

THE NEXUS BETWEEN HOUSEHOLD SAVING AND PERSONALITY: AN EVIDENCE FROM JAFFNA DISTRICT

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Economic psychology plays an important role in understanding saving decisions of individuals, thereby household and country's development. However, studies in connection with saving with psychological approach are few relevant Jaffna district. This study examines the association of personality in accumulating saving of the households in Jaffna District, with an objective to fill the gap in 'personality traits – saving' literature in this region which still struggle to come out from war effects. For this study, 500 households were selected from all DS divisions of the Jaffna district, from five job groups, based on stratified random sampling method. Questionnaire with 31 items, bi-polar personality adjectives are used to collect data under a survey method, in a 7 point scale adopted from Webly and Nyhus (2001). This is a short version of Cattell (1996) personality dimensions adopted by them. Reliability was tested with Cronbach's Alpha estimated as 0.658. By applying the Exploratory Factor Analysis using Principal Component Analysis with Varimax rotation, six factors emerged: Emotional stability, Extraversion, Conscientiousness, Agreeableness, Tough mindedness, Care free and accounted for 42% of variance in saving. Factors were tested for association with saving and found 'Extraversion/introversion' was positively and significantly correlated; 'Carefree/mindfulness' and 'Emotional stability/weak mindedness' are negatively and significantly correlated. It means Households, which are more extroverts, are positively associated with saving, while households that are carefree in nature or with weak mindedness are exhibiting negative association with saving. This study proposes policy measures to enhance household saving, consider personality factors when developing saving instruments. When gratification overrides thrift, it is indispensable to identify individual differences in personality traits, as saving is the postponed consumption; it helps the proposed development framework for the war affected regions as saving is indispensable for accumulation of investment; in addition, Covid – 19 economic revival measures could also benefit from the findings of this study.

Keywords: *Economic Psychology; Household saving; Personality; Personality factors*
