

Title of Dissertation: **Attitudes of households towards savings and alternative Investments**

“If even the hardest-working people, living on the most fertile land, put all their effort into the production of consumer goods, and then consume the products as soon as they are made, it will soon become apparent that even the biggest effort will not be enough to produce basic goods required in everyday life...”¹

W. Nassau Senior

The starting point and the inspiration for the discussion in this dissertation was the intention to explore a subject that has so far been treated as a sensitive one, namely private savings of households, and particularly the ways in which decisions are made, and willingness to make alternative investments.

This dissertation, based on an analysis of available literature and a conducted survey, confronts collected data with the existing knowledge on savings at households, taking into account alternative investments. The objective of this dissertation is to determine the characteristic traits of households that make use of different types of investments. The scope of our paper’s subject concerns behaviours of households in the area of savings, investments, willingness to take risks, and their attitude towards alternative investments.

The scientific objective of this paper is to identify traits that influence the manner in which savings are built up and then invested by households. In particular, this objective can be achieved by analysing those households that have already made alternative investments or are clearly indicating that they are potentially interested in such investments. The data gathered regarding savings, investments, willingness to take risks, and knowledge of alternative investments – combined with a set of household characteristics – constituted the basis on which analyses were conducted to enable better understanding of the mechanisms that govern the decision-making processes at households with regard to investments.

The chief scientific objective of this paper is to answer the following question:

“What are the attitudes of households to savings and investments – including the split of investments into traditional and alternative?”

Based on the subjects examined as part of this dissertation, we carried out verification of the **main hypothesis** that states the following:

“Income has an effect on using innovative financial solutions and seeking new investment opportunities by households.”

The main hypothesis is supported by the following **auxiliary hypotheses**:

H1. High-income households seek new ways of investing their extra funds.

H2. The key factor determining whether a household uses alternative investments is high income.

H3. The age and education of the high-income decision maker influences the propensity to take risks.

H4. Positive experience from previous investments stimulates interest in alternative investments.

¹ W. Nassau Senior, An Outline of the Science of Political Economy (1836), University Press of the Pacific 2002, p. 58.

H5. Households that run their own business are more willing to take risks.

A number of complex objectives were also accomplished, including theoretical, empirical and cognitive objectives.

Theoretical objectives:

- recognition of the household as an important entity for the economy.
- review and analysis of household definitions.
- identification of household savings.
- identification of selected saving methods.
- identification of alternative saving methods.

Theoretical objectives were accomplished through the analysis of literature and the presentation of the results of this analysis in the theoretical chapters of the dissertation.

In the **empirical layer**, the goals of the work consist in discussing the attitudes and preferences of households in Poland towards savings and alternative investments, and in determining the socio-demographic as well as financial and economic characteristics of these entities that have a significant impact on their behavior. The diagnosis and description of these attitudes will be made in two ways:

- empirical literature research based on secondary data,
- empirical own research based on primary data.

The time scope of the cited secondary studies covers various quantitative data from 2000-2019, while the primary data as part of the own study was obtained in 2018.

The cognitive goal is an attempt to organize, synthesize and expand knowledge on the behavior of households towards saving and alternative investment, thus creating a theoretical and empirical study on the discussed scientific issue, and thus deepening the theory and practice in the studied area of private finance. The paper proposes the following:

- the pyramid of savings and investment needs of Polish households, which reflects the most important saving and investment motives identified in the study, illustrating their hierarchy,
- the pyramid of savings and investment preferences of Polish households, which reflects the most important markets for surplus investment identified in the survey,
- the general matrix of savings and investment attitudes of households in Poland, which takes into account the most important forms of investing savings in traditional and alternative investments identified in the study, the share of alternative assets in the investment portfolio, the time horizon, the assumed and realized level of profit, regularity and satisfaction with alternative investment, and the reasons for allocating surpluses in various classes and alternative assets.

The following research methods and techniques were used to achieve the above goals:

- etymological and semantic method,
- method of literature studies,
- descriptive method,
- comparative analysis method,
- method of processing research material (analysis and synthesis),
- method of statistical analysis in the form of non-parametric tests,
- method of graphic presentation in the form of tabular and drawing-chart techniques,
- desk research method,
- survey method.

The subject matter of the dissertation is reflected in the chapter arrangement. The paper consists of four chapters.

The layout of the work consists of four complementary chapters, the structure and content of which have been adapted to the assumed goals and research hypotheses. The first three chapters are theoretical and practical, the fourth is strictly empirical.

In the **first chapter**, the starting point for considerations is interdisciplinary and multidimensional identification of a household by presenting a number of definitions for this conceptual category. On the basis of these considerations, a multi-criteria classification of households was made, which in the scientific discussion are analyzed in many ways and research perspectives. The role of households in the national economy is discussed in order, with particular emphasis on the financial market and the banking sector, where households invest most of their savings. The chapter ends with the issues of household finances, which are inextricably linked with the management of financial resources. The theoretical considerations in this part of the dissertation are also supported by quantitative data on the behavior of Polish households towards financial management (management) in the context of the impact of individual socio-economic features.

The subject of considerations in the **second chapter** are household savings. In this part of the work, the author's attention is focused on explaining the essence of the concept of savings, making a multi-criteria systematization of this scientific category, characterizing the sources and key factors of accumulating surpluses by the analyzed economic entity, describing the macroeconomic significance of savings in the household sector and identifying the most important motives and motives based on a review of literature research. savings targets for domestic households. The chapter ends with an analysis and assessment of the level and structure of household savings in Poland, on the basis of which the most important components of the portfolio of Poles' assets were identified.

The **third chapter** is devoted to alternative investments as an innovative form of investing savings by households. After explaining the essence and concept of this category of investment tools and presenting positions on defining and classifying them, for the purposes of this paper, an own systematisation of alternative investments was proposed, in which individual forms of investment are discussed. This part of the dissertation also lists the most important advantages and disadvantages of alternative investments and attempts to explain what the innovation (innovativeness) of alternative investments is about, especially in the context of the current stage of economic development, referred to as the digital or electronic economy. Despite the fact that alternative investments are commonly referred to in the doctrine as innovative tools, using this attribute, the authors do not specify why investment in such alternative assets, such as real estate or works of art, is innovative compared to stocks or bonds. The chapter ends with a review of the empirical research on the allocation of surpluses by Polish farms to alternative assets and their attitudes.

Chapter four presents the results of the analysis of data on the behavior of Polish households towards savings and alternative investments obtained through a survey. The starting point for considerations is the description of the methodological assumptions which justify the use of the questionnaire as a research tool used to achieve the adopted objectives of the dissertation, the criteria for selecting the size of the research sample are described, the structure of the questionnaire and the cafeteria of questions are presented, the stages of the research process are presented and the arguments and features used in the study are presented statistical analysis tools that were used to verify the research hypotheses. In order, the studied population of households was characterized on the basis of the socio-economic characteristics adopted in the study. The highlight of this part of the work is the multidimensional characteristics of the level and structure and households' preferences for savings and alternative investments, combined with the identification of socio-economic determinants of their attitudes. Based on this analysis, the auxiliary hypotheses were verified. The chapter ends with a recapitulation of analyzes and research along with

a discussion of the obtained results, in which a conclusion was formulated about the truth of the main hypothesis.

In the light of the obtained results, the following **general conclusion** can be formulated:

the use of innovative financial solutions and the search for new investment opportunities by households is determined primarily by the income obtained, which is a statistically significant predictor that differentiates the saving and investment attitudes of the analyzed category of entities. Taking into account socio-economic classes, households running a business show a greater propensity to take risks in terms of investing funds. Other socio-economic characteristics, such as sex, age and education of the decision-maker, biological type and place of residence, had a different impact on the level, structure and savings and investment preferences of Polish households. The work, however, contains a number of detailed conclusions, the elaboration of which can be found in the work.

The dissertation ends with the conclusion - which includes conclusions of a general, detailed, cognitive and application nature, as well as a list of information sources used, lists of tables, figures and charts and an appendix presenting the research questionnaire.