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**Modeling Consumption and Saving Decision Making Behavior of People in the
Settings of Urban Eastern Ethiopian Communities**

A Heterodox Economics Approach

Habtamu Girma Demiessie

November 2020

Jigjiga, Ethiopia

NOTE TO READERS

This paper is a preliminary and/or abridge version of a hypothetical research on the fabric of urban eastern Ethiopian economies. The draft manuscript of this study is completed for peer-review. The full length of the study can be accessed upon completion of peer review process and accepted for publication.

Abstract

This study is aimed at modeling the essential behavioral and institutional aspects of the economic fabric of urban eastern Ethiopian communities with an emphasis on consumption/saving regime. Analysis made was based on interdisciplinary approach. The principles of a hypothetical research govern key aspects of inferences made. The study hypothesized that the essential construct of the consumption/saving regime is by product of shared value system in the communities of interest. In this regard, the shared value system is the result of a more or commonly shared environment (economic, socio-cultural, political, past governance, geographic and geo-political) by urban eastern Ethiopian communities in the past and present. The importance of shared value system is interpreted in shaping consumption/saving decision making behavior of people in its implications to making life uncertain/risky. The study found out that the constructs of prevailing consumption/saving regime is behavioral and institutional response mechanisms people/households/communities design to cope up the uncertain/risky nature of life in general and that of their economic life in particular. As prevailing uncertainties in life are not faced and/or felt equally by people/households/communities, generalization made on behavioral and institutional features of the consumption/saving regime is not linear across the board. In this regard, the potency of behavioral and institutional modeling made on consumption/saving regime is subjected to variations across individuals/communities of various entities: income/ occupational/ consumption groups; generations; locations (urban versus rural); socio-demographic variables, among others. The study further concludes that consumption/saving decision of individuals and/or the overall economic fabric in the settings of eastern Ethiopian communities is a complex phenomenon which is not only motivated by economic factors, but triggered by a host of non-economic determinants attributed to psychological, psychosocial, sociological, anthropological and geographical variables. Therefore, academic and policy interventions meant to study/influence the consumption/saving regime in the case of urban eastern Ethiopian communities requires considering the mentioned economic and non-economic variables with an interdisciplinary/multi sectorial tools/approaches.

Keywords: Eastern Ethiopia, Shared Value System, Consumption & Saving, Group Decision Making

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1. INTRODUCTION

1.1. Background

The importance of shared value system in shaping the economic fabric is well depicted in the literature. In this regard, the role of those value systems goes to defining the two core components of the economic fabric: the behavior of economic agents and the structure & functionality of institutional elements. (Degefe, 2009; Tewedaj,2006; Demiessie, 2016).

Learning on shared value system of helps to understand the decision making process of people in their economic transactions. In this regard, it helps map the rationality of economic actors; the individualistic motives; chart out the decision making process of economic agents in their economic transactions. Depicting shared value system is also critical to understand institutional make ups of prevailing economic order. Hence, the pillars of the institutional component of the economic orders are the outcomes and/or direct reflections of the shared value system. On one hand, the behavioral aspect of shared value system defines the nature of institutions. On the other hand, those institutional orders define the incentive system, in turn molding the behavior of economic agents (Sunstein 1997; Young 1998).

One can draw about the way the economic order structured and function by exploring shared value system and implied behavioral/institutional elements. By understanding about the shared value system, it is possible to learn about the individualistic motives of economic agents.

A particular importance of shared norms and value systems lie in molding the behavior of people in relation to consumption/saving decision making process. Studying the role of shared value system also helps to draw proper inference on consumption/saving regime by helping understand the nature, forms and functionalities of formal/informal institutions having direct/indirect linkage with consumption/saving aspect of the economic fabric (Weiss and Fershtman 1998; Parakesh, 2002).

Understanding the consumption and saving decision is very key to understand about the two pillars of the economic order: behavior of economic agents and economic structure. Understanding the behavioral and structural elements of consumption and saving decision process helps to learn about economic agents in many ways. For one, the consumption/saving decision making process /save is a reflection of cherished life style of economic agents. Moreover, learning on how people decide in their consumption/saving also implies on time preferences of economic agents of the present against the future.

Modeling the consumption/saving motives of people also telling about the prevailing institutional aspects of the economic fabric. More importantly, modeling the consumption/saving aspect of the economy enables to learn on key institutional and policy aspects that in one way or the other affect the structure, function and performances of the economic fabric in general.

1.2. Justification of the Study

A visible nature of overall aspect of life among communities within urban eastern Ethiopia entails shared value system a powerful governing force than conventional rules and principles. One of the unique positions of the economic fabric of urban eastern Ethiopian communities is attributed to the consumption and saving behavior of people (Demiessie, 2016)

Despite the role of non-economic variables like shared value system in governing life in many dimensions, academic and policy interventions aimed at addressing the economic fabric of urban eastern Ethiopian communities often disregard those important variables.

The importance of studying shared value system and norms in shaping/defining the fabrics of the economy has an interesting dimension, where understanding on the role of those variables enables to depict on key aspects of the economy: the institutional order and behavior of economic agents in their consumption/saving decision makings. This study depicts the economic fabrics of urban eastern Ethiopian communities in line with consumption and saving decision making process of economic agents and the implied institutions.

Therefore, systematic inference over the structure and functionality of overall environment (with emphasis on the socio-economic environment) were made. The importance of prevailing environment in terms of defining shared value system is also explored. How shared value system interpreted into behavioral and institutional aspects of consumption/saving regime is also made.

Core behavioral and institutional inferences made on shared value system in line with shaping the consumption/saving regime involves the followings: cherished lifestyle, rationality of economic agents, the time preferences of economic agents (the present against the future) in their consumption/saving decisions; value to work; value to material life in general and value to money; how people perceive about defining purpose in life (including their economic life); hedonic wellbeing (perceived satisfaction) in material life; individualistic motives, risk taking behaviors and perceptions to saving, among others.

1.2. Objective

The objective of this study is to hypothesize on the consumption and saving decision makings of people in the settings of urban eastern Ethiopian communities.

More specifically, the study tries to address for the followings:

- Enquire the underlying motive of people in their consumption and saving decisions by exploring the shared value system.
- Investigate how shared value system interpreted into behavioral and institutional aspects of consumption and saving decisions of economic agents
- Hypothesize on the behavioral and institutional aspects of consumption/saving decision process of people.
- Identify the pillars and peculiarities of consumption and saving regimes in the settings of urban eastern Ethiopian communities.

1.3. Source of Information

As source of information, this study relies upon both primary and secondary sources. In the ethnographic aspect of the study, analysis & inferences were largely based on fieldwork and personal observations. In the formative aspect of the study, in-depth-interviews, focus group discussions (FGDs), key informant interviews (KII) were used. Moreover, the topic was discussed and deliberated through panel discussion and in the informal gatherings with individuals & scholars having good knowledge of eastern Ethiopia communities.

2. MATERIALS AND METHODS

This study caters to interdisciplinary approach, with techniques/tools/theories/empirics from diverse fields & strands of thoughts employed: positive psychology, social psychology, behavioral economics, institutional economics, economic sociology, economic anthropology, behavioral & economic geography, political economy, among others.

2.1. Description of the Study Area

Though there is no administrative organization, at least in the current context, something as eastern Ethiopian communities, this article simply referred urban communities in the current eastern & western Hararghe zones of Oromia regional state; city council of Dire Dawa; the Harari region; major urban centers in Ethiopian Somali Regional State. The analysis is largely made through inferences made on the socio-economic structure, behaviors and motivation of people, institutions installed having importance to economic and social wellbeing of people prevalent in the following towns and cities: Assebe Teferi (Chiro), Harar, Dire Dawa, Jigjiga, Kebridahar and Godey. People & communities living in those cities and towns represent a typical socio-economic order, socio-cultural mix and political dynamics in the case of urban eastern Ethiopia.

As the working of social fabric in those communities is largely conditioned by prevailing socio-cultural institutions widely functional in rural settings in particular, communities in rural part of eastern Ethiopia are within the domain of our analysis. Hence, inferences and generalizations made are based on the whole socio-cultural set-ups and economic structure of communities in mentioned towns and cities.

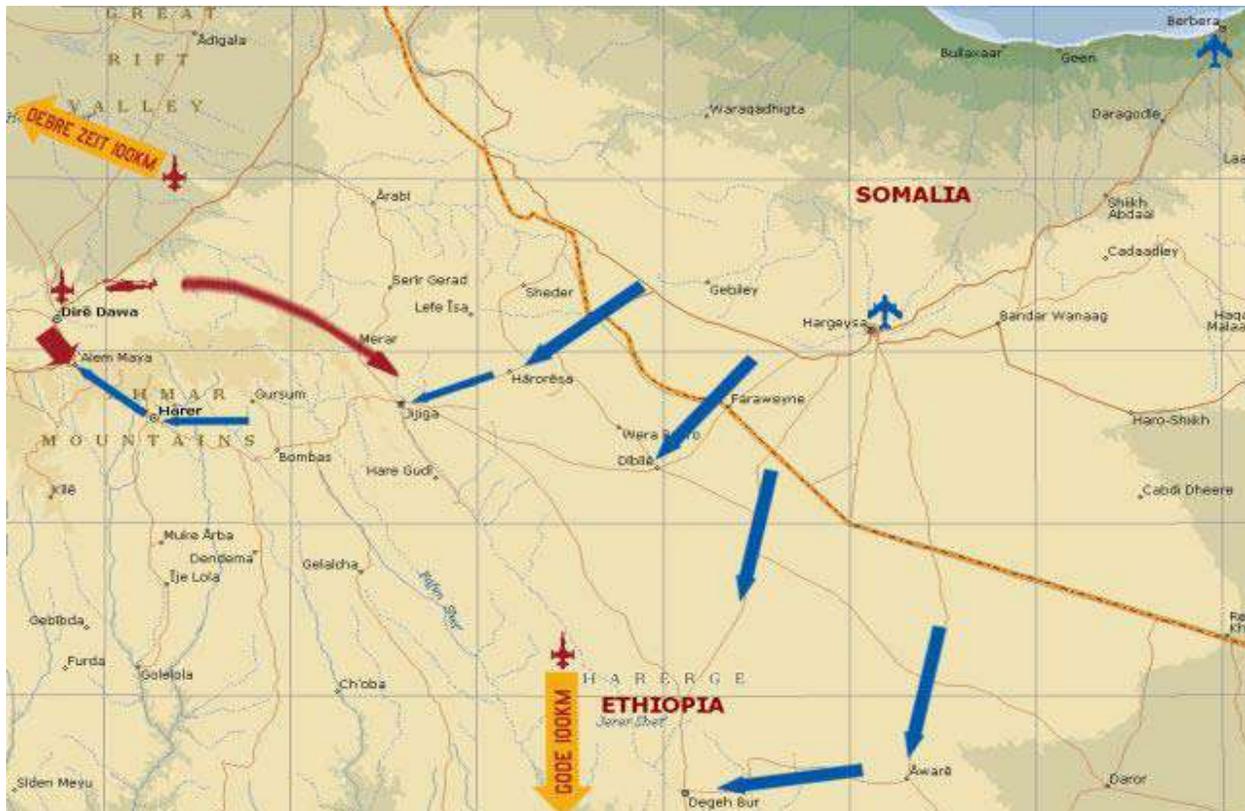


Figure 1: Map of Study Area

2.2. Theoretical Framework

While making analysis and inferences, suiting conceptual/theoretical frameworks and tools that would better address the objectives defined by the study were employed.

2.2.1. Theoretical Framework (to address the first three Objectives)

The theoretical framework of synthesizing ideas to addressing the first three objectives of this study was based on Karim Errouak (2016). The framework is primarily developed to look the connection between economic structure and motivation of economic agents, the two aspects of the economy. The first aspect entails in investigating the possible linkages among economic institutions. The second aspect examines the motivation of people in various economic activities, and how that in turn shapes their behavior in their economic transactions.

2.2.2. Theoretical Framework (to Address the Fourth Objective)

To address the fourth objective of this study, the framework of analysis was based on consumption/saving criteria defined by economic, psychological, institutional, sociological and anthropological theories of consumption and saving. The criteria defined by each subjects of social science/humanity studies is considered based on behavioral and institutional characters.

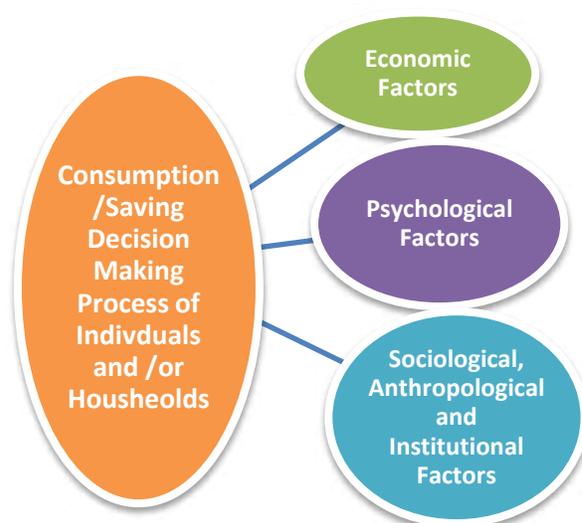


Figure 2: Determinants of Consumption/Saving Decision Making Process of People

2.3. Techniques/Tools of Analysis and Inference

The techniques of analysis and making inference made in this study involve a combination of ethnographic approach; technique of characterization, comparison & conceptualization and formative research approaches.

a. *Ethnographic Approach*

Ethnographic account entails attempts to investigate, explain and/or model the prevailing institutions & social fabric shared amongst eastern Ethiopia communities. In its ethnographic face, the study tries to explore and infer on shared norms, attitudes, value system, socio-cultural and demographic dynamics in the communities of interest.

Ethnographic account also involves an inquiry into the people and prevailing institutional arrangements that govern life among communities of interest. Doing so, the decision making behaviors of individuals (people) in different departments (aspects) of life can be framed. Furthermore, ethnographic approach helps depict on the essence, nature and workings of institutions for social, cultural, economic, religion (faith), security, governance, resource allocation, risk sharing and diversification, among others.

In general, as the first objective of the study is meant to draw the shared value system among eastern Ethiopian communities, a technique of ethnographic study better helps to making inference.

b. *Techniques of Characterization, Comparative Analysis and Conceptualization*

In order to make inferences on some of the objectives of the study, a technique of characterization, comparisons and conceptualization is employed.

By way of characterization, the hypothesized shared value system was triangulated or attested with the prevailing realities ascribed to particular aspect of life in the communities of interest. Such triangulation is heavily dependent on the personal observations, informal discussion with people belonging from those communities and/or individuals having a good knowledge about people, fabrics and institutions in the communities of interest.

Where it is necessary, a comparative analysis among the divergent socio-economic and socio-cultural orders within and away from the communities of interest of the study is made to make inferences. In this regard, the major subjects of comparisons were cultural setups, social norms & value systems, faiths (religions), systems of governance, livelihood systems, family types & structures. Another area of comparative analysis subjected is time factor, where the study investigated on the fabrics of communities across different generations.

c. *Formative Research Approach*

Formative research is an activity conducted before making practical interventions, and often at the beginning of programs or project design process. It is used to gain insight into the overall socio-economic environment; relevant characteristics of primary and secondary audiences; communication access, motives, habits and preferences of people; and the main drivers of behavior.

In its formative aspect, this study tries to show why and how the shared value system depicted may end up progressive or regressive to individuals and communities. To infer on possible implications to wellbeing of a particular behavioral and/or institutional element, appealing (relevant) theoretical and empirical evidences were consulted from wider literature. Those efforts were also complemented by firsthand information gathered through personal observations, fieldwork anecdotes and informal discussions with individuals the author considered for having rich account on the people and institutions of Eastern Ethiopia communities. Furthermore, the topic was discussed and debated, when it was presented as a panel paper on the Third Annual Conference on Eastern Ethiopia Economic Development held in 2014.

In some cases, the author makes critical inquiries and attempted to forefronts own understandings, hypothesis or inferences, as presented in the study, under case studies, footnotes, or end notes.

3. DEFINING AND CHARACTERIZING SHARED VALUE SYSTEM

Despite diverse socio-cultural and religious backgrounds, if there is a unifying factor among people belonging urban communities of eastern Ethiopia is the philosophical construct of the motivations (behaviors) of people and prevailing institutions. The shared values as defined in both of its pillars manifested mainly in molding the decision making behavior of economic agents.

3.1. Source of Shared Value System

The underlying reasons triggering people to pursue of shared value system are shared socio-economic structure, system of past governance, socio-cultural institutions; geographic and geo-political variables, among others, breeds uncertain or risks in the economic life. The importance of those variables should be understood in their implications to creating risks and uncertainties on the economic life of households/individuals and consequent implications in defining the nature and workings of the socio-economic order. This circumstance, in one way or the other, deprives the material and emotional status of people/communities.

In this regard, Structural problems fermenting and/or nurturing economic uncertainties include unemployment, corrupt trade regime and contraband (smuggling of goods), infrastructural bottlenecks and more importantly poverty. Among geo-political elements are war and contraband, both of which have paramount importance in explaining the underlying psychological, behavioral and socio-economic factors that trigger people pursue shared value system.

3.2. Defining Shared Value System

While defining the shared value system in the context of eastern Ethiopia, the study adopted a theoretical framework by Errouak (2016).. Accordingly], using Fieldwork and Modeling Behavior framework, one can explore and map the essential constructs of mindsets of economic agents in a way that determine their behavior in their economic transactions in general..

In lieu of the two theoretical frameworks, the study hypothesized for the governing values (principles) of life, as shared by individuals belonging to eastern Ethiopia communities, as follows:-

- People are less interested to critically evaluate on issues before making decisions.
 - Across much of Ethiopia, such state of mind is taken for granted typical behavior of individuals from eastern part of the country. The mentioned value is regarded pillar of a 'unique lifestyle' peculiar to easterners
 - Psychological explanations for why people behave so entails a risk aversion mechanism, signaling people are faced with risky situations. For Porcelli & Delgado (2009, Pp 278–283), people taking such mode of risk aversion behave in 'Higher risk aversion in gains domain, more risk seeking in loss domain'.
- People are less interested, and in many instances deliberately avoid, hearing or seeing the negative outcome of their decision.
 - Evidences from behavioral sciences indicate the mentioned behavioral response is triggered by an uncertain environment where people cannot manage and correct the associated risky circumstances by own personal effort alone. As a way out, individuals develop behavioral mechanisms to cope up with uncertain nature of life. According to [McClelland 1961, Pp 99], people develop such a psychology because "Such knowledge is a source of anxiety because it provides not proof of success but also clear evidence of failure".

3.3. Contextual Elements while Hypothesizing Shared Value System

While making attempts to model the consumption and saving decision makings of people in the urban eastern Ethiopian settings, it takes to note on the contexts. In this study, those contexts were identified to be of two:

The first context, the generalization made on economic decision makings is based on a hypothesis that the essence of shared life style, institutions and behavioral elements are basically social constructs to withstand the wider nature of risks/uncertainties sparked by a host of factors mentioned in previous pages, which in fact constructs the essential feature of urban centers of eastern Ethiopia.

That being the case, the nature, forms and extent of risks felt is subjected to differences across individuals, family units and communities. Those differences in risk/uncertainty are subjected, across different communities/family groups; across different socio-economic groups; across different time horizons and spatial differences attributed to people/communities too.

Individual /Family/ Community Specific Contexts

While characterizing/explaining the essence of shared value system in line with consumption/saving decision makings and implied institutional elements, the results of the study hypothesized for risk level differences attributed to demographic characteristics of economic agents: family background, age; sex; marital status; residential background (as local or or new comers to urban eastern Ethiopia); religion or faith, among others.

Socio-economic Contexts

Variables within the socio-economic groups can be income groups and employment groups.

Income groups shall be identified by the following attributes:

- Major source of income (earned income; income from family/social transfer);
- Form of income (regular income; irregular income) and
- Nature of present/future income (in terms of certainty)

Employment groups shall be identified by the following attributes:

- Major source of employment (self-employed, employed or unemployed)
- Form of employment (formal sector versus informal sector)
- Type of employment (trade, agriculture, government employee).

Time and Spatial Contexts

Time and *spatial* elements are also key variables to integrate while modeling the shared value system and implied norms in line with molding consumption/saving decision making behaviors of economic agents. This is because, along with the dynamics in time and space, there appeared structural (institutional) changes, in turn implicating into value system, behavior and motives of people and communities.

At least for analysis and inference made in the study, the time dimension is meant to indicate mainly two things: the times associated with systems of governance communities has passed through; another one is to locate individuals to which *particular generation* they belongs to. In this regard, a bulk of inference made in this study aligns to the post 1977 war between Ethiopia and Somali war of 1977.

The spatial dimension, in the context of narratives of this study, is installed to refer whether a person`s background is from *rural* or *urban* settings; alternative agro-ecological zones (agrarian, agro-pastoral, or pastoral), or different climatic zones (arid, semi-desert or desert).

3.4. Characterizing Shared value system

Characterizing the shared value system entails exploring the possible links between the behaviors & motives of people on one hand and the wider environment prevailing in Eastern Ethiopian settings on the other. In general, the essence of characterizing shared value system shall be understood from two perspectives.

First, characterizing shared value system is to substantiate the consumption/saving decision making of economic agents as hypothesized in the study with theoretical, empirical and contextual (practical) realities. Recent developments in social science entails that exploring for the wider environment is critical have to sketch the motives (behaviors) of people and depict the nature and functioning of institutions. Therefore, psychological, economic, socio-cultural, geo-political & geographical environment in context of eastern Ethiopia - in line with possible implication to evoking for uncertainties of life - is explored.

Psychological and/or Psychosocial Characterizations

The psychological characterization of shared value system involves two: in its implications to mold the affective status of an individual and in defining shared psych of people. Theoretical and empirical evidences from positive psychology entails the shared values identified so far as characterizing eastern Ethiopia communities are behavioral and/or institutional mechanism people and communities devised to cope up deprivations of affective wellbeing.

People develop a psychology not to look for the definite knowledge of the results of their choices as psychological tools to mitigate exposure for various forms of risks and associated emotional deprivations or negative affect. According to McClelland 1961, people develop such a psychology because “Such knowledge is a source of anxiety because it provides not proof of success but also clear evidence of failure”.

Economic characterization

Essentially, the economic characterization of shared value system is relied on the shared psychological and institutional elements among communities of interest. In this regard, the economic characterization has two components, which can be generalized as the behavioral and institutional aspects of an ideal consumption/saving regime. These are:

- ✓ The Shared value system molds the decision making behaviors of people directly by implicating into their affective status, hence their rationality while undertaking economic transactions;
- ✓ The Underlying socio-economic structure in the communities of interest in the past and present, though the degree varies, evokes uncertainty in the economic life of people. Poverty, unemployment, corrupt trade regime, among others have implications into the affective status of people, also in shaping the socio-economic structure. Therefore, one aspect of economic characterization of shared value system is the inter-linkage between behavioral and institutional, which may remedy those economic challenges on one hand, and the implicated institutional & behavioral elements having retrogressive aspects towards the material wellbeing of people.

Sociological & anthropological Characterization

From sociological perspectives, the essence of shared value system is a social construct devised to dealing with uncertainties in all walks of life. As such, communities design and erect social fabric that produces shield from all woes associated to socio-economic, climatic, and emotional and security (safety) uncertainties. That explains the genesis of institutions like social capital, clan mode of organization, social values like mutual help, trust and cooperation.

Geo-Political and Geographic Characterization

In the context of urban eastern Ethiopia, geographical and geo-political elements are powerful forces which have been evoking uncertainties in the livelihood of households/communities. Geo-political and geographic variables explain major sources of uncertainties of life like war, conflicts, volatilities in socio-economic order and livelihood of households. Moreover, the climatic zone of large size of eastern Ethiopia is arid & semi-arid, where communities struggle with recurrent drought and consequent problems like food insecurity, conflict over grazing land and water points. More importantly, theories from behavioral geography entails that living in arid/hot climate has an important behavioral implications, which in most instances are akin to the two pillars of shared value system hypothesized by this study.

CASE STUDY

SOCIAL CAPITAL AS MODERN CREDIT CARD SYSTEM

(Pastoral and Agro-pastoral Communities of Somali Region)

(This case study is based on a book titled Habtamu Demiessie (2019), *The Fabrics of Eastern Ethiopian Communities: Involuntary Simplicity, Individualism and Wellbeing*, Scholars Press, ISBN: 978-613-8-91190-6)

The Somali people in Ethiopia as Somali elsewhere in the horn of Africa are structured and organised on the basis of clan and sub-clans (lineages) which either binds or divides depending the level allegiance. Such social organisation form the basis of much of social institutions and norms of traditions or Xeer including Rights to resources, personal Identity(Af-firsin), customary law(Xeer), blood compensation group(mag-paying), and support system. The mag-paying and support system have complex allegiances. The later can have members who are either blood related or traditionally adopted who do not change clan allegiance in times of alliances and adversarial threats.

A crucial feature of the Somali Region economy, easily overlooked by analyses that focus on pastoralism in isolation, is the interconnected nature of different livelihood activities. Capital flows occur around this system because pastoralists sell animals to traders and buy food produced by farmers and agro-pastoralists; relatives with jobs in urban centers invest in the rural economy; other relatives living abroad remit cash back to the region. This dynamic and complex set of economic relationships is a source of strength but also a source of vulnerability, as any threat to one set of actors in the system can undermine the livelihoods of many others. the economic system is to be viewed holistically as “a complex interconnected system” in which a system of social networks where the sustainability or vulnerability of each livelihood depends as much on the individual’s interpersonal relationships as on his or her assets and income at any point in time. Viewed from this basic structural outlook, the Somali pastoralists in the study area are Socio-economically organized in a way that is so unique that, it has interesting special traits. Socially, they are organised in a clan basis; economically they established a social credit system. The clan set-up complements the social credit system. The clan organisation sets rules and regulations that helps a smooth economic order of Somalis. The economic order, although with some unique features, resembles the modern credit card system.

There are a number of reasons for the Somalis to opt for social credit system. One key reason is that there is immense social capital that ties communities, a sense of livelihood based on cooperation. The other reason is that due to geographic location of the people of Somalis in that they are living in drier areas, making them susceptible to recurrent drought. Hence the social credit system is the best option to cope up with uncertainties attached with sustaining livelihood. The social credit system is too sophisticated and has worked for generations without failure. Unlike the modern credit system, the social credit system is free of interest payment; also there is not binding time for repayment if the creditor encountered problems that s/he unable to withstands. Totally the system is based on cooperation and not on profit seeking business like the modern credit system. This is the very element that kept the system alive for centuries without failure.

In line with improving the socio-economic status of pastoralists and helping to realize sustainable development, the traditional credit system prevailing has four important elements. The key element of the system is that it is built on **value of trust**. The other feature of the system is that, it is conducive to bring about **economic justice**; the third aspect worth to consider is that the system functions with **little side effects**, from socio-economic and environmental perspective. Moreover, the traditional system operates with **little transaction cost** and maintaining the system is easy. One should not forget that, given a condition of recurrent drought in the area and the largely aridity nature region, there has to be functioning risk management mechanism to sustain food scarcity and ecological imbalances.

4. FINDING

To understand how consumption/saving works in the fabrics of urban eastern Ethiopian communities, non-economic variables are equally important as economic factors. The prevailing consumption/saving regime in the communities of interest involve a number of deviations from assertions by conventional economic theories. Moreover, psychological/behavioral, institutional and locational/geographic factors are important variables defining the unique economic fabric, molding the consumption/saving decision makings of economic agents.

4.1. Structural/Behavioral Elements Uniquely Defining Consumption/Saving Regime in Urban Eastern Ethiopia

Urban eastern Ethiopia is characterized by high unemployment rate and with a rising poverty level. Given that the income of people is even below the requirement for basic necessities of life, the scope of consumption/saving is limited. Moreover, the communities we are referring struggle from host of uncertainties affecting their emotional and material wellbeing. For an average individual from urban eastern Ethiopia, the purpose of life (economic life) is essentially relieving oneself from present material and spiritual (emotional) deprivations. As a byproduct of such conceptions, people and communities develop their mechanisms or strategies to mitigate and/or cope up with those uncertainties or risks.

Though the ways, workings and effectiveness of socio-cultural institutions varies in different settings (Urban versus rural; ethnic background or religious affiliation), all variants of socio-cultural institutions have one common feature, that is serving for the *material* and *spiritual* wellbeing of people and communities.

Those institutions for material sharing involve sharing of economic goods like cash (money), food, inputs/tools for productions. Another aspect of material resource worth sharing in eastern Ethiopian communities is information. This is a particular case of individuals/households/communities whose livelihoods in particular require higher dose of information, like those whose livelihood rests on pastoralism, agro-pastoralists and/or urban traders. Shared social goods among people/households/ communities involves trust, cooperation, togetherness, social peace and social harmony help the socially vulnerable groups like women, children, disabled and the elderly.

Looking at the social fabric of communities of eastern Ethiopia, one might conclude people's consumption behavior as conspicuous and/or a poor saving culture. Such conclusion however would be misconception, otherwise judgmental. For one who understands how life goes in eastern communities, saving has quite unique features.

Another unique feature of the economic fabric of urban eastern Ethiopia is - for economic, psychological and socio-cultural reasons - material acquisition alone doesn't explain why people consume/ save. This is unlike the conventional understanding of saving, which entails people go saving either for material uncertainties and/or for further investment to scale up their material assets. In the settings of urban eastern Ethiopian, non-economic elements consists key behavioral and institutional aspects of consumption/saving regime.

All in all, in the context of urban eastern Ethiopia, the prevailing socio-economic structures, institutional settings, value system and implied norms takes crucial aspects of behavioral/institutional components of consumption/saving regime.

4.2. The Uniqueness of Consumption/Saving Regime in the Case of Urban Eastern Ethiopian Communities: Deviation of from Conventional Economic Theories

This study identified that consumption/saving regime involves some unique features in the context of the economic fabric of urban eastern Ethiopian communities. The uniqueness is attributed to non-economic forces as key factors determining the structure, nature, forms and process of consumption/saving decision makings by economic agents.

From conventional economic teachings, we infer that current and/or permanent income level is one deriver of consumption/saving In this regard, economic theories assert that the propensity to consume/save increases as income level rises. In the context of urban east Ethiopia, however, the level of consumption/saving is apparently less responsive to economic variables like amount of present income, future income or expected future income.

In this regard, people/households'` consumption/saving pattern is rather better explained by classifying as: **income groups** and **employment groups**. Income groups can be attributed to the followings: Major source of income (earned income; income from family/social transfer); form of income (regular income; irregular income) and Nature of present/future income (in terms of certainty). Employment groups shall be identified by the following attributes: major source of employment (self-employed, employed or unemployed); form of employment (formal sector versus informal sector); type of employment (trade, agriculture, government employee).

Economic theories assert consumption/saving decisions making is powered by individualistic motives of economic agents. In this regard, what justifies individualistic motives is material needs of people, and considers the importance of non-economic elements to have little/trivial impact in shaping consumption/saving decisions. Furthermore, under conventional economic theories, consumption/saving decisions is an individual decision, disregarding the social aspects of consumption.

In the context of urban eastern Ethiopian communities too, consumption and saving decision making of people is powered by the individualistic motives. But, the concept of individualism has quite a different look in eastern Ethiopian settings. In this regard, the individualistic motive is defined by their material and spiritual interests of economic agents. By implication, why people consume/save is to satisfy their material and non-material (spiritual) wellbeing in the present and future. Moreover, consumption/saving decision is a social phenomenon with individual's choice alone cannot justify what to consume and how consume/save. In this regard, the influence of shared value system is a powerful force which defines the norm and standard in the process of consumption/saving decision makings of people.

Another aspect of consumption saving regime in orthodox economic thoughts is that people save to cope up with uncertainties in future which they dis-save for future consumption. Accordingly, consumption/saving decision is a reflection of motivations or tendency of an individual value more independent (individualistic), rather than communal life style. Quite differently, the essence of consumption/saving decisions/structure prevailing in the communities of urban eastern Ethiopia is a reflection of collective decisions/collective lifestyle. As such, those who consumes/saves more are those who devoted their material and spiritual possessions for the wellbeing of their social network. In their times they cannot satisfy their needs by themselves, their social capital is where they can rely for their material and/or spiritual needs.

Non-economic forces shaping consumption/saving behavior or patterns of individuals/households include psychological variables like preference of economic agents on present against future time. Moreover, perception of individuals about purpose in life is another psychological variable worth noticing. The psychological and behavioral characterizations on shared value system in urban Ethiopian settings, as inferred by the study, implicates on time element an important variable that determine in the consumption/saving decision making process. In this regard, people from urban eastern Ethiopia tend to prefer present consumption to future consumption.

Demographic characteristics variables like age, sex, marital status, family background as half parent or parenthood, experience of other communities away from Eastern Ethiopia are also found to be important factors shaping the consumption./saving behavior of economic agents.

Dynamics in time period is also a good reference to modeling consumption/saving behavior in the communities of interest of this study. At least for analysis and inference made in the study, the time dimension is meant to indicate mainly two things: the times associated with systems of governance communities has passed through; another one is to locate individuals to which particular generation they belongs to. In this regard, a bulk of inference made in this study aligns to the post 1970's, where the breaking point is the Ethio-Somali war of 1977.

The spatial dimension determining consumption/saving behavior and/or patterns of individuals/households is installed to refer whether a person's background is from *rural* or *urban* settings; alternative agro-ecological zones (agrarian, agro-pastoral, or pastoral), or different climatic zones (arid, semi-desert or desert).

Another unique feature of consumption/saving structure customary in urban eastern Ethiopia is the notion of **saving on people**. The notion of *saving on people* implies that an individual not only consumes for himself, but also involves in the consumption of other people directly or indirectly. By transferring of goods and services directly, a person saves on people; or indirectly through helping others on cash so as to be able order for goods and services or go consuming.

Under conventional economic assertions, when saving level rises, consumption declines at least at aggregate level, in the short run. In other words, the forces of consumption and savings fend off, i.e. consumption and saving go opposite. As one reflection of unique features of the economic fabric urban eastern Ethiopia, however, consumption and saving go simultaneously. When one spends money, time or emotions to consume goods and services, such is when direct consumption takes hold. On the other hand, when people contribute money, sacrifices for their time, energy or emotions to others, it amounts indirect consumption, which we can refer it as saving. In both circumstances, at least at community level, we cannot disentangle aggregate consumption from aggregate saving.

CASE STUDY

HOW THE INSTITUTION OF SAVING WORKS IN EASTERN COMMUNITIES: NOTES FROM TIZITA'S FAMILY

Tizita is from Jigjiga city. A university graduate, currently she is living and working in her hometown. Her experience is telling the extent people and communities of eastern Ethiopia values social capital. Her family is where she nurtured with those values, perhaps since she was a high school girl. For good or bad happenings on their neighbors, her mother was curious on the need to visit them to share their emotions what so ever it might have been. What defines moments of gatherings among neighbors may be when a mother delivers, weddings or mourning ceremonies, birth day celebrations, graduation ceremonies or when accidents happening to someone. It is customary that it takes holding something when visiting neighbors. As a high school girl, Tizita's mother used to pay for her; but since employed, she is the one paying for holdings her mother go in any of the social gatherings. So doing, Tizita tells she saves little, if any, in form of cash. She alone roughly spends an average of 500 to 700 birr per month to servicing expenses meant for social capital. Tizita and her family rather save on people. Indeed, such is a dominant element of the social fabric among communities in east Ethiopia. For one, it is a reflection how deep people are emotionally attached. More importantly, this aspect of social capital is reminder on a way the institution of saving works in the communities of interest, where saving is often not in cash, but on people.

Under the conventional economic settings, those who would be termed as parsimonious are those individuals who value arresting present consumption. In many instances, the consumption behaviors of such individuals involve negative externality. In this regard, the thrifty nature of people would have a social cost by virtues of systematic exploitation of others' consumption in service of their consumptions/savings. Essentially, those parsimonious acts are manifestations of corrupt understandings of individualism, where people exaggerate material possessions over societal values or spiritual possessions.

Likewise, parsimonious behaviors in consumption/saving decision making are one component of the economic fabric of urban eastern Ethiopia. The way such manifest involves tendencies to exploit the prevailing social capital and trust to fulfill one`s material/spiritual needs. However, such tendencies are showcases of irrationality of economic agents. In communities like urban eastern Ethiopia where the wellness of every aspect of life of individuals is determined by their stock of social capital and adherence to value of trust, losing on those grounds means losing one`s livelihood.

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