

An Evaluation of Savings Culture among Commercial Motorcyclists in Nigeria: A Case Study¹

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Abstract

This is an empirical study that examined the savings culture among commercial motorcyclists in Nigeria using data from a University setting in Northern Nigeria. The study employs both stepwise regression method and binary response as estimation techniques. It was found that over 80% of the operators actually saved during the study period. However 70% of the operators saved outside the formal banking system, indicating possibility of financial exclusion. Savings was also found to be positively related to earnings but inversely related to age. A full time operator has odds of savings 8.594 times as part time operator. The study concludes that more regulatory framework that enhances the earning capacity of the operators would also enhance savings among them.

Keywords: Savings; informal; transport; Qualitative choice models.

JEL Classification: C35;E21;L92;O17;N77;019.

1.0 Introduction

The informal sector has assumed prominence in most economies of developing countries. The sector is wide and heterogeneous ranging from petty trading, repairs services, transport services, weaving, to manufacturing. The informal sector is characterised by sole proprietorship, low start-up capital, low earnings, low skill, low savings, poor regulation, etc. Some of the key economic issues in informal businesses are start up capital, source of financing, employment and underemployment, earnings, savings i.e. formal and informal, government support services, constraints, etc. Saving is defined

¹ The paper is part of the series on informal transport using data from the general survey from ABU, Zaria, Nigeria.

as consumption postponed i.e. saved money is for future use. Savings is made out of the income or earnings from economic activities (Sukhdeve, 2008). The issue of savings in informal sector study has two dimensions. The first dimension is the analysis of the use of savings with respect to start-up capital, while the second dimension deals with savings from the operation of the informal activity. Various studies have been conducted on the issue of savings from national perspectives focusing on national saving, private savings, etc (see Berube and Cote, 2000; Paiva and Jahan, 2003; Schultz, 2004; Schrooten and Stephan, 2003 & 2004; Narayan and Saud AL Siyabi, 2005, Yasin, 2007; Nwachukwu & Egwakhide, 2007; Uremadu, 2007; etc). One feature of these studies is the fact that they are macro or aggregative in nature. Secondly, empirical evidences on the determinants of savings are inconclusive as findings depend on scope- macro or micro, measurement of variables and nature of study- formal or informal sector. There is therefore the need to provide further evidence through a disaggregated study taking a particular informal activity that is prominent. One of the informal sector activities that have remained in public discourse in Nigeria and most developing nations is the informal transit service. Informal transport or transit services are classified into five classes. Motorcycle transport belongs to Class IV of the Classes of informal transport mode (Cervero, 2000).

The purpose of this paper is to evaluate the savings habit or culture of commercial motorcyclists. There are three basic questions regarding savings culture in informal sector operation: Do the operators save? How much do they save and what factors determine their savings? Where do they save their money? The resolutions of the above issues are the main objectives of this paper as they provide good framework for savings mobilisation, destination and motivation. The rest of the paper is divided into theoretical framework; models and data; results and analysis; implications; and conclusion. It is important to note that the saving issues discussed in this paper were based on the general survey of informal motorcycle transport operators in the study area.

2.0 Theoretical Framework

Savings are used to smoothen consumption across one's lifetime in the face of any expected and unexpected fluctuation in income stream (Sukhdeve, 2008:32). There are three broad groups in society that save: the household sector saves out of personal disposable income (personal saving), the business sector saves out of profits, and the government saves out of tax revenues if it spends less than it receives (that is, runs a budget surplus

on current account). Household and business saving is sometimes referred to as private saving, while government saving is public saving. Savings can also be re-categorized as household saving, business saving, public saving, state enterprises savings, financial sector savings and external savings. Thirwall (2006) classifies savings into three broad types such voluntary, involuntary and forced. Voluntary savings are savings that arise through voluntary reductions in consumption of disposable income. Both the household and the business sector may be a source of voluntary savings. Involuntary savings are savings brought about by involuntary reductions in consumption. All forms of taxation and schemes for compulsory lending to governments are traditional measures involving involuntary reductions in consumption. Consumption may be reduced as a result of rising prices. This is referred to as 'forced saving' and may happen for a number of reasons. People may spend the same amount in money terms, but because prices have risen, this means they spend less in real terms (money illusion). People may want to keep the real value of their holdings of money constant, so they accumulate more money as prices rise (the real balance effect). Also inflation may redistribute income to those with a higher propensity to save, such as profit earners.

Savings help individuals and households to manage risk, deal with emergencies, smooth income, build assets, and meet financial goals or need both anticipated and unanticipated (Financial Education, 2011:1). The role of savings in meeting financial aspirations could be short term (weeks or months), medium term (1-3 years) or long term (>3 years). Beyond the individual and households savings and investment play a pivotal role in the process of economic growth and development in any country. Savings sometimes determine a nation's investment capacity and economic growth potentials. Low saving rates have been one of the major constraints to sustainable growth. Romer (1986) and Lucas (1988) suggest that higher savings and increase in capital accumulation can accelerate economic growth rates. Barro (1991) argues that growth differentials among nations can be attributed to differences in capital accumulation and savings. Low saving rates may equally worsen current account deficits in era of economic crisis.

There are several theories of savings but four are more prominent in the literature. These are Absolute income hypothesis, permanent income hypothesis, relative income hypothesis and life cycle hypothesis. These theories were originally consumption theories, they had their conceptual roots in microeconomic theory of consumer choice but because of the strong relationship between consumption and savings, they end up explaining the

consumer behavior in terms of both consumption and savings, more importantly that savings is a postponed/ delayed or future consumption. The absolute income hypothesis was by John Maynard Keynes (1936), the permanent income hypothesis was by Friedman Milton (1957), relative income hypothesis was by James Duesenberry (1949) and life cycle hypothesis by Ando and Modigliani (1963).

Both permanent income hypothesis and life cycle hypothesis assume that individuals attempt to maximize their utility by balancing a lifetime stream of earnings with a lifetime pattern of consumption. The life cycle hypothesis has been the most widely used approach to examine savings and retirement behaviour of rational economic agents. The hypothesis distinguishes between three lifetime periods that correspond to three savings behaviour; the young, mature and old age. At the young age there is greater disincentive to save, as earnings are often less than consumption, at maturity, there is a great incentive to savings, as earnings are more than consumption and at an old age, earnings also fall more than consumption, thus more dissavings.

The permanent income hypothesis of Friedman (1957) differentiates between permanent and transitory components of income as determinants of savings. Permanent income is defined in terms of the long time income expectation over a planning period and a steady rate of consumption maintained over lifetime given the present level of wealth. Transitory income is the difference between actual and permanent income and since individuals are assumed not to consume out of this income category, marginal propensity to save on transitory income will be unity.

Friedman (1957) posited that higher-income households are savers because their current income includes positive transitory components, whereas, transitory income is negative for dis-saving, lower-income households. Empirical tests of the permanent income hypothesis are mainly concerned with the effect of initial wealth on savings as well as the marginal propensities to save out of permanent and transitory components of income.

The second major contribution to savings literature comes from Ando and Modigliani's life cycle hypothesis (1957). Their basic assumption is that individuals spread their lifetime consumption evenly over their lives by accumulating savings during earning years and maintaining consumption levels during retirement.

However, when a household's annual income increases each year prior to retirement, less is saved during the initial working years and more in later years. A new entrant into the workforce, whose income is expected to

increase over time, is likely to have an average propensity to consume greater than 1, whereas the average propensity to consume for an individual near retirement is less than 1. This behavior is consistent with cross-section studies where many lower-income households dissave and many higher-income households save. The aggregate average propensity to consume (APC) would be constant over time when the labour force consists of equal proportion of young, middle-aged and old workers, which is also consistent with time-series data.

Tests of the life cycle hypothesis are therefore mainly concerned with the effect of demographic variables such as age groups, birth rates, and dependency ratios on savings behaviour. The second group of variables used to describe savings during working life and dissaving during retirement are financial variables such as interest rates, inflation rates, available financial instruments, and initial wealth levels which affect the inter-temporal consumption decisions of households.

Empirical evidences of life cycle hypothesis have been inconclusive in the literature. Many studies seem to have evidence contrary to life cycle postulation, some find that older persons continue to save even in retirement. King, (1985) rationalized that savings in retirement is not necessarily inconsistent with the life cycle hypothesis, if one accounts for the aversion of individuals to uncertainty about the future, especially how long they will live and future inflation.

Others argue that the generosity of pension and benefits schemes in some countries reduces the need to save in preparation for retirement and to dis-save while in retirement. However, this is only applicable where such safety valves are in existence especially in the formal employment not in informal sector. After accounting for contributions and withdrawal of benefits from pension (Jappelli and Modigliani 1998) find evidence for the expected hump shaped savings profile as predicted by life cycle income hypothesis. Gist, et al. (1999) estimate that social security and pension wealth accounted for more than half of the wealth for 90% of the pre-retired population in the developed countries. They argued that failure to account for this (pension wealth and receipt of benefit and other social security) would lead to underestimation of dissaving in retirement age in many developed countries.

Feldstein (1974) argues that the effect of social security may reduce the need to save for retirement, but availability of this social security may also encourage early retirement from the labour force. Thus, a shorter working life and longer retirement period which would require increased savings. Also, public expenditures shift in response to demographic status of

the country, from education expenditure to pension expenditure if the population is aging.

The literature is replicated with a lot of empirical findings of the impact of savings on national economies and determinants of savings at macroeconomic level. McKinnon (1973) and Shaw (1973) find that high real interest rates induce savings in an economy. Uremadu (2000) maintain that there exists a positive relationship between savings and income growth rates. Uremadu (2007) found negative correlation between real interest rates and national savings. Inflation has been found to exert dual influences on savings. First, it encourages the holding of real assets rather than an asset fixed in nominal values, and thus reduces savings. Secondly, inflation creates a feeling of uncertainty and pessimism about the future and thereby encourages savings.

Apart from the above evidences, some other studies have shown a negative relationship between the rate of interest and the volume of savings through financial intermediaries. Gupta (1984) in particular, in a study of personal savings in developing countries argued that high real interest rate increased savings while others conclude that savings deposit rate in a deregulated regime is not important in explaining the demand for savings (Soyibo and Adekanye, 1992). Muradoglu and Taskin (1996) carried out a cross-sectional works with evidence from industrial and developing countries. They submitted that three factors such as the real balance, dependency ratio and the trend income were found to be the significant determinants of savings rates in the developing countries. Soyibo and Adekanye (1992) shows that there is support, although weak, for the position that financial liberalization in Nigeria is a possible way of promoting savings. The study further show that the debt-intermediation hypothesis of Shaw is more relatively supported by Nigerian data than the complementarity hypothesis of McKinnon. It therefore sees such policy initiatives like the operations of the Peoples' Bank and Community Banks which aim at encouraging the savings habit of Nigerians as steps in the right direction.

Oladeji and Ogunrinola (2001) empirically investigated the determinants of informal savings in South Western Nigeria using the linear probability model and multiple regression technique. Self employed, less educated and rural population were identified more with informal savings and had a higher informal savings ratio. The results suggest that informal saving is determined by income, age, occupation, education and region of residence. Income and age accounted for the bulk of variation in the level of informal savings. The study posits that any policy that enhances increased earnings in

informal sector has the tendency of increasing the propensity to save in the informal sector.

Evidence at the micro level shows that in India about 81% of households save to meet unforeseen expenses; a third of the 205.9 million households still stash cash at home, which does not earn any return; about 51% put their savings in banks indicating that 49% save outside the coverage of the formal financial system. In India, poor households prefer informal savings, which offer easy access and convenience. Informal savings mechanism in India includes; stashing cash at home; keeping money with trusted relations or neighbours; community savings; investment in kind (Sukhdeve, 2008). Education accounts for the most reason while poor households save in India, accounting for 81%. Old age financial security accounted for 69%; future expense such as marriage, birth and social ceremony accounted for 63%; house buying and building 47%; business improvement 47%; purchase of consumer durables 22%; and gifts, donations and pilgrimage 18%.

The choice of where to save is wide. They can however be classified into non cash forms of savings; informal savings; semi-formal savings and formal savings (Rutherford, 2000; Financial Education, 2011). Theoretically, the reasons or purpose for savings includes life cycle savings, precautionary savings, investment savings or bequest savings. Precautionary savings are more crucial in the absence of formal social security system. There are many factors that determine savings, principal among which are income, interest rate, household size etc. Aryeetey and Gockel (1991) found that market women in Ghana combined saving facilities. About 36.7% save at home; 36.4% in banks; 0.2% in Credit Unions; 77% in *Susu* Club and 0.4% in other saving facilities. In summary the literature suggests that at macro level, the determinants of savings include per capita income level, interest rate, availability of financial institutions, government policy, among others. However at micro level, its determinants include the demographic structure of household, income level, age, social status, among others.

3.0 Models and Data

3.1 Models

Two types of models were used to achieve the main objectives of this paper. The first set deals with the determinants of savings and average propensity to save (APS). Saving (S) is principally a function of income (Y) and other identified factors based on the type of study. In this study, which is on informal transport, the main determinants of saving are earnings denoted

by Y ; a vector of socio-economic background of operators (X); a vector of operational characteristics (Z); and a safety vector (P). It is therefore stated as;
 $S=f(Y, X_i, Z_i, P_i, u)$ 1.1

Where S is savings per day in Naira. Y is gross earnings per day in Naira. X_i is a socio-economic background vector consisting of age (AG), education (EDU), household size (HS), ownership of motorcycle (O) and tribe (T). Z_i includes experience (EX), mode of work (MW), union membership (UM) and type of motorcycle used (TM). P_i consists of license holding (LH) and Highway Code awareness (HC). Equation 1.1 can be expressed as;
 $S=f(Y, AG;EDU;HS;O;T;EX;MW;UM;TM;LH;HC;u)$ 1.2.

The main a priori expectations with respect to equation 1.2 are stated below;

$$f'_Y > 0; f'_{EX} > 0; f'_{AG} < 0; f'_{HS} < 0.$$

The a priori expectations with respect to the other variables are assumed to be 'not equal to zero' basically because they are categorically measured. It is important to note that interest rate (r) was not captured in the model. The exclusion is due to the fact that the study is a 'point-survey'.

The second model relates to the determinants of average propensity to save, which is estimated as;

$$S/Y = f(AG;EDU;HS;O;T;EX;MW;UM;TM;LH;HC;u)$$
.....1.3

Where S/Y is average propensity to save. All other variables are as defined above.

The second set being the qualitative model of whether they save or not. The qualitative response variable in this study is dichotomous. That is, whether the operator saves or not. The response is binary or dichotomous in nature. It is either the operator saves or does not save. It therefore became imperative to adopt qualitative response models (See Maddala, 1983; Gujarati, 2005). If π is the probability that Y , the dependent variable assumes 1 ($\pi = P(Y=1)$), and $1-\pi$ is the probability that Y assumes value zero, in the absence of other information, we would estimate π by the simple proportion of cases for which $Y=1$. However, in the regression context, it is assume that there is a set of predictors $x_1, x_2, \dots, x_p$, that are related to Y and therefore, provide additional information for predicting Y .

The model is given as;

$$\text{Log}\left(\frac{\pi}{1-\pi}\right) = \alpha + \beta_1 x_1 + \beta_2 x_2 + \dots + \beta_p x_p$$
 -----2.1

From Equation (1) we can obtain;

$$\pi = \frac{e^{\alpha + \beta_1 x_1 + \beta_2 x_2 + \dots + \beta_p x_p}}{1 + e^{\alpha + \beta_1 x_1 + \beta_2 x_2 + \dots + \beta_p x_p}} \quad \text{-----2.2}$$

Equation (2) can be rewritten as;

$$P(Y = 1 | x_1, x_2, \dots, x_p) = \frac{e^{\alpha + \beta_1 x_1 + \beta_2 x_2 + \dots + \beta_p x_p}}{1 + e^{\alpha + \beta_1 x_1 + \beta_2 x_2 + \dots + \beta_p x_p}} \quad \text{-----2.3}$$

Equation 3 was estimated: where Y takes the value 1, if operator saves and 0, if otherwise. $X_{1...p}$ is a vector of regressors, and e is exponential function.

The regressors are as stated under the determinants of savings in Equation 1.2. The estimation of Equation 2.3 is based on the maximum likelihood principle. The Stepwise Regression Method was adopted.

3.2 Source of data and measurement

The data for this paper were sourced from a general survey of commercial motorcycle operators in Samaru, Zaria, where the main campus of Ahmadu Bello University, Zaria is located. Samaru, Zaria is located in Kaduna State, Nigeria. The University population moves to various destinations on campus and to Samaru the host community using private transport and commercial motorcycles. The information required for this study was obtained from primary data sourced through administration of carefully designed questionnaire, with the active support of Ahmadu Bello University Security Unit, which is responsible for regulating commercial motorcycle operation on campus. It gave the total population of registered motorcycle operators on the campus as 716 at the time of the survey. The study chose the sample using simple random sampling technique. The procedure adopted was the use of odd-even number relying on their registered number. Fifty percent of the operators were sampled based on this procedure. The expected questionnaire was therefore 358. However only 334 were returned, which is about 47 per cent of the operators, thus giving a response rate of about 93 per cent.

The data were measured both nominally and categorically. The categorically data are ownership (owner-operator = 1; otherwise = 0); type of purchase (new = 1; otherwise = 0); mode of operation or work (full-time = 1; otherwise = 0); licence holding (licensed=1; otherwise=0); highway code awareness (aware = 1; otherwise = 0); membership of union (member = 1; otherwise = 0); educational attainment (below Junior Secondary School (JSS) (below 9 years of schooling) = 0; Junior Secondary School and above (9 years

Table 1:

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of schooling and above = 1); Tribe (Hausa=0; Others =1). The other variables measured nominally are age (in completed year); household size; earnings per day; and experience (in months).

4.0 Empirical Analysis and Discussions

The overview of the operations and characteristics of commercial motorcycle business is presented in Table 1. All the operators were found to be male. No evidence of female operator was found. No evidence of under aged rider was found among the operators as all were found to be above the legal requirement of 18 years. About 26.4% of the operators had no formal education while 32.9 % had primary education, which is equivalent to six years of schooling. The study found that only 44% of the operators actually own the motorcycle used for operation, the rest rent for a fee of N400 per day.

Table 1: Salient Features of the Operators*

Variable	Distribution	Other Statistics
Age(years)	18-40=91.8% 41-58=8.2%	Mode=30 Median=30 Mean=31 Min.=18 Max.=58 Std deviation=6.64 VC=331
Gender	All male (100%)	
Highest educational attainment	No formal education=9.9% Koranic education=16.5% Primary school education=32.9% Junior school education=20.7% Senior school education=15.0% Above Senior Secondary education=5%	VC=326
Marital status	Single=29.1% Ever Married=70.9%	
Household size		Mode and Median=6 Mean =6.53

		Min.=3 Max.=22
Ownership of motorcycle	Owner-operator=44.4% Rented motorcycle=55.6%	VC=331
Rent per day-motorcycle (Naira)		Mean =400
Acquisition status of motorcycle	New =58% Used (Tokunboh)=42%	
Work hours per day		Mean =12.98 Mode and Median=13 Std deviation= 2.5 Min.=4 Max.=20
Work days per week	4 days=0.6% 5 days=12.2% 5 days=40.3% 7 days=46.9%	Min.=4 days Max.=7 days
Passenger carriage	One per trip=100% Occasionally exceeding one passenger per trip=56% Fare per passenger trip=N30 Fare could exceed N30 if the distance is more.	Mean passenger per day=43 Min.=10 Max.=70
Experience in operation (months)	Experience Categories 1-12=14.4% 13-24=12.1% 25-36=13.8% 37-48=20.7% 49-60=10.6% 61-72=9.6% 73-84=5.4% 85-96=3.8% 97 and above=9.6%	Mean =52.8 Mode and median=48 Min.=1 Max.=240 VC=313
Previous occupation	Farming =26% Artisan =18.7% Trading =29.3%	VC=300

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	Unemployed =21.7% Others =4.3%	
Employment status	Part time=17.9% Full time =82.1%	VC=312
Gross earnings per day (naira)	Earning categories 1-1000=27.4% 1001-2000=69.1% 2001-3000=2.6% 3001-4000=0.6% 4001-5000=0.3%	Mean =1,265 Mode and Median=1,200 Min.=100 Max.=5000 VC=317
License holding	No license=27.6% Licensed=72.4%	VC=323
Helmet usage	Used =15.8% Not used=84.2%	
Highway awareness	Aware =58.2% Not aware=41.8%	VC=323
Membership of unions	No =16.7% Yes =83.3%	

*The estimates have been revised to reflect the classifications used here. Also the above relate to the entire sample and not the case processing summary of the various regression models on savings.

Source: Field Survey.

The survey revealed that commercial motorcycle operation provided employment for 22% of the operators who were previously unemployed. About 82 per cent of the operators work on full time basis. The mean gross earnings was estimated at N1,265. The rest attributes of the operators are shown in Table 1.

The descriptive statistics of savings culture among motorcycle operators are shown in Table 2. It was found that about 85% of the operators save part of their daily earnings. The median savings was computed at N300 per day. The results further show that 44% of the operators saved their money at home for convenience and ease of access; while 24% saved their money with cooperative societies and or engage in rotational contribution. It was also

found that 32% actually save their money in banks. The formality of savings mode revealed that 68% of the motorcycle operators save with informal finance operators while 32% patronised the formal financial market.

Table 2: Saving Issues among Operators

Variable	Distribution	Other statistics
Savings	Those who save=85.3% Those who do not save=14.7%	
Savings per day (Naira)	Savings Category 1-500=86.7% 501-1000=9.4% 1001-1500=2.5% 1,501-2000=0.7% 2001-2500=Nil 2501-3000=0.7%	Mean=386 Mode =200 Median=300 Min.=100 Max.=3000 VC=285
Saving mode	Home=44% Cooperatives/Rotational contribution=24.1% Banks=31.9%	
Formality of saving mode*	Informal saving place=68.1% Formal saving place=31.9%	

Note : *The logistic estimate for formality of choice of savings place did not yield any meaningful results, using the variables in equation 1.2. It was therefore not reported.

Source: Field Survey

The results of the stepwise logistic regression are presented in Table 3. Only Mode of Operation was found to be the significant factor among the variables considered in the model ($p\text{-value} < 0.05$). The model correctly predicted 91% of the cases which is reasonably high, hence the model can be said to be reliable. From the model it can be inferred that the probability that a commercial motorcyclist will save given that he operates on full-time is 0.9649 while that of his part-time counterpart is 0.7619. Interpreting the model in terms of odds ratio, a full-time commercial motorcyclist has odds of saving 8.594 times as high as a part-time motorcyclist. In other words, the odds of full-time motorcyclist saving part of his earnings are 759% higher than the odds of part-time motorcyclist saving part of his earnings.

Table 3

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Table 3 Stepwise Logistic Regression for Savings (save=1; do not save=0)

Regressor	Coefficient	Standard error	Wald	Sig.	Exp(B)
Mode of Operation	2.151	0.884	5.927	0.015	8.594
Constant	1.163	0.512	5.154	0.023	3.200
Summary Statistics					
$X^2=6.722$ Prob. 0.010					
R^2 (Nagelkerke)=0.182					
-2log likelihood=40.381					
Cox & Snell $R^2=0.083$					
Cases correctly predicted=91%					

The results of stepwise multiple linear regression analysis for savings per day are summarized in Table 4. The three significant factors are; earnings per day, tribe and age of the cyclist. While both Earnings and Tribe were significant at 1% ($\alpha = 0.01$) Age was significant at 5% ($\alpha = 0.05$). The three significant factors accounted for about 43% of the total variability in the dependent variable (Saving per day) which is reasonably high considering the nature of data used in the analysis. Age of the motorcyclist has inverse relationship with savings; this implies that amount saved by the motorcyclist decreases with age. On other hand, both earnings and tribe have direct or positive impact on the amount saved. That is more earning per day brings about increase in saving. Thus savings if influenced by earnings or income from the informal activity. This is consistent with the findings of Oladeji & Ogunriola (2001). For tribe, since it is categorical (Hausa=0; other tribes=1), operators from other tribes seem to save more than Hausa operators.

Table 4 Stepwise Regression Results for savings (per day in Naira)+

Variable	I	II	III
Constant	46.25	-11.215	247.14
Earnings(daily)	0.273 (6.326)*	0.287 (6.817)*	0.316 (7.250)*
Tribe		73.80 (2.408)**	81.782 (2.705)*
Age			-8.944 (-2.023)**
R^2	0.367	0.417	0.450
Adjusted R^2	0.358	0.400	0.426
F	40.02	24.30	18.30
N	70	70	70

Note: + The full regression result is shown in Appendix Table 1.

t values are in parenthesis; * significant at 1 percent; ** significant at 5 per cent

The Average Propensity to Save (APS) was computed by dividing saving per day by earnings per day. The APS is then regressed on the identified independent variables using stepwise approach and the results are summarized in Table 5.

Table 5: Stepwise Regression for Average Propensity to Save (S/Y)

Variable	Coefficient
Constant	1.758
Age	-0.038 (-2.322)**
R ²	0.072
Adjusted R ²	0.059
F	5.393
N	70

t values are in parenthesis; ** significant at 5 per cent

From the results, only age was found to be significant in the model with negative impact (p-value < 0.05). Therefore age of the motorcyclist has negative impact on the average propensity to save for commercial motorcyclists. This implies that as the motorcyclist grows older; the tendency to save larger proportion of earnings diminishes. The finding supports the work of Oladeji & Ogunrinola (2001). It lends credence to dependency or responsibility axiom among informal sector operators, in which more of the earnings are spent on consumption, over time. This may account for why operators hardly maintain their motorcycles as they grow older on the job.

5.0 Implications and Conclusion

The implications of the above findings are that the operators save on a daily basis mostly and informally as 68% of the operators patronise the informal savings option. Secondly, savings was found to be positively related to earnings, which supports savings theory. Age of the operator and tribe, that is ethnic background, also play significant roles in the amount saved. Savings is crucial not only to an economy but to any business and individual. There is the need to harness the savings potential of these informal sector operators in such a way that semi formalization is achieved. Tribal affiliation was found to influence savings culture, therefore the culture of savings should be promoted among the tribes that have the tendency to save less. The amount saved is principally a positive function of income. Therefore for savings to improve

both in amount and rate, the earning capacity of the operators must improve. The earning capacity of operators could be enhanced with proper regulation of the commercial motorcycle business such that illegal operators are flushed out, thereby giving more market share to legal operators. Once the patronage level increases, earning will increase and possibly savings.

This paper has examined the savings culture of commercial motorcyclists in a University community using a general data base. There is therefore the need for further studies using larger sample size and one that is specifically targeted at saving issues among informal sector operators. This will capture more in-depth, issues beyond what a general study of informal transport can cover.

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