family affairs in any social interaction particularly in financial sphere to carried on moral obligation, and males are expected to cover mutual costs. Besides, the personality of male's households is open to extravagancy that is males maximize consumption simply because of their financial capacity [2, 13, 14].

The dependence ratio is another important factor influencing saving in many empirical studies. The elderly and young are expected to consume out of post saving while those within the working age are expected to accumulate saving [15]. Moreover, the study by [9] on the behavior of farm household saving in Ethiopia (South East) showed that the dependence ratio is highly significant in determining the saving rate of farmers.

The age of household head has positive significant effect on the decision of household to save, however it has no

significant effect on the amount of saving, that is as the household head gets older his decision to save will increase, this may be because his possibility of getting more income and awareness about saving will increase as age increases. Family size has statistically significant but negative effect on both the decision to save and amount of saving. This is because as family size increases, households are expected to allocate more of their income on consumption expenditure and thus there will be no income left for saving [2, 11]. Annual income of the household has a positive significant effect on both the decision to save and amount of saving. An increase in incomes of households increases their tendency to participate in saving and the amount they save. This is because such households will have income left for saving after paying for consumption expenditure. Similarly, although landholding size of households has no significant effect on their decision to save, their level of saving increases as land size increases, which may be related with the potential of households to produce more and get more incomes for saving [3]. Education status of the heads of the households is another important variable at influencing their saving levels. Level of education and saving habit has positive relationship that indicates as education level of household increases, their habit of saving also increase [1].

The saving habit of households is also affected by economic and social factors such as attitude of the society towards saving, lack of appropriate saving product, Ability to manage resource, lack of incentives to save, low interest rate, low income of the society, inflation rate and availability of saving institutions [2, 23].

3. Methodology

This study was employed both descriptive and explanatory cross-sectional design with mixed approach. Mainly, primary was used for this study. For the study farmers who have coffee farm were targeted for the study and 215 sampled households were selected from those targeted farmers households by clustering them in kebeles. Simple random sampling techniques were employed to select sample from each cluster. Both descriptive and inferential statistics were employed for data analysis.

3.1. Reliability and Validity

Reliability of data collection instruments were checked using Cronbach's alpha values and approved that data is highly reliable. Cronbach's Alpha value is 0.916. For all items Pearson correlation coefficients were computed and compared with Pearson correlation coefficients of critical table values at 213 degree of freedom and 5% significance level. The results reveal that Pearson correlation coefficients for all items are greater than critical table value which is indication of validities of all items.

3.2. Model Summary

$$Y= Bo+B_1X_1+B_2X_2+B_3X_3+B_4X_4+e$$

$$= 4.238+ -0.023X_1+0.11x_2+-0.540x_3+0.149x_4+0.217$$

Whereas Y-represents intension and ability to save.

B_o- constants values of Unstandardized Coefficients.

B1, B2, B3 and B4 are coefficients of independent variables.

X1 - Family size.

X2 - Resource management.

X3 - Consumption behavior.

X4 - Availability of saving institutions.

e - Margin of error.

3.3. Ethical Issues

Ethics are the norms or standards for conduct that distinguish between right and wrong. They help to determine the difference between acceptable and unacceptable behaviors. Ethical standards prevent against the fabrication or falsifying of data and therefore, promote the pursuit of knowledge and truth which is the primary goal of research. Ethical behavior is also critical for collaborative work because it encourages an environment of trust, accountability, and mutual respect among researchers. Researchers must also adhere to ethical standards in order for the public to support and believe in the research. The public wants to be assured that researchers followed the appropriate guidelines for issues such as human rights, animal welfare, compliance with the law, conflicts of interest, safety, health standards and so on. The handling of these ethical issues greatly impact the integrity of the research project and can affect whether or not the project receives funding. In this regard, the collection of the data and all process of data collection were kept confidential and not used for any other purpose. The whole process of the study was controlled to be within acceptable professional ethics.

4. Data Analysis and Presentation

4.1. Descriptive Analysis

Household Saving is affected by different factors such as personal and external factors. Personal factors and demographic variable are common determinant factors of household saving. Those variables are Gender, Age, Marital status, educational status, and religion, and family size, psychological and behavioral factors.

Table 1. *Analysis of Demographic factors.*

Variables	Categories	Number	Percentage
Gender	Male	129	60
	Female	86	40
Marital status	Single	75	34.9
	Married	113	52.6
	Others	27	12.6
Education	Illiterate	57	26.5
	Elementary complete	96	44.7
	General education complete	54	25.1
	Diploma and above	8	3.7

Gender is one of the demographic variables that expected to affect households saving. Out of the sampled households

returned questionnaire 60 (129) were male and remaining 40% (86) were female. In this analysis percentage rate of the female was low comparing with male because the question were distributed to households and filled by household heads. Female headed households were very few in number in the sampled households. As the result, the number of the female participated in filling questionnaire were low. Marital status also expected to affect saving intension and among the all respondents 52.6% (113) were married, whereas 34.9 (75) were single. More than 70% of the respondents have not completed even general education. Only about 28% of the respondents have completed genera education and above.

Table 2. *Descriptive analysis of ration background variables.*

	N	Minimum	Maximum	Mean	Std. Deviation
Age	215	22	75	46.39	13.801
Family size	215	2	10	4.61	1.703
Annual income	215	12000	160000	86740.23	39559.210
Valid N (listwise)	215				

Family size is one determinant factor of household saving. From the table above we can see that minimum family sizes of the respondents of 215 households are 2 and maximum family sizes are 10. Average family sizes of the respondents are nearly 5. The family size is not only determinate factor of the saving by itself, but it depends on average annual income of the household. As that of the family size; annual average income is not only determinate of the saving for the communities under study. These two determinate factors jointly affect household saving decision. Even though the annual average income they earn is high; the saving is less if family size is large. In other case those people who have lower annual income and small family size expected to save more. Mean average ages of the respondents in the area is 46 which is indication of the working ages are high in the area.

Table 3. *Descriptive analysis of study variables.*

	N	Mean	Std. Deviation
Resource management	215	2.8260	.59499
Consumption behavior	215	3.0111	.77430
Availability of saving institutions	215	2.9129	.62884
Ability and intension to save	215	3.2264	.62607
Valid N (listwise)	215		

The availability of the study variables in the area were revealed as table above with average response of participants' opinion. The ability and intension to save is moderately available as it can be seen from above table. Resource management and availability of saving institutions are minimal. The results of the table above implies that even though ability and intension to save is moderately there, the consumption and expenditure trends are greater than trends of resource management. For the assessment of household consumption behavior; questions related with the time when the farmers sell their coffee production, what they do with the annual income they earn from coffee production, what they remember about inappropriate past consumption of their income were asked for qualitative assessments.

As per the respondents answer farmers in the area sell their coffee product some before drying and other after drying it. According to the respondents experience and responses; the valuable time for selling coffee production is selling after drying, but the actual data revealed that almost all farmers sell their coffee product invaluable time. This type of selling behavior is highly exposed for wastage of income for unnecessary consumption. In addition to the wastage of unnecessary consumption, the price of the coffee selling before drying is very low and it is not worthy for returns of the farmers' value.

4.2. Inferential Analysis

4.2.1. Test for Normality of Data

Test for normality of the data was conducted to determine parametric tests employed for the inferential analysis. Among the alternative methods of normality test Kolmogorov-Smirnov was used to determine normality of data because of large sample size. In addition to Kolmogorov-Smirnov statistical value Normal Q-Q of dependent variable is used.

Table 4. *Tests of Normality.*

	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Ability and intension to save	.029	215	.200*	.993	215	.434
Family size	.301	215	.102	.830	215	.615
Resource management	.057	215	.082	.984	215	.114
Consumption behavior	.166	215	.095	.966	215	.102
Availability of saving institutions	.107	215	.231	.970	215	.756

*. This is a lower bound of the true significance.

a. Lilliefors Significance Correction

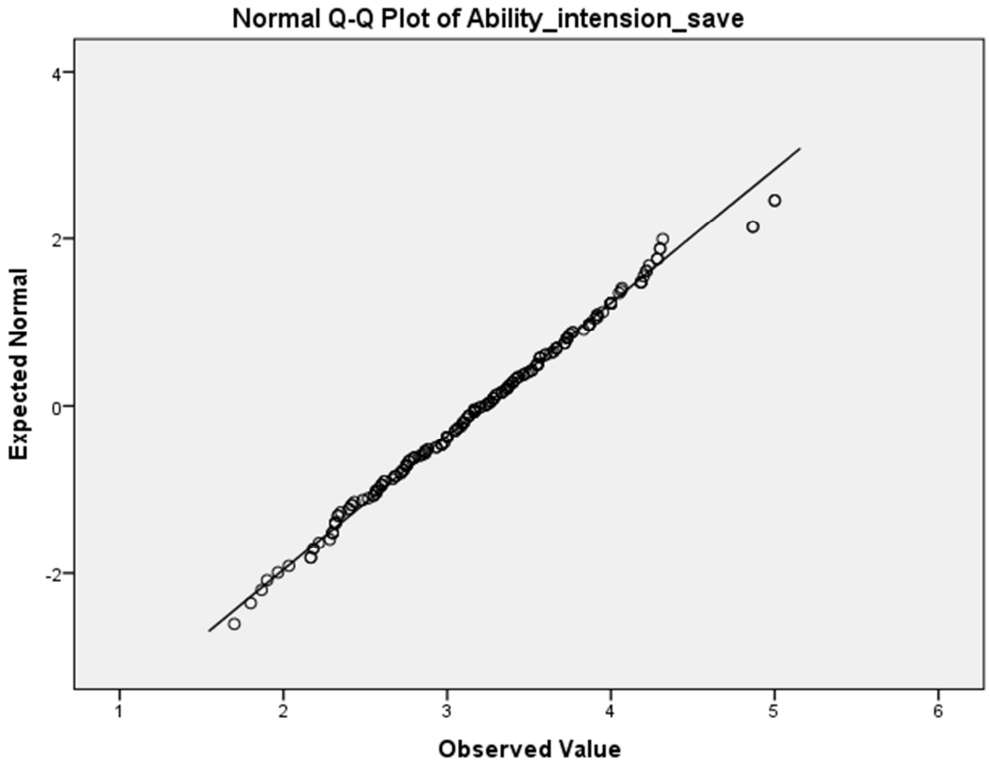

Figure 1. *Normal Q-Q plot.*

As it can be seen from kolmogorov-smimove value table above; null hypothesis cannot be rejected since p-values is greater than 0.05 and normality Q-Q plot of ability and intension to save show us normality of the data. So that we can consider our data is normally distributed. Therefore, parametric test were employed.

Table 5. *Correlation analysis.*

		Ability and intension to save
Ability and intension to save	Pearson Correlation	1
	Sig. (2-tailed)	-
	N	215
Sex	Pearson Correlation	-.009
	Sig. (2-tailed)	.898
	N	215
Age	Pearson Correlation	.070
	Sig. (2-tailed)	.305
	N	215
Marital status	Pearson Correlation	.043
	Sig. (2-tailed)	.528
	N	215
Educational level	Pearson Correlation	-.042
	Sig. (2-tailed)	.541
	N	215
Family size	Pearson Correlation	-.852**
	Sig. (2-tailed)	.000
	N	215
Annual income	Pearson Correlation	-.014
	Sig. (2-tailed)	.837
	N	215
Resource management	Pearson Correlation	.875**
	Sig. (2-tailed)	.000
	N	215
Consumption behavior	Pearson Correlation	-.956**
	Sig. (2-tailed)	.000
	N	215
Availability of saving institutions	Pearson Correlation	.904**
	Sig. (2-tailed)	.000
	N	215

4.2.2. Correlation Analysis

Correlation analysis is statistical tool used to describe the strength and direction of the linear relationship between independent and dependent variables. Pearson correlation coefficients (r) can be used to see relation between variable in two dimensions which ranges from –1 to +1. The sign indicates whether there is a positive correlation or a negative correlation, whereas, the size of the absolute value (ignoring the sign) provides an indication of the strength of the relationship between variables. A perfect correlation of 1 or –1 indicates that the value of one variable can be determined exactly by knowing the value on the other variable. The values approaching 1 or -1 indicate strong relation, while values close to zero indicate weak relationships. This part contained the relationship between challenging factors and MSE growth.

Correlation coefficients between all personal variables and ability and intension to save are insignificants except family size that has significant correlation with high correlation coefficient as it can be seen here in above correlation table. In addition to personal variables, annual income of the households has no significant correlation with ability and intension to save in study area.

Among the variables included in this study, four of them have significant correlation with ability and intension to save. Significant variables are family size, resource management, consumption behavior and availability of saving institutions. Among the four significant variables family size and consumption behaviors have negative and strong correlation with correlation coefficients of -0.852 and -0.956 respectively. Those two variables have strong negative correlations. The two variables Resource management and availability of saving institutions have strong positive correlations with ability and intension to save. The correlation coefficients of two variables are 0.875 for resource management and 0.904 for availability of saving institutions.

Depending on the correlation they have with dependent variable only significant variables were taken for effect analysis with regression. To use regression analysis OLS assumption diagnosis tests were conducted and the test results are as follows.

4.2.3. Linear Regression Assumption Diagnosis Test

Among the OLS assumptions in linear regression analysis tested here in this study are test for linearity assumption, test for normality of the residuals, test for Multi-Collinearity and test for Heteroskadacity effect.

(i). Test for Linearity Assumption

To use linear regression for data analysis, two variables need to have linear relationship. It is test for effects of outliers, for the fact that regression is sensitive to outlier effects.

As it can be seen from graph above that all variables have linear relation even though directions of the relations are different. Two down sloping lines indicating negative relation whereas two upward sloping line indicating positive relation between independent and dependent variables. No any parabolic relation between all variables with dependent variable. Therefore, linearity assumption is fit.

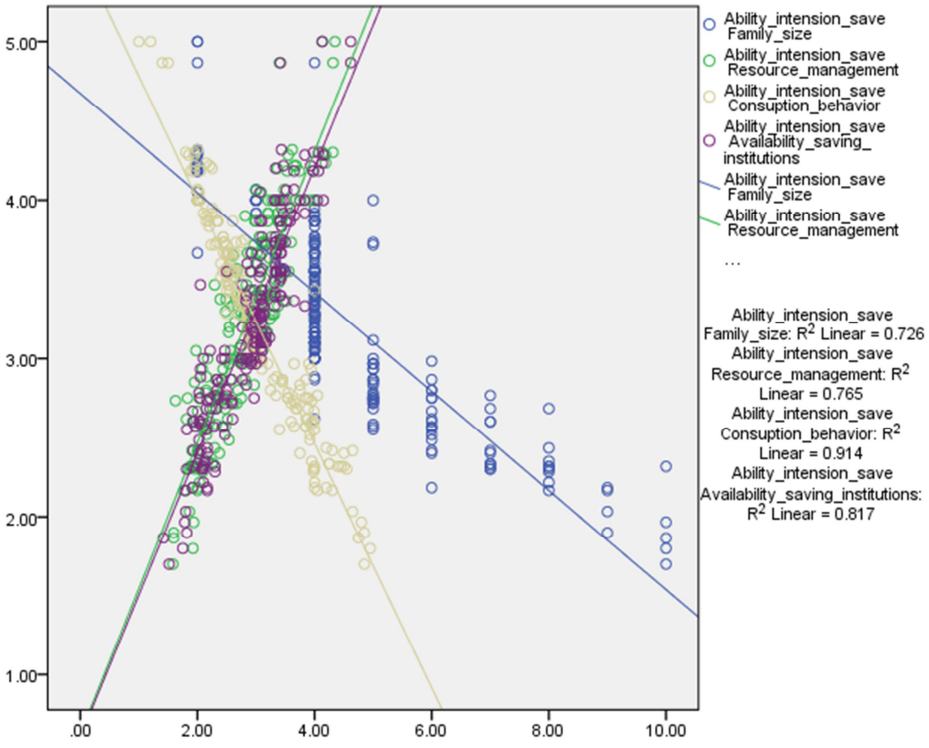

Figure 2. *Linearity line.*

(ii). Test for Normality of Residuals

Normality of residual distribution is one of the OLS assumption need to be checked to use regression for research data analysis. If residuals are not normally distributed, linear regression cannot be used for data analysis. Therefore, the result of the test of the normality of residual is given below by histogram and P-P normality plot.

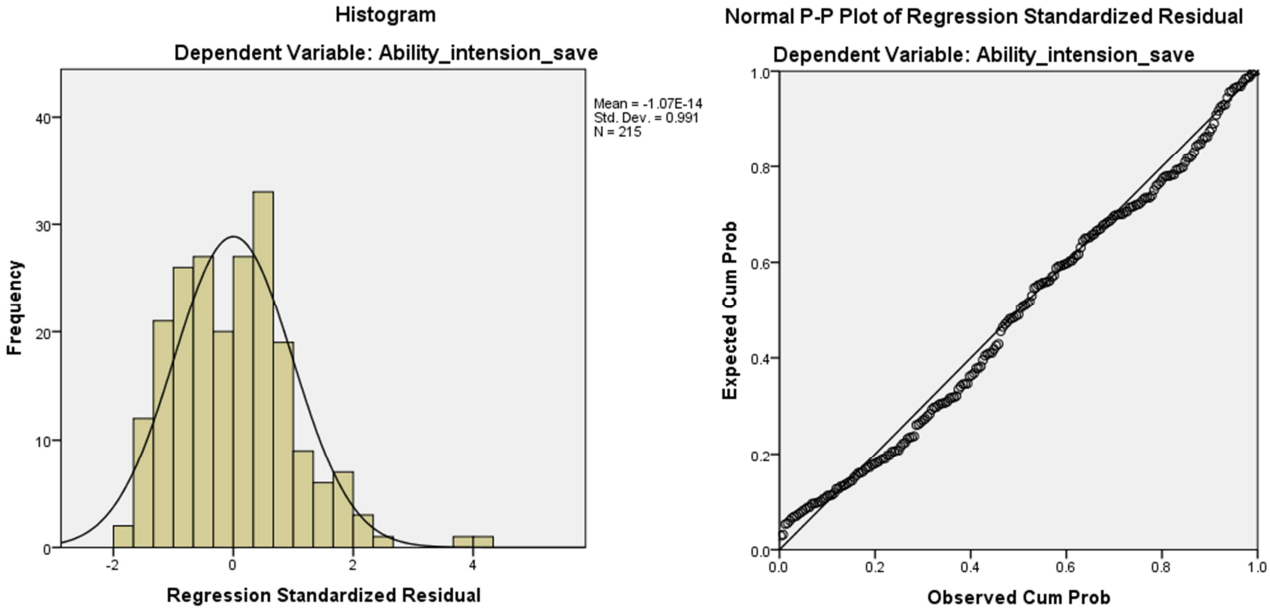

Figure 3. *Histogram and Normality P-P plot.*

From the above histogram and P-P plot we can detect that distribution of the residuals are almost normal. The normal graph in histogram is symmetric to the center and the values on probability plot almost all are on the normal line. Therefore, we can decide that residuals are normally distributed.

(iii). Test for Heteroskadacity

Spreads of the residuals are somewhat collected to centre, even though there are two outliers points above line. Therefore, we can conclude no Heteroskadacity effect in our data.

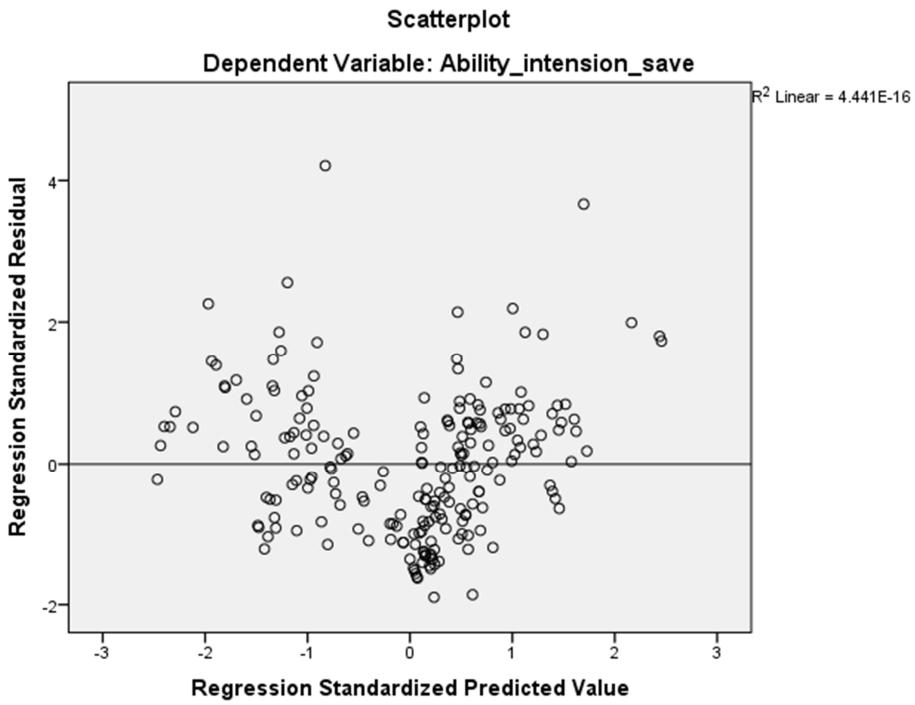

Figure 4. *Scatter plot line.*

(iv). Multi-Collinearity Test

Tolerance values and VIF statistics can be used to test Assumption of Multi-collinearity. If tolerance value is less than 0.1 and VIF value is greater than 10 is indication of serious collinearity problem. It is test of effects between predictors' variables.

Table 6. *Multi-Collinearity test.*

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	Family size	.252	3.967
	Resource management	.129	3.754
	Consumption behavior	.472	6.819
	Availability of saving institutions	.990	5.131

a. Dependent Variable: Ability and intension to save

Since VIF of all variables are less than 10 and Tolerance values greater than 0.1; there is no multicollinearity effects between independent variables.

All diagnosis test above reveal as there is no violation of OLS assumption to use linear regression analysis. Therefore, the following multiple linear regression results are computed and analyzed.

Table 7. *Model Summary.*

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.964[a]	.930	.928	.16777	.930	692.511	4	210	.000

a. Predictors: (Constant), Availability of saving institutions, Family size, Consumption behavior, Resource management
b. Dependent Variable: Ability and intension to save

4.2.4. Multiple Regression Analysis and Hypothesis Testing

The model used is highly fit for the data. The F-statistic is significant at p-value of .000 which indicates good model fitness. Adjusted R-square value indicates as independent variables have explaining power on predicted variable. Adjusted R-square value is 0.928, which is reflection of predicted variability in dependent variable can be explained 92.8% by the influencing ability of all independent variable together. This high percentage implies that the relevant variables were used for the study and appropriate model was employed.

Table 8. *ANOVA.*

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	77.969	4	19.492	692.511	.000[b]
	Residual	5.911	210	.028		
	Total	83.880	214			

a. Dependent Variable: Ability and intension to save
b. Predictors: (Constant), Availability saving institutions, Family size, Consumption behavior, Resource management

The result of analysis of variance indicates that the variability observed in dependent variable is because of variation in independent variables. Null hypothesis which states no mean differences among the groups was rejected and alternate hypothesis accepted for the fact that the p-value is very lower than 0.05 which is 0.000. It implies that there is significant difference among the mean of the group that can be seen from result of ANOVA table. F-statistics is significant at F value of 692.511 and p-value of 0.000.

Table 9. *Regression coefficients and interpretation.*

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	4.238	.217		19.524	.000
	Family size	-.028	.013	-.077	-2.103	.037
	Resource management	.110	.054	.104	2.044	.042
	Consumption behavior	-.540	.039	-.667	-13.949	.000
	Availability of saving institutions	.149	.058	.150	2.565	.011

Source: own survey: 2021.

Results of regression analysis reveal that all independent variables have significant effects on dependent variable which is ability and intension to save. Family size has significant and negative effect at p-value of 0.037 with Unstandardized Beta coefficient of -.028 which implies that as 1 family member added to household saving ability of the household decline by 2.8%. Resource management has significant and positive effect on ability and intension to save at p-value of 0.042 with Unstandardized Beta coefficient of 0.110 which show that as scale of resource management is increased by a unit saving ability is increased by 11%. Consumption behavior has significant and negative effect on saving intension and ability at p-value of 0.000 with Unstandardized Beta coefficient of -0.540 and it implies that as unbalanced consumption increased by a unite saving intension and ability decline by 54%. Finally Availability of saving institutions has significant and positive effect on ability and intension to save at p-value of 0.011 with Unstandardized Beta coefficient of 0.149 what implies that as saving institution closing to household with one scale saving ability and intension increased by 14.9%

4.2.5. Hypothesis Testing

Default (Null) hypothesis of all independent variables are rejected because of p-values of all four variables are less than significance level of 0.05. Hence, researcher hypothesis were accepted.

5. Summary of the Finding, Conclusion and Recommendation

5.1. Summary of the Finding

This study was conducted to assess the factors affecting rural household saving ability and intension in Bule Hora district of west guji zone oromia region. Information was collected in a field from coffee producers of rural households and analyzed by both descriptive and inferential statistical using SPSS software. The variables like Gender, age, marital status, family size, annual income, resource management, consumption behavior and availability of saving institutions were identified and investigated for their effects on household saving intension and abilities.

From the data analysis, the following points are summarized as the major findings of the study.

1) All demographic variables investigated in this study have no association with saving ability and intension in study area except family size. This finding contradicting with the previous studies by scholars [1-3].
2) Among the demographic variables family size has significant and negative effects on ability and intension to save at study area.
3) Study also reveal that income of the households not has any relation with the intension and ability save.
4) Statistical test of significant effect is show that consumption behavior has significant and negative effect on saving ability and intension of households. Results of qualitative data also reveal that there is high unbalanced consumption trends in the area because they sale fresh coffee cherry with very low price before harvesting annual coffee production. Selling of fresh coffee cherry expose farmers for wastage of their production as the price of fresh coffee cherry is very low at that time. To get amount of the money they need, they have to sell large amount coffee. The selling trends of the respondents revealed that 95.4% of the households selling their coffee product in two season fresh and dried coffee cherry. As discussed above the coffee farm landholding, as well as coffee production in quintals per a year is very small comparing to households family size. Selling this small amount at two different time by dividing is not worthy for household livelihood.

There is also bad consumption tried investigated in the area. Which is borrowing of money from someone by giving their coffee farm as collateral before coffee harvesting time and during coffee harvesting the one who lend them money collecting all coffee products within the bounder given as collateral.

5) Availability of saving institution has positive significant effect on saving intension and ability in study area.

5.2. Conclusion

In this paper, attempts have been made to assess factors affecting coffee farmers' households' saving in Bule Hora district, west guji zone oromia. Since saving playing important role in economic development of the country, identifying factors affecting saving culture of farmers households; contribute vital role to encourage saving habit in society. It is known that Ethiopian economy is more dependent on agricultural products and saving is one means of sustaining economic development by domestic resources. Assessing and giving solution for the factors that hinder farmers household saving is key of the doer enter in to economic development. From the result of the study, researcher concluded that major factor affecting saving culture of the farmers households in the study area size of family member, consumption behavior, resource management and availability of saving institution. As per the findings of the study, researcher also concluded that the consumption trends of households is one of the major factors that affect saving. Among all consumption trend, borrowing money from some other person by giving coffee farm as collateral is bad consumption behavior that affect most of the farmers not to use their coffee product properly. Another bad consumption habit is selling fresh coffee cherry with low prices and poor management of coffee farm during production time until completely harvested form farm.

5.3. Recommendations (Implication)

This study identified major factors affecting coffee producing household savings in Bule hora district. The

findings of the study have managerial implication as it can show impeding factors and easy management of it. Based on the findings of the study, the following recommendations are forwarded.

1) The coffee farmers have to diversify their agricultural products. Production diversification helps them to have alternative livelihood asset. Having alternative livelihood asset supports their daily consumption and then they can save their annual income from coffee production for better economic development.
2) They have to manage their coffee farm and collect coffee cherry at appropriate time without any wastage of the product.
3) They have to stop and change habit of allowing any family member to collect and sell fresh coffee cherry as they like.
4) They must have to avoid borrowing money giving coffee farm as collateral.
5) The farmers have to develop saving habit at saving institution, instead of using local iquib as sing place.
6) Financial institutions, as well as governments have to assist farmers to develop saving habit from what they have by creating awareness and facilitating them way how they easily saving in saving institutions.
7) Bule Hora University have to support farmers by giving training how to improve their consumption and developing saving culture.

5.4. Limitation and Suggestion for Future Researchers

This study was limited to coffee producers' rural households in one woreda of West Guji zone of oromia regional state, Ethiopia. Further researchers need to widen geographical scope to include other parts of country. The findings of the research were unique from those research conducted in the same title in other geographical areas. Studies of other researchers reveal that demographic variables have significant effect on saving, but in this study only family size from demographic variable is significant. Therefore, others researchers need to focus on the issue and confirm.

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