THE IMPACT OF LOAN ACQUISITION ON EMPLOYEES IN THE MINING COMPANIES IN TARKWA

(A CASE STUDY OF GOLDFIELDS GHANA LIMITED)

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A Thesis submitted to the Institute Of Distance Learning, Kwame Nkrumah University of Science and Technology in partial fulfillment of the requirements for the degree of

COMMONWEALTH EXECUTIVE MASTERS IN BUSINESS ADMINISTRATION

APRIL, 2012

DECLARATION

I hereby declare that this submission is my own work towards the Executive Masters of Business Administration and that, to the best to my knowledge, it contains no material previously published by another person nor material which has been accepted for the award of any other degree of the University, except where due acknowledgement has been made in the text.

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Supervisor Name	Signature	Date

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DEDICATION

I dedicate this work to my wife, Mrs. Bernice Awoyaa Amarteyfio and my daughter Juanita Naa-Amerley Quaye through whose support and encouragement I have come this far.

Also, to my brother Benjamin Mensah Amarteyfio, who supported in diverse ways in my University education.

Finally, to my uncle Mr. Jelester Amarh Amartey, who also supported me, encouraged and gave me various advices during my university education at Valley View University.

ACKNOWLEDGEMENT

Many people deserve recognition for their support to this effort. Mr. Andrews Kingsley Doku, my supervisor and a lecturer at University of Mines and Technology, Tarkwa has been exceptionally supportive of me. I admire his wealth of experience and the rich knowledge in the research procedures and presentation and thank him also for the encouragement and the kind words he constantly made available to me.

I acknowledge the dedication of Professor R. K. Amankwah who assisted in briefing me on background history of mining workers in Tarkwa. I must confess the knowledge from the resource person and experience will forever remain with me.

I am also deeply grateful to my course mates, more especially Mr. George Mawuli Demine of Goldfields Ghana Limited, whose contributions, resourcefulness and ideas to me were incomparable.

I am particularly thankful to Goldfields Ghana Ltd, Tarkwa, for allowing me to use their company as a case study for this thesis. I cannot forget Mr. Alfred Bako, the General Manager of Goldfields for accepting my introductory letter, Mr. Michael Effraim, Mr John Fordzor and Mr. Sulemana Sumaila, HR Superintendent of Goldfields, Mr. William Empeh, Training Manager of Goldfields, Mr. Solomon Oduro Danso, Senior Training officer of Goldfields, for their invaluable assistance during my field work.

He is the Alpha and the Omega, my beginning and my end. Dear God, I could never have embarked on this journey without you. What shall I say to my Lord for His loving kindness and His tender Mercies? I THANK GOD FOR EVERYTHING.

ABSTRACT

Granting of loans to mining workers in today's economy has become a vital choice in financing their numerous financial obligations. Credit facilities all over the world have helped many nations, corporate bodies, institutions, small scale businesses and individuals in meeting major economic challenges. The unlimited economic activities of these individuals and the insatiable needs and the lifestyle of workers have necessitated the choice for other financial support either from the employer or from their bankers. The purpose and the frequency with which employees take loans has become an issue for which this study has been conducted. Also, the economic benefits derived from these facilities by these employees would have to be enumerated in investigating the impact of its usage on the lifestyle. This study also sought to determine the behavioral practices of these mining workers which have become a lifestyle issue in the mining communities recently. The researcher used questionnaires and interviews in this study. Employees were categorized into junior staffs, senior officials and management staffs. The questionnaires were designed for all three categories of workers in Goldfields Ghana Ltd to be answered. The study recommends that management of Goldfields Ghana Ltd should establish financial literacy programme through the induction training the company has for all employees. Resource financial specialist can be consulted intermittently to educate them on the use of loans for investment purposes towards their future, planning for their retirement and making the best out of the loans taken to improve their lifestyle.

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CHAPTER ONE

INTRODUCTION

This chapter provides an overview of the background of the study, the problem statement, the research questions, objectives of the study, profile of the Study Company, scope and limitation of the study, justification, and the organization of the study.

1.1 BACKGROUND OF THE STUDY

The acquisition of Loans by employees in the Mining Companies is a major issue these days as far as the well being of these employees is concerned. Household spending, credit use, and stress have changed enormously in recent decades. Anecdotal evidence and media reports today suggest that a much higher proportion of people are experiencing stress about financial matters. A national survey revealed that 3 out of 4 Americans faced at least one significant financial problem recently, such as being unable to save for future needs, delaying medical care, or having problems with a collection agency (Chandler & Morin, 1996).

Brown, C. R (1979) reported that the personal financial problems of workers negatively affect their employers as well as the performance of employees. Workers of mining companies contract different kinds of loans from their employers as well as from their Bankers for various reasons and purposes.

Employees are faced with different financial difficulties every day. Brown's research revealed that the number of employees experiencing financial difficulties was approximately 10% (Brown, R. C 1979). According to a survey conducted among corporate human resource executives, the financial illiteracy of workers "is considered the most critical unaddressed workplace issue" (Cambridge Human Resource Group, 1995, p.1).

Thirty-two percent of the executives ranked the "toll on productivity caused by personal financial problems as the most pressing overlooked workplace issue". Employers today are taking the issue of employee stress seriously as indicated by the facts that approximately 25% of workers feel stressed at work every day because of their poor financial management.

Ghana Living Standard Survey (GLSS, 2006) revealed that extreme poverty in Ghana is 18%. The implication is that a large percentage of people are dependants on the few working population including workers in the mining companies and this has led to the poor economic well-being of most workers, hence their frequent desire for loans.

Williams (1983) theorized economic well-being as a function of material and non-material aspects of one's financial situation. To identify economic well-being, she included money income, real or full income, agreement about distribution, and psychic income or perceived adequacy of income as independent variables. Fergusson, Horwood, and Beautrais (1981) described economic well-being with the level of financial inputs, such as income and assets.

Williams, F.L (1982) explained that financial problems result from unexpected changes which necessitate reevaluation of the use of resources. It is not surprising that many of the "situations" outlined by Williams are most of the reasons assigned by the workers of the study company for acquisition of loans. For example, situations which call for the workers requesting for loans include changes in family income, unscrupulous or fraudulent schemes, support parent or other persons, premature death of spouse, birth of child, illness, child education, major unexpected bills, organizing wedding ceremonies, changes in consumer prices, using money for emotional reasons, not having a cash reserve for emergencies, and not controlling expenses such as gambling, alcohol, tobacco, entertainment, and expectations of annual bonuses and overtime allowances, hence the frequent collection of employee loans.

In spite of the fact that acquisition of loans has severally helped most employees in acquiring various assets and making properties in their small way, the study therefore sought to assess the economic, social and the psychological impact of employee loan on the lifestyle of mining workers in Tarkwa and its environ.

1.2 PROBLEM STATEMENT

In today's modern economy, granting of loans by banks is carried out on a large scale. While governments and companies borrow in order to finance their borrowing requirements or projects, individuals borrow in order to finance their purchases and to solve other financial challenges. The loans required by these borrowing units are diverse. This emphasizes the level of financial problems all over the world. Financial problems are not just the problems of the poor. Households' concerns about financial matters have been increasing. Cash (1996) quoted Czumbal (1993) in his article to describe the increasing concern about the financial matters of households. According to the Ghana Living Standard Survey (2008), food expenditure accounts for two-fifth of total household expenditure and this includes non-alcoholic beverages while non-food expenditure represents about 70 percent of the total household expenditure. Employees are therefore living in fear of what will happen next in their lifestyle so long as financial issues are concerned (Cash, 1996). These employees have developed the habit of acquiring loans frequently from their employers as well as their bankers. The loans acquired by these employees in the mining companies are used for different purposes. As a result, employees have several loans at a time and whether these loans are used economically or not, the research is yet to find out. What has also necessitated the frequency of this loan acquisition is also another issue to deal with. The mining communities, especially Tarkwa and its environs have also experienced high increases in accommodation prices over the years due to the large influx of people into the place as a result of new mining and servicing companies that have been established recently.

It is for these reasons that the study into the acquisition of loans and its impact on the lifestyle of workers in the areas of economic, social and psychological becomes imperative.

1.3 OBJECTIVE OF THE STUDY

The general objective of the research is to investigate the effects of credit facilities on the lifestyle of employees of Goldfields Ghana Ltd (GFGL).

Specifically, the study seeks:

1. To find out the purposes for which employees of Goldfields Ghana Ltd apply for loan facility.
2. To investigate the causes for frequent loan acquisition by employees in Goldfields Ghana Ltd.
3. To find out the effect of the usage of loans on their lifestyle economically, socially and psychologically.
4. To recommend ways of improving the lifestyle of workers with loans acquired from various sources.

1.4 RESEARCH QUESTIONS

In order to meet the objectives of the study, the following questions were asked by the researcher:

1. What has been the purpose behind the frequent acquisition of loans by employees of Goldfields Ghana Ltd.?
2. What are the benefits derived from the loan acquisition by employees of Goldfields Ghana Ltd.?
3. To what extent has the loans acquired impacted on their economic, social and psychological lifestyle?

1.5 PROFILE OF THE STUDY COMPANY

Goldfields Ghana Limited (GFGL) is a subsidiary of Goldfields International with its head office in South Africa. The company took over the operations of the Tarkwa mine in 1993 which was then the State Gold Mining Corporation (SGMC). Gold Fields took over at a time when the company was not operating at break even and could not pay its employees.

The history of Goldfields Ghana Limited-Tarkwa Mine is characterized by some remarkable achievements following its acquisition of the right to operate the then underground mine at Tarkwa from the Government (State Gold Mining Company of Ghana) SGMC on 1st July 1993. At that time, the remaining life-span was estimated to be three years; however through its long expertise in the industry and commitment to the project, the company was able to run the underground mine for a total of six years.

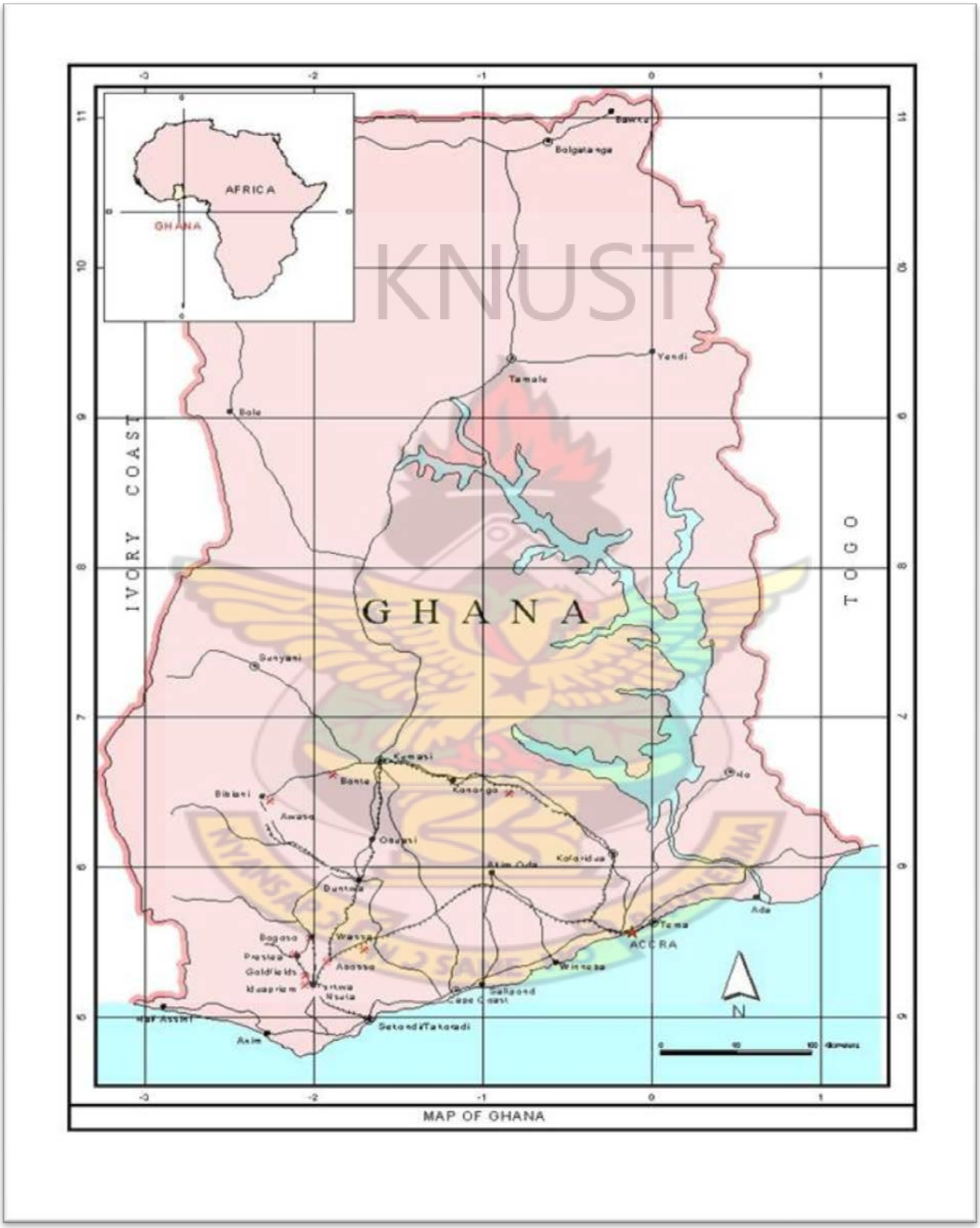
Having reviewed the large, low grade deposit adjacent to the existing operations in 1996, GFGL was able to add about 20 years of life to a mine on the verge of complete closure by developing a heap leach surface mining operation. The open-pit heap leaches operations commenced in 1998.

The company expanded its operations in Ghana by acquiring a portion of the Teberebie Goldfields Limited in 2000 and completely taking over Abosso Goldfields, Damang mine in January 2002.

Goldfields Ghana Limited is located in South-Western Ghana, about 300 kilometers west of Accra, the capital of Ghana. It is situated some four kilometers west of the town of Tarkwa, which has good access roads, an established infrastructure and is served by a main road connecting to the port of Takoradi some 60 kilometers away at the Atlantic coast. The infrastructure of the mine consists of six (6) open pits, two heap leach facilities, and a Carbon in Leach (CIL) plant.

The total work force of Goldfields Ghana limited, Tarkwa mine at the date of data collection was 2,567. This comprises of 2,071 junior staffs, 381 officials who hold supervisory positions and 115 senior officials and management staffs (Field Data, April 2011).

Fig. 1.1 Map of Ghana Showing the Location of Tarkwa-Goldfields Ghana Ltd



Source: Tarkwa Nsuaem Municipal Assembly, 2011

1.6 THE SCOPE AND LIMITATIONS OF THE STUDY

The research examined the economic, social and psychological impact of loan acquisition on the lifestyle of workers in Goldfields Ghana Ltd, Tarkwa.
In terms of content, the study seeks to examine the purposes of the various types of loans contracted by employees of Goldfields Ghana Ltd, both within and outside the company and the effects (the positive and the negative) of these loans on their lifestyle.

The researcher also interacted with the junior staffs, senior officials and management staffs who have worked for more than six months and are permanent employees of the Goldfields Ghana limited, after which questionnaires were distributed to all three category of workers to respond.

The research was limited by the unwillingness of the employees of Goldfields to give appropriate responses to the questionnaire, particularly in the areas of the amount of the loan acquired, whether the loan was used for the intended purpose of the acquisition, and the positive or negative impact of the loan on their lifestyles.
On the part of senior officials, only few were able to express their views on the amount of loan acquired what it was used for and the benefits derived from acquiring the loan.

The level of literacy among some of the respondents, particularly the junior staffs was very low. As a result, the questionnaires need to be read and explained to their understanding before getting the responses.

1.7 SIGNIFICANTS OF THE STUDY

The present study is justified for a number of reasons. In the background to the study I indicated the effects of loan acquisition on employers as well as the performance of their employees. I also indicated the financial burden of workers in recent times. Poor financial behaviors are “personal and family money management practices that have consequential impacts on one’s life at home and/or work (Garman et al., 1996). However, efficient management of loans leads to increased productivity of the lender, improves his level of income and enhances his social status in society.

The study will provide a framework for the companies who provide loans to their workers in designing the appropriate facility that would enhance the welfare of the workers. The study will serve as a reference point to other writers who may research more into loan acquisition by employees, the purposes and its impact on their lifestyle economically, socially, and psychologically.

The results of the study will serve as a guide for the development of financial literacy programme such as Employee Assistance Programme (EAP) that would change the complexities of financial life of most of the workers in the study area.

1.8 ORGANISATION OF THE STUDY

The entire dissertation is divided into five chapters. Chapter one discusses the theoretical background to the study, the profile of the company being studied, the statement of the problem, the objectives of the study, the justification, and the organization of the work. Chapter two reviewed the relevant literature, first the theoretical review and, second, the empirical review. Chapter three discusses the method of study whilst chapter four analyzes the data collected and the analytical model used. The dissertation ends with chapter five where the findings of the study, implications, conclusion and recommendations are presented.

CHAPTER TWO

LITERATURE REVIEW

2.1 INTRODUCTION

Acquisition of bank loans spans for several decades. Empirical studies show that bank loans are more special for both firms and Individuals (Boot, 2000). Loan acquisition is a contractual promise between two parties where one party, the creditor, agrees to provide a sum of money to a debtor, who promises to return the money to the creditor either in one lump sum or in parts over a fixed period of time (Ergungor, 2001). This agreement may include providing additional payments of rental charges (interest) on the funds advanced to the debtor for the time the funds are in the hands of the debtor.

According to Peacocks (2010), loans could be secured, unsecured or demanded. Secured loans are collateralized whereas unsecured loans are collateral free. The demand loan is a short term loan which does not have fixed dates for repayment and carries a floating interest rate which varies according to the prime rate. This loan can be "called" for repayment by the lending institution at any time.

Loans are secured by the employers agreeing to pay the salaries and other benefits accruing to the employees to the bank until the loan is fully paid. Loan repayment is mostly deducted by the bank that granted the loan. However, the unsecured loans are given to trustworthy customers who have opened an account with the bank for several years and their earnings or salaries (in the case of salaried workers) are paid through the bank.

2.2 METHOD OF LOAN ACQUISITION BY EMPLOYEES

In general, researchers agree on lending techniques or modalities used in granting credit facilities by large and small banks in recent times to their customers. They distinguish between financial statement lending, asset-based lending, credit scoring, and relationship lending (Mitchell, 2004). Typically, most banks usually issue forms to their borrowers in seeking information about their current status, their credit worthiness and whether they could be given a certain amount requested.

Employees and corporate bodies acquire forms from the lending institutions; complete these forms stating the reasons for the loan, terms of repayment, the amount involved and other contact details. Most individuals or employees submit an authorization letter signed from their employers committing them of the loan deductions at source till the loan is fully paid.

Brian Sandifer (2008) in his article asserts that Bank loans are suitable for investments that yield returns. These investments offer the best insulation against any impending financial storm that may hit an individual. A sound investment leads to profitable business. A loan is a very good source of quick capital to inject into a business. Freixas and Rochet, (2008) argue that bank loans are one of the most important short and long-term financing sources in many countries for both individuals and corporate bodies.

Most employees believe in loan acquisition as a major source of funding their projects, acquiring certain properties, investing in other developmental projects, solving emergency family issues which are beyond their monthly income.

2.3 FINANCIAL SECTOR AND LOAN ACQUISITION

The financial sector of Ghana is now characterized by increasing competition in the granting of loans to its customers and innovations because most of the banks are employing cutting edge technology to improve the quality of their services and to roll out new products including loans for their clients (Ghana Banking Survey, 2009).

The dominant presence of bank loans in recent times has encouraged various empirical studies regarding the acquisition of loans. Bank lending traditionally involves the extension of credit that is held by the originating bank until maturity. Loan sales allow banks to deviate from this pattern by transferring loans in part or in their entirety from their own books to those of another institution or corporate bodies.

The dramatic expansion of secondary loan markets has led to a growing literature on corporate and individual loan acquisition (Ghana Banking Survey, 2009), a goal of which is to understand which banks sell loans to its customers, the purposes for which these loans are applied.

2.4 LOAN ACQUISITION AND ITS BENEFITS

Sourcing money from bank may be done for a variety of reasons. According to Brian (2008), taking a loan has remained phenomenal nowadays. Thousands of people are using bank loans to establish huge investments as well as very lucrative businesses including investments in estates and are earning immense gains from these investments. Brian (2008) emphasized that Bank loans are financial packages which help most individuals and corporate entity to seal a deficit in their budget or help them establish a business or buy stock. Loans, in fact, are monies lent to customers so that they can apply it to whatever they want to do, then repay the bank after some specified period of time.

The purposes of loan acquisition are diverse. It has been observed that different people acquire loan for different purposes. According to Ayeebo (2010), everybody has, at least once, been encountered with a loan transaction before whether formal or informal. He further emphasized that we take loans from friends, sisters, brothers, employers, and more especially the money-lending financial institutions, i.e. the banks and other non-banking financial institutions. Many formal loans are borrowed with the understanding of giving back the original loan taken together with some form of interest on it, so that the lender could benefit for the opportunity lost in not putting his/her money in another investment to earn them some return.

Brian (2008) argues that the bank is a diversified institution which offers more services than just loans. Because of their diversified business, banks have the ability to offer lower interest rates than other financial institutions. A further argument made by Brian

(2008) was that, Banks also offer higher security to their customers. People are more secured when taking loans from the banks instead of money lenders.

2.5 LOAN ACQUISITION AND RISKS

In performing activities such as granting of loans to customers, banks face a large number of risks, including credit risk, market risk, liquidity risk, operational risk, etc. Employees face the risk of increases in monthly loan re-payment amount deducted when there is an unexpected increase in the Bank of Ghana prime rates. The industry's gross loans and advances grew by 47% from 2007 to 2008 with a significant chunk going into the commerce and finance sector. (Ghana Banking Survey, 2009). The true core business of banking is the profitable management of risks (Hempel and Simonson, 1999). Risks are the uncertainties resulting from adverse variations of profitability or in losses (Bessis, 2001). Among the various risks faced by banks, credit risk is the most important (Bessis, 2001).

Credit risk is the event in which customers default, meaning that they fail to comply with their obligations to service debt or loan acquired. It is critical since the default of a small number of important customers can generate large losses (Bessis, 2001). Banks' survival and ability to compete depends foremost on their ability to profitably manage this sort of risk (Hempel and Simonson, 1999). Since the response of lenders to uncertainty is determined in part by the extent of their risk aversion, they may use credit rationing to reduce default risk.

Loan contracts specify the amount borrowed, the interest and non-price terms like collaterals, which constrain the borrower in order to reduce default. As the terms of contract change, the behaviour of the borrower is likely to change. For instance, raising the interest rate decreases the return on projects. This could be due to the fact that higher interest rates induce borrowers to undertake projects with lower probability of success but those with higher returns when successful, borrowers have the tendency of taking higher loans in spite of high interest rates (Jacobson et al., 2006).

2.6 FLEXIBILITY OF LOAN REPAYMENT

The literature on factors influencing loan acquisition and repayment ability among financial institutions and individuals is very sparse and limited mainly to microfinance experience in low-income countries (Derban et al., 2005; Silwal, 2003). Based on past literature, the factors affecting repayment ability of loan beneficiaries can be divided into four namely individual/borrowers factors, firm factors, loan factors and lender factors. Several studies (Greenbaum et al., 1991; Hoque, 2000; Colye, 2000; Ozdemir & Boran, 2004) show that when a loan is not repaid, it may be a result of the borrowers' unwillingness and/or inability to repay.

Stiglitz and Weiss (1981) recommend that the banks should screen the borrowers and select the "good" borrowers from the "bad" borrowers and monitor the borrowers to make sure that they use the loans for the intended purpose. This is important to make sure the borrowers can pay back their loans. Greenbaum and Thakor (1995), suggest to look at a borrower's past record and economic prospects to determine whether the borrower is likely to repay or not. Besides characters of the borrowers, collateral requirements, capacity or ability to repay and condition of the market should be considered before giving loans to the borrowers.

2.7 LOAN REPAYMENT DEFAULTS

Tedeschi (2006) noted that there are two possible reasons for loan default: strategic default or default due to a negative economic shock. The lending contract provides incentives to discourage strategic default, but default due to an economic shock is unavoidable. In contrast, Hulme & Mosley (1996) argue that the important factors contributing to loan repayment performance are the design features of the loan. They categorize the design features into three categories namely access methods, screening methods and incentive to repay. Access methods generally ensure that poor people access the loans not the richer people and the features include maximum loan ceilings and high interest rate. Screening methods are used to screen out bad borrowers.

Godquin (2004) also suggested that the provision of non-financial services such as training, basic literacy and health services has a positive impact on repayment performance. Roslan & Mohd Zaini (2009) found that borrowers that did not have any training in relation to their business, employee personal financial behavior and how loans should be applied profitably have a higher probability to default.

However, Stearns (1995) argues that, “it is the lender not the borrower, who causes or prevents high levels of delinquency in credit programs while Awoke (2004) reports that most of the default arose from poor management procedures, loan diversion and unwillingness to repay loans. Therefore, the lenders must devise various institutional mechanisms that are aimed at reducing the risk of loan default.

Second, are the characteristics of lending institution and suitability of the loan product to the borrower, which make it unlikely that the loan would be repaid. Third, is systematic risk from the external factors such as the economic, political and business environment in which the borrower operates Vigenina & Kritikos (2004) find that individual lending has three elements namely the demand for non-conventional collateral, a screening procedure which combines new with traditional elements and dynamic incentives in combination with the termination threat in case of default, which ensure high repayment rates up to 100 percent. Roslan Abdul Hakim et al. (2007) in their study conclude that close and informal relationship between MFIs and borrowers may help in monitoring and early detection of problems that may arise in non-repayment of loans.

2.8 THE EFFECT OF LOAN ACQUISITION ON HOUSEHOLD INCOME, LIFESTYLE OF WORKERS AND PRODUCTIVITY

2.8.1 Positive Impact on their lifestyle and Productivity

The acquisition of loans has greatly influenced the lives and businesses of many beneficiaries. Remenyi J. and Quinones B. (2000:8) conducting a case study in Asia and the Pacific, concluded that, household income of families especially employees with access to credit facilities are significantly higher than for comparable households without access to credit.

In Indonesia a 12.9% annual average rise in income from borrowers was observed while only 3% rise was reported from non-borrowers. In Bangladesh, a 29.3% annual average rise in income was recorded from workers who borrow money in supporting their businesses and 22 percent annual average rise in income from non-borrowers. Sri-Lanka indicated a 15.6% rise in income from borrowers and 9% rise from non-borrowers. In the case of India, 46% annual average rise in income of employees was reported among borrowers of money for business purposes with 24% increase reported from non borrowers (Remenyi and Quinones, 2000).

Swope, T. (2010) argued that in 1996 the United Nations Children's Fund found evidence from a case study conducted in Vietnam, that 97% of borrowers significantly increased their household income between 1994 and 1996 as a result of efficient use of loans in the businesses.

Stainer J. (2009) characterized home improvement loan with a survey conducted by Halifax. Halifax's **15%** of successful loan applications were inspired by the desire to brighten up bedrooms, bathrooms and kitchens across the land. Home improvement loans ask a lender to lend you money so you can improve your home. In most cases a home improvement loan is granted on the condition that you give the lender a second rank mortgage on your home. As such, the loan amount can rarely exceed the valuation price of your home - including the increased value after the improvements have been made. Again, home improvement loans usually need to be paid by monthly installments; however, one-off, payments are also sometimes accepted (http://www.thinkmoney.com/loans/news/halifax-loans).

A strategy based on the joint search for worker well-being and employee productivity is at the heart of the entire quality-of-life movement (Karasek & Theorell, 1990). It pays for employers to be interested in the wellness of their employees. For every dollar spent on mental health and substance abuse treatment in the US, $11.54 is saved in social services costs (Hickox, 1994).

Employers find that there is a five-to-one return for every dollar spent on an employee assistance program, with a substantial savings on health care benefits (Goldberg, 1994).

Once acquainted with financial education training at a worksite, 63% of participants are more inclined to pursue financial education on their own (Cash, 1996). In the future, employers are increasingly likely to help their employees deal with financial problems for very good reasons, it increases job productivity, reduce costs, and makes employees happier.

At Ameritech, for example, "helping employees deal with financial issues falls under the umbrella of the Employee Assistance Program (EAP)" (Cambridge Human Resource Group, 1995, p.4). By placing the cost financial counseling in EAP, Ameritech is assured of confidentiality and it gives employees the chance to maintain control.

A recent literature review (Williams et al, 1990) concludes that there is justification for continued efforts to provide valid and reliable evidence of the impact of financial concerns on employee productivity and on the cost-benefit of employers offering financial counseling and planning to employees in an industry setting. Employers who believe in primary prevention find it smart (when dealing with drugs and alcohol in the workplace) to make help available to all employees experiencing problems impacting job performance (Campbell & Graham, 1988) and one of the new wellness trends is financial health programs (Cash, 1996).

According to Joo (2001) personal financial wellness includes the subjective perception of personal finances, the behavioural assessment of personal finances and satisfaction with the personal financial situation. Garman et al. (1996) indicated that by not acknowledging or recognizing how personal financial problem affect workers and not dealing with financial situation of their stressed workers, employers have left a vital component out of their bottom line calculations.

Swart (1996:24-25) indicated that the life style of employees or person will determine trends and tendencies (especially with regards to spending). Garman, Leech & Grable (1996:1) indicate that the proportion of workers experiencing financial problems as a result of poor usage of loans and other incomes which negatively affect their lifestyle and on productivity for a single employer could range as high as 40% to 50%.

Approximately 15% of workers in the United States are currently experiencing stress from poor financial behaviors to the extent that it negatively impacts their productivity (Garman et al, 1996). A research conducted in the US shows that 90% of the employees are dissatisfied with their personal financial wellness, 75% are insecure about their retirement and 50% hold a part time-job elsewhere as a result of insufficient income (Garman, 2001).

2.8.2 Social impact of Loan Acquisition on their lifestyle and productivity

Employees feel good when society recognizes them as hardworking by acquiring properties such as cars, putting up Buildings, having good savings account, and cultivating a habit that is mostly accepted by society. Botes (1994:104) stated that habits can develop into motives for human behaviour; every employee develops his/her own personal reaction pattern and set of ideas.

Botes (1994:104) further states that to understand a person's behaviour in his working environment one must look at his physical and mental abilities on how he uses his funds, his ideas on why loans are contracted, his fund management skills and his opinions and prejudices.

All these combine to make him/her the person he/she is in terms of character and personality in society.

Social motives, habits as motives, obsessive behaviour and unknown motives contribute to the financial weakness of employees. According to Botes (1994:04) the human being is predominantly a social being and during his/her life, he comes in contact with other human beings in a group relationship most especially with the mining workers such as his/her own family, working environment, church community and political party, social and sports.

2.8.3 Negative Impact on their Lifestyle and the employer

Employees acquire loans for various purposes. When loans are not properly managed can cause a lot of harm mentally to workers (Caldwell, 1991). Mental illness and substance abuse as a result of poor financial management cost the United State an estimated $273 billion annually in treatment of expenses, lost and reduced employee productivity, law enforcement efforts, and other related costs. Mental illness costs the country $129.3 billion; alcohol abuse $85.8 billion; abuse of other drugs, $58.3 billion. Employers assume a large portion of the costs attributed to mental illness and substance abuse in the form of treatment benefits and prevention programs, lost work days, and reduced employee productivity (Caldwell, 1991).

Brown (1993) reported that 10% is a very conservative estimate of the number of employees in the workplace with financial difficulties.

Others also report that a proportion of workers have difficulties with their personal finances to the extent that it negatively impacts their productivity.

A higher estimate was made by Cash (1996) who found that 28% of workers report that personal finances have negatively impacted their productivity in the past year.

Cash (1996) conservatively concluded that approximately 15% of workers in the U.S. are currently experiencing stress from personal financial mistakes and careless behaviors as well as from poor financial behaviors to the extent that productivity is negatively impacted.

Depending upon such factors as employee income levels, ranges of age and stage in the life cycle, and the costs of living, the proportion of workers experiencing financial problems that negatively impact productivity for a single employer could range as high as 40 to 50% (Cash, 1996).

Workers' financial distress causes distractions that interrupt performance, attendance, and overall productivity. Research by Garman (2006), shows that 60 percent of workers are experiencing moderate to high levels of financial stress. He says that 30 to 80 percent of financially distressed workers spend time at work worrying and dealing with financial issues instead of working. On average, such workers waste approximately 13 to 25 percent of their work time dealing with personal financial matters.

According to numerous studies, workers' financial problems can also contribute to higher employer health care costs. Workers cite financial problems as their most frequent cause of stress, and 75 to 90 percent of doctor visits are related to stress. Employees' hypertension, insomnia, tension, anxiety, depression, headaches, abdominal and digestive problems, ulcers, fatigue, and substance abuse are all stress-related. Workers who are financially stressed are more likely to turn to drinking, smoking, overeating and other unhealthy coping behaviors. Alcohol and drug abuse alone may cost employers up to 10 percent of payroll costs.

The American Institute of Stress estimates that 60 to 80 percent of on-the-job accidents are stress related. Those accidents can lead to increased disability and workers compensation claims, and exposure to liability, in addition to increased absenteeism and lost productivity.

2.9 Educational Qualifications and Financial Management

Past research found a positive relationship between higher educational qualifications and employee financial management which also impact on the kind of business they undertake with the loans acquired for investment growth (Dunkelberg & Cooper, 1982; Johnson, 1993; Kozan, Oksoy, & Ozsoy, 2006). Education affects employees and other entrepreneurs' motivation (Smallbone & Wyer, 2000).

Furthermore, education helps to enhance the exploratory skills, improves communication abilities and foresight (Dobbs & Hamilton, 2007).These enhanced skills are positively related to present a plausible case for a loan to a banker at the time of preparing a loan proposal and convincing the banker during the client interview.

The most recent research done by Irwin and Scott (2010) using a telephone survey of 400 SMEs in the UK also found that employees who are graduates had the least difficulties raising finance (loan) from banks and applying them profitably. The researchers have given three interpretations for this finding. Firstly, more educated employees and other entrepreneurs have the ability to present positive financial information and strong business plans and they have the ability to maintain a better relationship with financial institutions compared to less educated employees who have less financial knowledge as how to how to invest their loans into profitable business ventures.

Secondly, the educated managers/owners have the skills to manage the other functions of the business such as finance, marketing, human resources and these skills results to high performance of the business which helps those firms to access finance without any difficulty. The third reason stems from the supply side, where the bankers value higher education level of the owner/manager in the loan approval process as an important criterion (Irwin and Scott, 2010).

In contrast, Han (2008) found that individual employees who have taken loans to run their personal business with undergraduate degrees are more likely to be financially constrained than those without formal education background. Han believes the reason to be that better educated employees normally own and manage large businesses which are more likely to be constrained by finance.

The other opposing argument is that educated individuals are more likely to discard the traditional concept of a loan as risky, and thus would have a higher probability to borrow from formal financial institutions.

It can be also assumed that educated employees are likely to have better managerial skills and are better equipped to go through difficult administrative procedures in the credit system, increasing their standing in lenders' eyes.

2.10 Financial Education and Change of Habit

Previous research, in particular has explored how the managerial education affects the access to credit. For example, Kumar & Francisco (2005), found a strong education effect in explaining access to financial services in Brazil.

A study conducted by a Southeast Louisiana Chemical company revealed the impact of financial education on its employee population. After receiving workplace financial education, 45 percent of employees increased their contribution amount to their provident fund, 34 percent started contributing to it; and 70 percent changed their investment strategy to become more diversified. In comparison to the employees who did not attend workplace financial education, participants who did participate reported experiencing greater than average financial wellness and better health (S. Joo and E.T. Garman, 1998)

In 2006, Dr. Garman and other researchers found that employers can expect $450 in positive job outcomes and $300 in lower health care costs for each employee who improves his or her financial behaviors and financial well-being. They estimated that mid- and large-size employers might realize additional savings of $2,000 for improving employee financial literacy (Dr. E.T. Garman et al, 2006).

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 INTRODUCTION

This chapter pays attention to how the research was designed, the targeted population, the sampling procedures, how the data were collected, the data analysis and presentation procedure as well as the various and appropriate sources of data and the methods that were employed in the study.

3.2 RESEARCH DESIGN

A research design is a detailed and logical outline that serves as a guide to the researcher in the collection, analyses and the interpretation of the data on observed phenomenon (Nachmias et al 2008). Bryman (2004) identifies five different types of research design which are experimental design, cross-sectional or survey design, longitudinal design, case study design, and comparative design. This study used the survey design to collect information on individual employees, their views on loan acquisition, the benefits derived from these loans and their impact on the lifestyle of workers who are loan beneficiaries. The study targeted three categories of employees in the company namely management, senior staff and junior staff.

3.3 STUDY POPULATION AND SAMPLE

The study population is the total number of all units of the phenomenon to be studied. A sample of the population consists of the proportion of the number of units selected for study. Sampling therefore, involves the study of a carefully selected proportion of the units of a phenomenon with a view of extending the knowledge gained from the study to the whole of the units selected for the study.

3.3.1 Sample Design

In selecting a unit of population for sampling, two techniques were used. These included the purposive sampling technique and stratified sampling technique.

Purposive sampling method was used to solicit information particularly from employees from Gold Fields who had accessed loans from the banks and from within the company. This sampling technique was used in the selection of employees in the study company.

Stratified sampling technique was used to obtain information from three categories of employees in the company namely management, senior staff and junior staff.

3.3.2 Sampling Units

A population is made up of individual units or aggregates for the purpose of sampling. The sampling units interviewed for the study were;

- Management of the company
- Senior staff
- Junior staff and
- Contract staff

The sampling units that were interviewed were either loan beneficiaries or not. The questionnaire was structured around the general disposition of people in the studied company who had accessed loans from various sources. Few questionnaires were structured to suit what the study needed from management.

3.3.3 Sample Size

A total of 120 respondents consisting of contract staff, junior staff, senior staff and management staff who have worked for more than one year with the Company were initially sampled for the study. Out of 120 employees who were given out the questionnaires, 108 representing 90% responded to the questions. The sample size for the study therefore was 108. This was made up of 3 contract staffs, 55 junior staffs, 39 senior staffs and 11 management staffs.

3.3.4 Sampling Technique

The researcher employed both probability and non-probability sampling techniques. Non-probability sampling technique (purposive sampling) was used to select all categories of employees who are junior staffs, senior staffs and management staffs. This purposive sampling technique was used because of the need to get respondents who have worked for more than one year in the mines, to seek the views of employees who had accessed loans for the study.

Simple random Sampling (probability sampling) was adapted to determine respondents within the three categories of employees and also to have a fair and equal opportunity for all categories of workers being junior staffs, senior staffs and management staff.

3.4 DATA COLLECTION

Data for the research was collected mainly through Interviews and the administration of semi-structured questionnaire to respondents. Two types of questionnaire were administered to employees in the mining companies. One type of the questionnaire was administered to the sampled junior staffs, senior staffs and the management staffs who are permanent employees in the company. The other type of the questionnaire was designed to gather data on their spending habits which have impacts on their lifestyle. All sets of questionnaire contained closed-ended questions with suggested answers where they were made to choose from those alternate answers. Those who were literate could hardly find time to devote to completing the questionnaire. As a result of the above, for a large part of respondents, the face to face interview method was employed. By this method, each question and corresponding set of answers were read out and translated in two dialects where necessary (Twi and Fante) to enable them understand and answer the questions appropriately. A questionnaire pre-test was done by the administration of twenty-five (25) questionnaires (10) to junior staffs, (10) to senior staffs and (5) to management staffs who are permanent employees in the mining company. Responses generated from respondents indicated that both interviews and questions would serve the purpose of the research work.

3.4.1 Instruments for Data Collection

Both quantitative and qualitative methods were used to collect data for the study. There has been a differing opinion on the use of quantitative and qualitative methods in data gathering. While one school of thought argues that the world is composed of deductible and empirical facts, another school is of the view that real world is socially carved, complex and ever changing (Inkoom, 1999). In an attempt to have an unbiased result, the study appropriately combined both the quantitative and qualitative approaches in the exercise of data collection.

3.4.2 Types of Data (Primary or Secondary)

Information from both primary and secondary sources was collected. The primary sources of data were obtained through questionnaire administered to respondents (Employees of Goldfields Ghana Limited) for junior staffs, senior staffs and management staffs. These questionnaires were carefully explained to them. Interviews were also conducted with nine management staffs of Goldfields Ghana Limited at the workplace. A review of official documents including annual reports for the years 2007 to 2010 as well as published books, journals and electronic library materials formed the basis of the secondary data used.

3.4.3 Data Cross Checking

It is very prudent for the researcher to do thorough check of the data collected from respondents. In order to get exact and reliable results which will be a reflection of the research that was undertaken, the researcher examined all questionnaires individually and the kind of interviews to be conducted to ensure that responses elicited from respondents addressed the research objectives stated in the proposal. The data collected were edited in order to help identify omissions and to correct errors where necessary.

3.5 DATA ANALYSIS AND PRESENTATION PROCEDURE

This contains the results from the survey and interviews. Simple statistical analysis was used to analyze the data gathered. Frequency of responses was converted into percentages. Tables, graphs and pie charts were used to represent all data collected.

3.5.1 Procedure of Analysis

Frequency counts of each category was done and presented in tabular forms showing frequency and percentage distributions of the various categories of responses. Interpretation and discussion of the data were done per the factors that constituted the framework for the research. The percentages of various categories were compared using the frequencies of each category of employee's age, range of loan taken, purposes for loan acquisition, causes for frequent loan acquisition and the impact of loan usage on the lifestyle of the workers.

3.5.2 Presentation Device

The data were analysed with the method that was consistent with the achievement of the objectives of the study. It enabled the researcher to come out with the final findings of the research. The data were edited for completeness and consistency after which extraction was performed and presented in tables and charts.

Considering the audience and users of the report, descriptive statistical instruments such as the use of frequency tables, percentages, bar charts and pie charts were deemed the most appropriate because, they can easily be interpreted and understood.

CHAPTER FOUR

ANALYSIS AND INTERPRETATION OF DATA

4.1 INTRODUCTION

This chapter focuses on producing results of the field work. As stated in the previous chapter, two sets of questionnaires were administered: one to employees of Goldfields Ghana Limited in the categories of Junior Staffs, Senior Staffs and Management staffs and secondly to mining workers in and around the mining communities, especially in Tarkwa with the view to ascertain information on their spending habits. As a result of the interview conducted the researcher came out with data which have been used for the analysis in this chapter.

4.2 AGES OF EMPLOYEE OF GOLDFIELDS GHANA LIMITED

The following table shows the ages of Goldfields employees who have worked for one year and above.

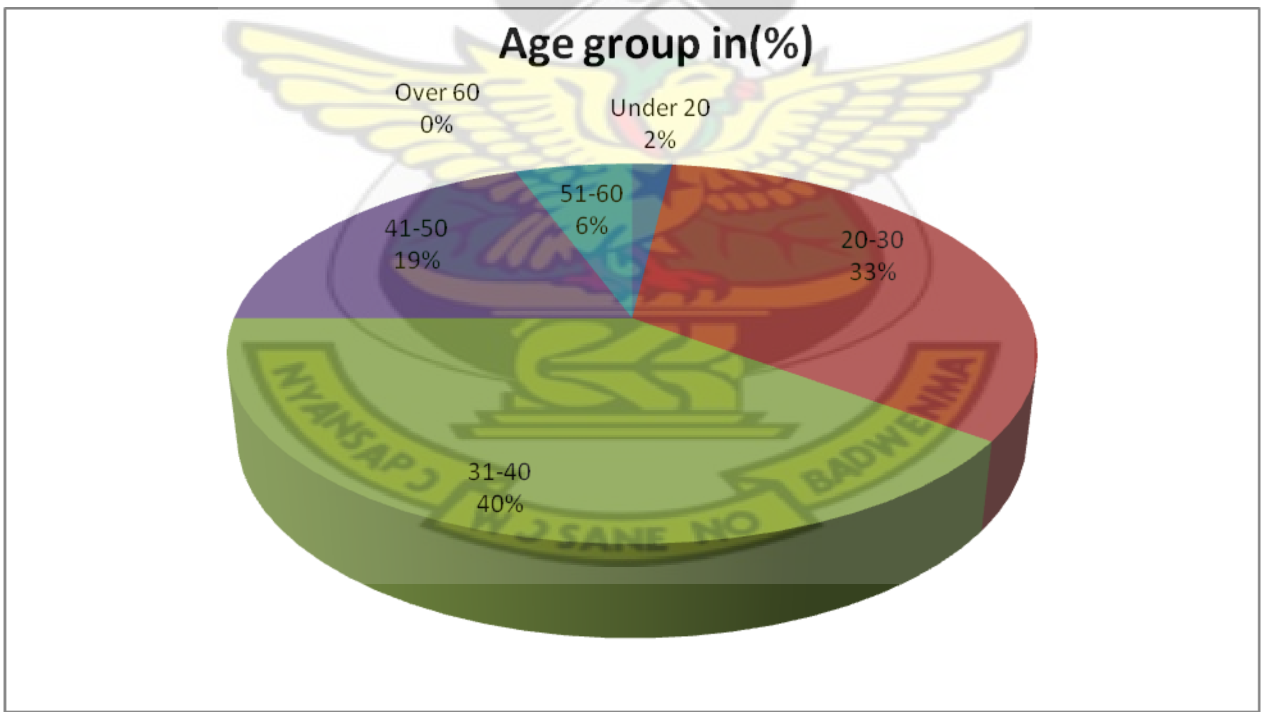
Table 4.1: Shows the ages of respondents and the percentages

Age	Respondent	Percentage
Under 20	2	1.9
20-30	36	33.3
31-40	43	39.8
41-50	21	19.4
51-60	6	5.6
Over 60	nil	0
Total	108	100

Source: Field Report, April 2011

From Table 4.1, the largest category of ages of employees who have worked for a year or more is 31-40, representing 39.8% of the total respondents, while 33.3% of respondents representing employees within the ages of 20-30. 19.4% of respondents were within the ages of 41-50, whereas 5.6% of respondents were within the ages of 51-60, with only 1.9% of respondent being under the age of 20, and 0 employee was found over the age of 60 years. This implies that, a greater percentage of the respondents fell within the age of 31-40. Below is the pictorial view of the various age groups.

Fig. 4.1 Age group in percentage



Source: Field Report, April 2011

The analysis from the above shows that the largest percentage of the workers was in their youth with a high propensity to spend.

4.3 CATEGORY OF EMPLOYEES

Employees were interviewed in terms of categories namely junior staffs, Senior Staffs, Contract Staffs and management staffs. A total of 108 employees were interviewed.

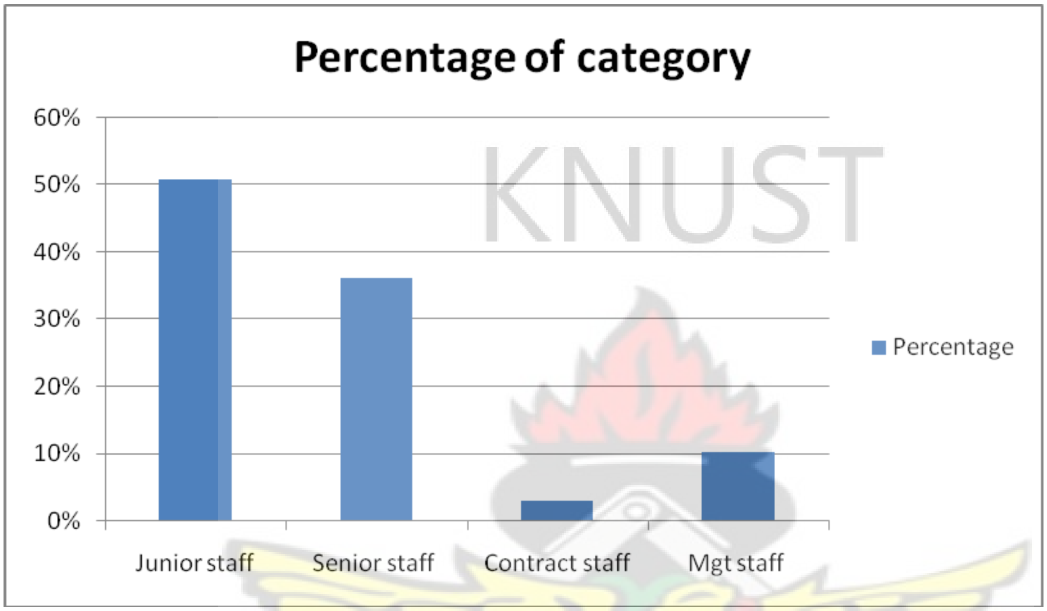
Table 4.2: Shows the category of respondents and their percentages

Category	**Respondent**	**Percentage**
Junior staff	55	50.9
Senior staff	39	36.1
Contract staff	3	2.8
Mgt staff	11	10.2
Total	108	100

Source: Field Report, April 2011

From Table 4.2, the largest category of employees were found to be junior staffs representing 50.9 percent of the total respondents, followed by the senior officials with 36.1 percent of the total respondents. 10.2 percent were found to be management staff with 2.8 percent being contract staffs. This is consistent with the stratification of the sampled population. The junior staff constitutes the largest number of workers in the study company.

Fig. 4.2 Percentage of Category



Source: Field Report, April 2011

4.4 RANGE OF LOAN TAKEN

Table 4.3: Shows the range of amount taken as loan from the company by respondents and their percentages

Table 4.3 Range of Loans

Range of Loans Taken	Respondent	Percentage
GHC500-1,000	2	1.8
GHC1,001-2,000	6	5.6
GHC2, 001-3,000	12	11.1
GHC3, 001-4,000	28	25.9
GHC4, 001-5,000	42	38.9

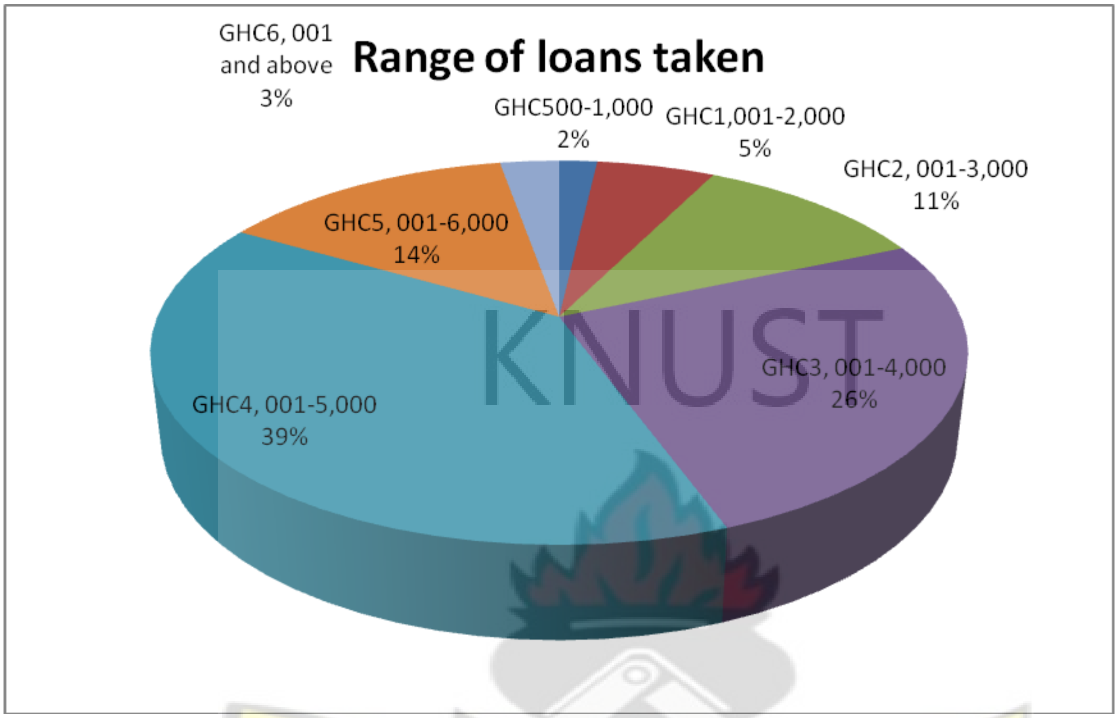
GHC5, 001-6,000	15	13.9
GHC6, 001 and above	3	2.8
Total	108	100

Source: Field Report, April 2011

Loans granted by the company to its workers are based on the basic salaries of the workers. Each worker is entitled to three months basic salary as interest free loan which is deductible over a period of 12 months.

From Table 4.3, the largest loan taken from the company was in the range of GHC 4,001-GHC 5,000, representing 38.9 %, with 28 respondents falling within the range of GHC 3,001-GHC 4,000 representing 25.9%. This was followed by 15 respondents who were within the range of GHC 5,001-GHC 6,000 representing 13.9%. 12 of the respondents were within the range of GHC 2,001-GHC 3,000 representing 11.1% of the total respondents. There were 6 respondents with loan acquisition within the range of GHC 1,000-GHC 2,000, representing 5.6% of the total respondents. This was followed by 2 respondents within the range of GHC500-GHC1, 000 representing 1.8%. The pie chart below represents the various percentages of loans acquired in the company and the ranges within which the loans were acquired.

Fig. 4.3 Range of Loans Taken by the Employees of Gold Fields



Source: Field Report, April 2011

4.5 PURPOSES FOR LOAN ACQUISITION

Table 4.4: Shows the purposes for which employees take loans from the company, the actual usage and their percentages

Table 4.4 Purposes for Loans

Purpose for loan acquisition	**Respondent**	**Per. (%) of Total Respondents**	**Actual usage of loan**	**Per. (%) of Actual usage of loan**
To rent a house	31	28.7	29	94
To purchase a car	14	13	14	100
For building project	21	19.4	20	95

To pay off other loan	13	12	10	97
for self Education	6	5.6	6	100
To buy a land	8	7.4	6	75
To set up a business	10	9.3	9	90
Other purposes	5	4.6	14	280
Total	108	100	108	

Source: Field Report, April 2011

From Table 4.4, 31 of the respondents acquired the loans with the purpose of renting an apartment of their own representing 28.7% of the total respondents. However, 29 out of the 31 respondents did rent the house, representing 94% of the total respondents of 31. Indeed these 29 respondents had places of residence. In terms of residential accommodation, these workers are psychologically better than those who took the loans for the purpose of renting accommodation but used them for other purposes.

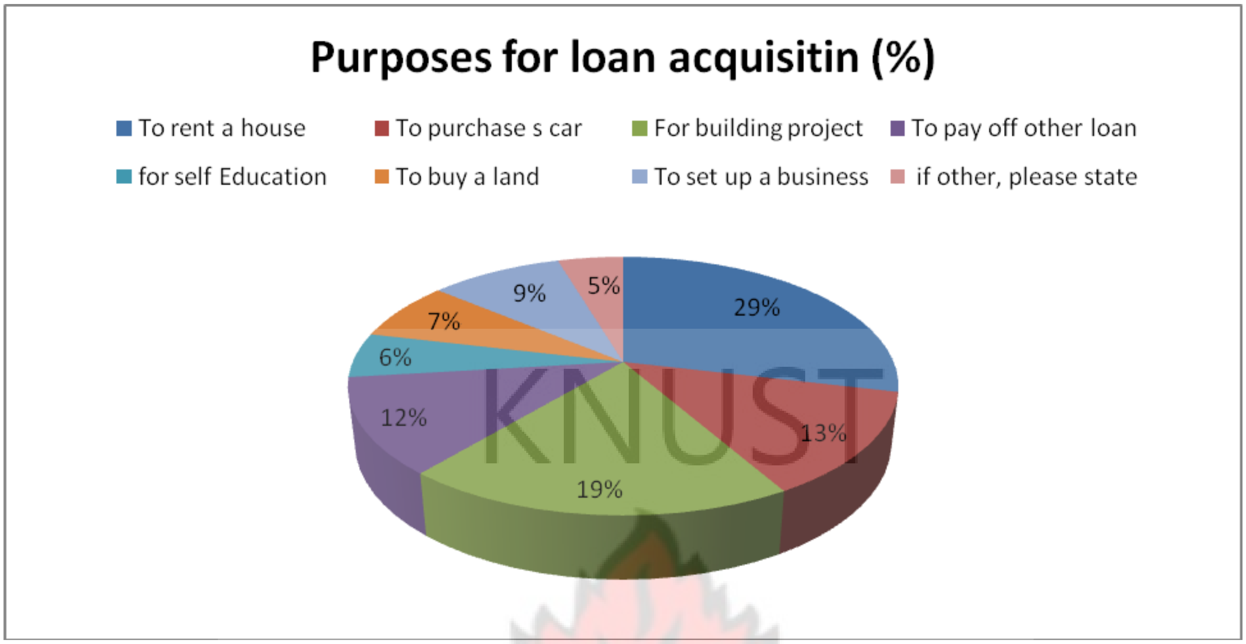
14 of the respondents who intended to use the loan to buy cars actually used the loans for the intended purpose. As indicated above, 21 respondents acquired the loans with the purpose of using the money on building projects representing 19.4% of the total respondents. 20 respondents out of the 21 used the loan on their building projects. A further analysis on the purposes shows that, respondents who acquired loans to pay off other existing loans were 13, representing 12% of the total respondent. 10 respondents out of the 13 did use the loan to pay off other existing loans with very high interest rate as said by respondents. The implication is that the level of their financial burden would

be reduced since the loan was used for the intended purpose. Their lifestyle would improve, resulting in having a sound mind to work on site.

6 respondents acquired the loan for self education, representing 5.6%. These respondents invested the money in their education. Also, 8 respondents acquired loan with the intension of buying a land, representing 7.4% of the total respondents. 6 out of 8 respondents representing 75% of that group actually purchased the land with the loan; hence putting up a building becomes the next line of action for these respondents to have a place of residence of their own. The 2 respondents might have use the loan for other purposes which are off more importance to them than the buying of the land at that particular time.

Respondents who were interested in establishing a business of their own were 10, representing 9.3% of the total respondents. 9 out of the 10 representing 90% of that group actually invested the money in doing business. 5 respondents chose other reasons with various purposes such as personal reasons, solving other immediate social problems, paying children school fees which are also very useful investment in their children, payment of wife's medical bills, representing 4.6% of the total respondents. In addition to 5 respondents, 9 additional respondents who acquire the loan for other purposes indicated above used the loan for other purposes. Below is the pictorial view of the above data on a pie chart.

Fig 4.4 Purposes for Loans (In Percentages)



Source: Field Report, April 2011

4.6 CAUSES FOR FREQUENT LOAN ACQUISITION

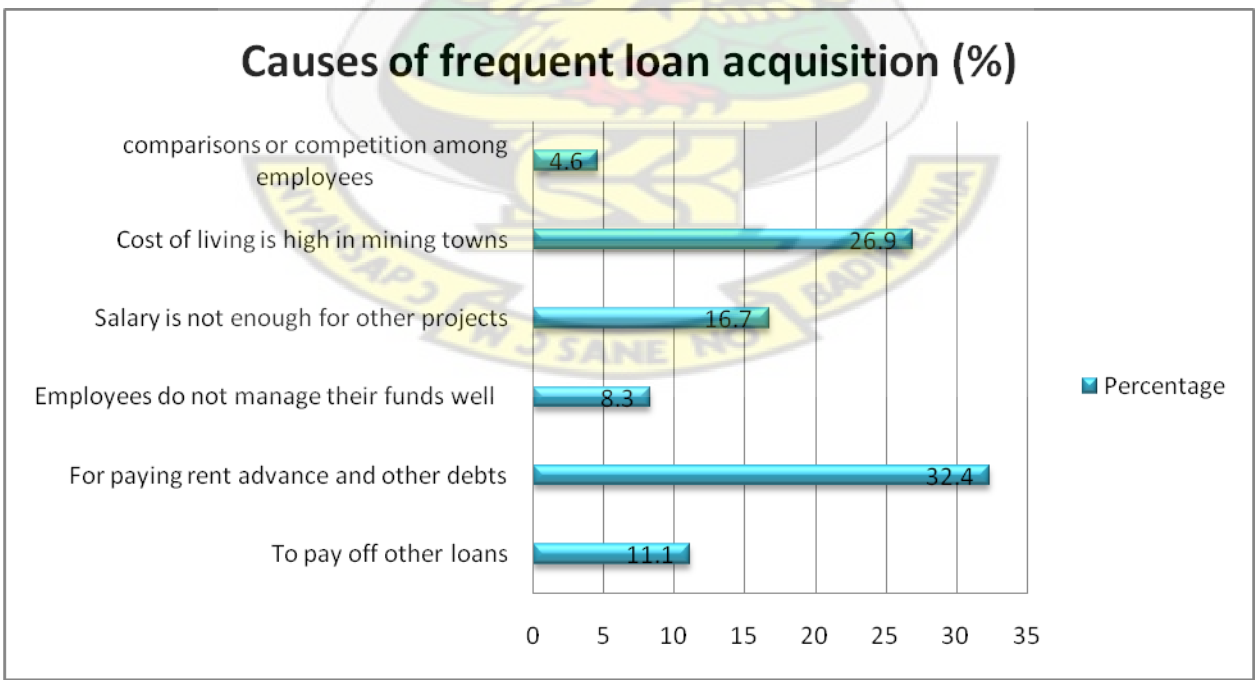
Table 4.5: Shows the views of respondents on the major causes or reasons for frequent loan acquisition from the bank and their percentages.

Causes for frequent loan acquisition	**Respondent**	**Percentage**
To pay off other loans	12	11.1
For paying rent advance and other debts	35	32.4
Employees do not manage their funds well	9	8.3
Salary is not enough for other projects	18	16.7
Cost of living is high in mining communities	29	26.9
comparisons or competition among employees	5	4.6
Total	108	100

Source: Field Report, April 2011

From Table 4.5, 35 respondents believe that the major cause of frequent loan acquisition is a result of payment of rent advance and other debts owed by employees. This represents 32% of the total respondents. Respondents who believed that frequent loan acquisition was as a result of high cost of living in mining communities were 29. This represents 27% of the total respondents. Other respondents were also of the view that employees use the loans acquired to pay off other loans which attract high interest rates. Some of these loans are taken from money lenders. This represents 11% of the total respondents. 9 of the respondents also have the view that employees do not manage their funds well. This represents 8% of the total respondents. Among all the respondents, 5 were of the view that employees go for loans to acquire properties in order to compete with their fellow workers or colleagues in the same community. The Bar chart below shows the pictorial view of the above data.

Fig. 4.5 Causes of Frequent Loan Acquisition



Source: Field Report, April 2011

4.7 EFFECT OF LOAN REPAYMENT ON NET SALARY

Table 4.6: Shows the effects of the loan repayment on the net salary after the monthly deductions of loans from the company and the bank, and their percentages.

Table 4.6 Effect of Loan Repayment on Net Salary

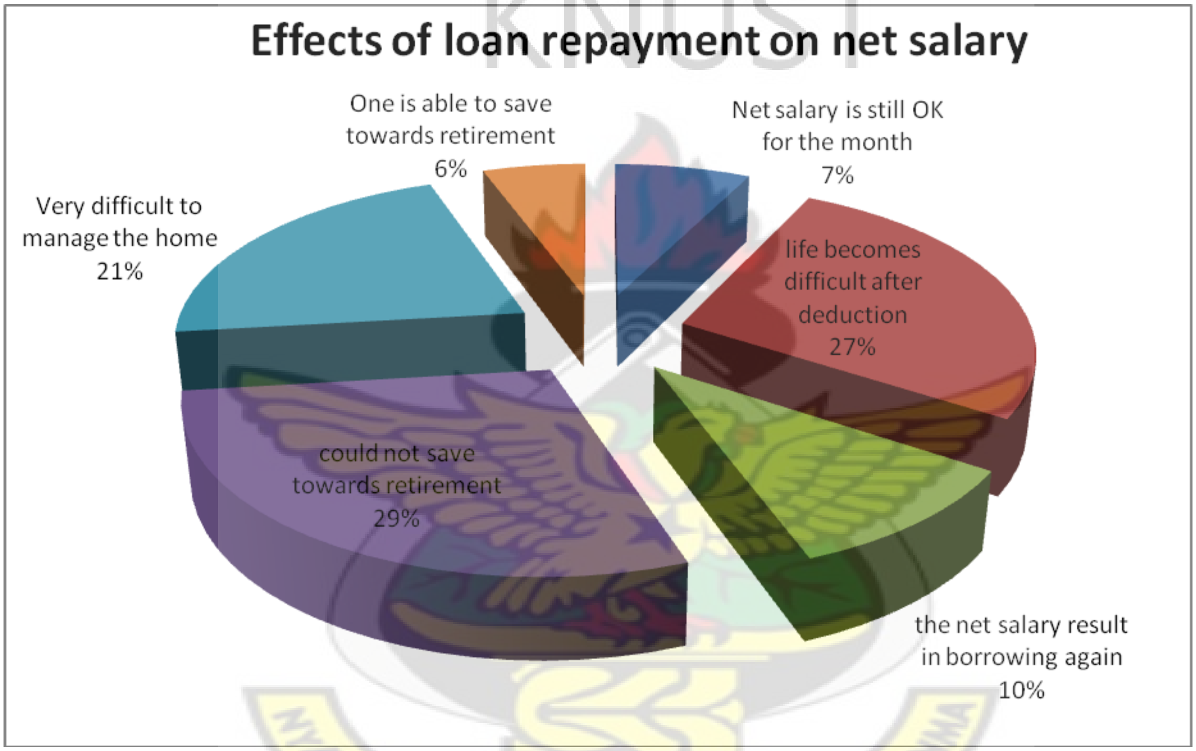
Effect of loan repayment on net salary	Respondent	Percentage
Net salary is sufficient for the month	8	7.4
Social life becomes difficult after deductions	29	26.9
the net salary result in borrowing again	11	10.1
could not save towards retirement	31	28.7
Very difficult to manage the home	23	21.3
One is able to save towards retirement	6	5.6
Total	108	100

Source: Field Report, April 2011

From Table 4.6, 31 respondents realized that they are not able to save any amount towards their retirement and this represent 29% of the total respondents. 29 of them realized that social life becomes very difficult after loan repayment amount is deducted from their salaries, representing 27% of the total respondents. A further analysis shows that 23 respondents find it very difficult to manage their homes as a result of loan deductions made from their salary. On a more serious note, 11 respondents believe that after the loan repayment deductions are made, employees are left with very little net salary to cope with. The resultant effect is a further borrowing which serves to heighten their financial crisis situation.

However, 8 respondents also believe that the net salary is still reasonable for them to manage their homes. These represent 7% of the total respondents. Finally, 6 respondents were of the view that employees can still make some savings towards their retirement after loan repayment amount is deducted. The pie chart below represents the pictorial view of the above data.

Fig 4.6 Effect of Loan Repayment (In Percentages)

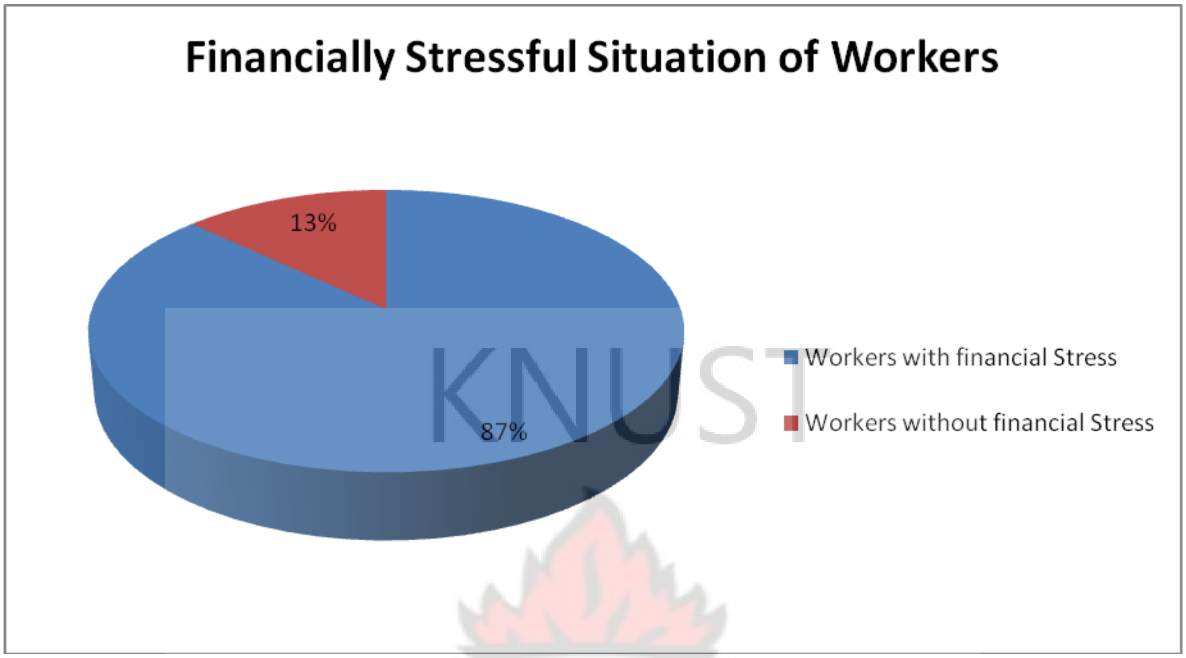


Source: Field Report, April 2011

4.8 FINANCIAL STRESS ARISING OUT OF LOAN ACQUISITION

About 87% of the respondents have expressed personal stress arising out of their personal finance which is represented by figure 4.7. This is caused by the low net salary arising from the loan acquisition. The consequence of this financial stress is a decrease in job satisfaction.

Fig 4.7 Financially Stressful Situation of Workers (In Percentages)



4.9 LOAN BENEFITS

The study sampled views on benefits that could be derived from the loans acquired. Table 4.7 shows the benefits that can be derived from loan acquisition by respondents and the percentages.

Table 4.7 Perceived Benefits from Loan

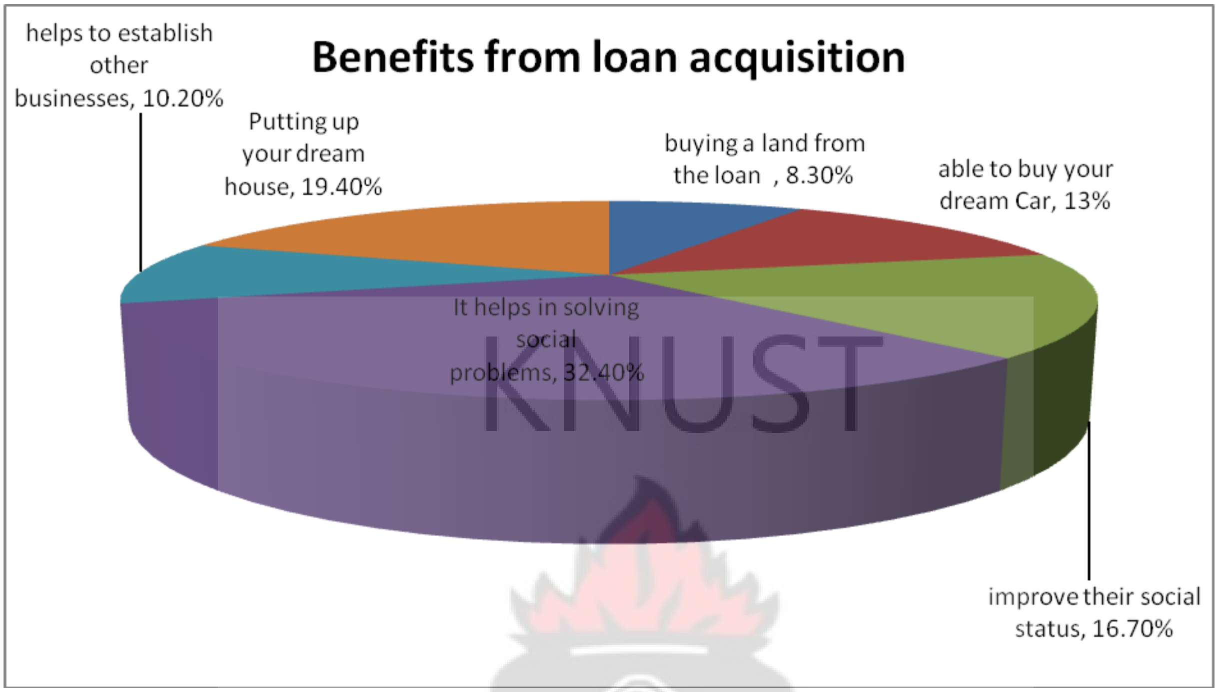
Benefits from Loan Acquisition	Respondent	Percentage
Purchase of land from the loan	9	8.3
Purchase of a car	14	13.0
Improving social status	18	16.7
Helping to solve social problems	35	32.4
Helping to establish other businesses	11	10.2
Putting up a house	21	19.4
Total	108	100

Source: Field Report, April 2011

It is true that the above benefits can be ascertained from loan acquisition. From Table 4.7, 35 respondents being the majority believe that loan acquisition helps in solving social problems and this was represented by 32%. 21 of the respondents also believe that one can put up a house from loan acquisition, representing 19% of the total respondents. The respondents explained the social status to mean acquiring properties like cars and houses, children attending good schools and being in good health. A total of 18 respondents representing 17% expressed their views in terms of social status arising from loan acquisition.

As mentioned above, 14 respondents believe that buying your dream car can be possible through loan acquisition, representing 13% of the total respondents. The views expressed by the respondents imply that acquiring loan should not be deemed as bad, but rather as better option when interest rates are very flexible with reasonable terms of payment. 11 respondents who claim to be business-minded believe that loan acquisition could help employees to establish a business of your own. Finally, 9 of the respondents think that acquiring a piece of land is possible with loan acquisition. Below is a pictorial view of the various benefits that can be derived from loan acquisition.

Fig. 4.8 Perceived Benefits from Loans (In Percentages)



Source: Field Report, April 2011

4.10 NEGATIVE IMPACT OF LOAN UTILIZATION ON EMPLOYEES AND THE COMPANY

The study also revealed the negative impact of poor utilization of the loans and the consequent of poor financial behavior on the company.

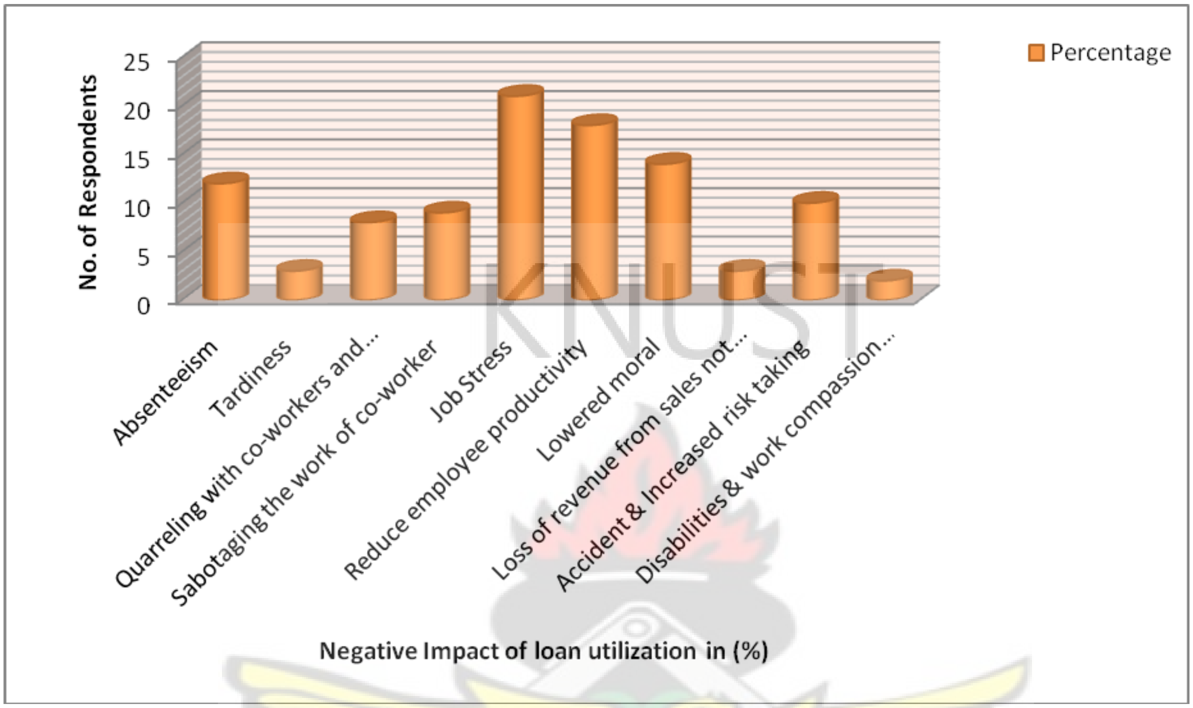
Table 4.8: Shows the negative impact of loan utilization on employees and the company.

Table 4.8 Negative Impact of Loan Acquisition

Negative impact of loan utilization	Respondents	Percentage
Absenteeism	13	12
Tardiness	3	3
Quarreling with co-workers and supervisors	9	8
Sabotaging the work of co-worker	10	9
Job Stress	23	21
Reduce employee productivity	19	18
Lowered moral	15	14
Loss of revenue from sales not made	3	3
Accident & Increased risk taking	11	10
Disabilities & work compassion claims	2	2
Total	108	100

Source: Field Report, April 2011

Fig. 4.9 shows the pictorial view of the Negative impact of loan Utilization.



Source: Field Report, April 2011

CHAPTER FIVE

RESULTS, CONCLUSIONS AND RECOMMENDATIONS

5.0 INTRODUCTION

The focus of this chapter is to produce results of the field work, give recommendations from the findings and conclusion for the research work. The results of the study have been categorized into three namely the economic impact of the loan on their lifestyles, the sociological and the psychological impact.

5.1 THE POSITIVE IMPACT OF LOAN ACQUISITION ON THE LIFESTYLE OF WORKERS

5.1.1 The economic impact

From the analysis in the previous chapter, the purchase of land, the construction of housing and the acquisition of vehicles serve as assets which have added up to their economic well-being of the respondents. Investment in education by employees as a result of the acquisition of the loans has earned most of the workers higher educational qualifications which have also enhanced their earnings in terms of salary in the company. Workers who acquired the loans to set up small-scale businesses have been getting additional income from those businesses established. This has enhanced their economic situation in the society. This has led to improved standard of living of those workers.

The small-scale businesses have led to the employment of other people which have also made significant economic contributions to the society.

However, some employees who could not use the loans profitably ended up worsening their living conditions. Some have become habitual borrowers from bank to bank, money lenders and even from their work mates just to make ends meet. The mismanagement of the loans acquired has worsened their economic conditions altogether. Such respondents constitute about 31.5% of the entire study population.

Employees with less salary as a result of loan repayment would continue to have some financial difficulties as well. Employees burdened by personal financial problems spend time at their place of work worrying about personal finances and dealing with financial issues instead of working.

Workers whose net salaries were very low as a result of the loans repayment find it extremely difficult to make savings towards their retirement. A relatively small proportion of employees could still save some monies towards their retirement.

5.1.2 The Sociological Impact

Society places much value on employees who have their own houses and have attained very high social recognition as a result of the kind of properties they own. The study established that 20 respondents out of 21 now have buildings of their own. The notions and values of private enterprises were noted to be regarded by the society as very good. As a result, their social status has improved. The loans acquired have made them to overcome certain hurdles in life and has opened up opportunities for them. The study noted that those respondents had no properties like houses or small-scale business enterprises before acquiring the loans. It has brought real fame and respect which have earned them high social status since they have moved up the social ladder.

Most employees during the interview also concluded that once the loans have been used to acquire assets, they are better off in society, even though the loan repayment sometimes stretches their net income.

5.1.3 The Psychological impact

In terms of residential accommodation, the 29 respondents who actually rented the accommodation were psychologically better off than those who took the loans for other purposes.

A large percentage of the respondents who used their loans profitably view their wealth created from the loan as a catalyst for negative relationship with siblings. There is reduction in vulnerability in the family. Health, nutritional status and school attendance rates have all improved. The loans acquired have not only improved the general welfare of the household of beneficiaries but have also enhanced the household's capacity to sustain their gains over time.

5.2 THE NEGATIVE IMPACT OF LOAN ACQUISITION ON THE LIFESTYLE OF WORKES

Poor financial behaviours resulting from poor utilization of the loans negatively impact on the employees themselves as well as the employers. The sociological effects were that, 29 of the respondents realized that social life becomes difficult after the deduction of loan amount from their net salary. Twenty three respondents also concluded that the loan repayment also results in difficulties in managing their homes. As a result, the net income becomes insufficient to make ends meet.

Poor financial behaviours are personal and family money management practices that have consequential, detrimental and negative impacts on one's life at home and/or work. On the part of the employers, the study established the extremely high costs that are incurred by Management as a result of poor financial behaviour resulting from poor utilization of the loan to include the following:

1. Absenteeism

2. Tardiness

3. Fighting with co-workers and supervisors

4. Sabotaging the work of co-workers

5. Job stress

6. Reduced employee productivity

7. Lowered employee morale

8. Loss of revenue from sales not made

9. Accidents and increased risk taking

10. Disability and worker compensation claims

5.2.1 Financial Stress

The study noted that a large percentage (87%) of the workers exhibited some amount of financial stress. The personal financial stress accounted for some of the problems identified as negative impact of loan acquisition and all these have accounted for a decrease in job satisfaction among the affected workers.

5.3 CONCLUSIONS

Loan acquisition from the banks and other financial institutions can now be said to be an integral part of workers' financial resources. The current relative shares of loans in respect of workers' financial resources are very significant. Trends on the impacts on the lifestyle of the workers are a pointer to their great potential in enhancing their wealth creation; their social life style and the psychological satisfaction of benefits employee have accrued from loan acquisition. Loan acquisition has indeed influenced employees lifestyle both positively and negatively. In the area of their economic benefit, employees were able to establish businesses, acquire certain properties like cars, the pieces of land for building their own apartment, investment in education and enhanced earnings. Socially, their status has been enhanced as a result of the economic benefits derived from proper use of the loans. Psychologically, the relationship with siblings has improved thereby reducing the vulnerability of some members of the family because they have engaged some of them in their private businesses.

5.4 RECOMMENDATIONS

Loan acquisition is now considered as a very vital source of financing by workers in the mining industry. The usage of these loans is diverse. The study has come out with the following recommendations:

5.4.1 Financial Literacy Programmes (FLP)

Financial literacy programmes must be introduced in the mining companies where all the workers would acquire the ability to make informed judgments and to take effective decisions regarding the use and management of their financial resources. In this literacy programme, knowledge and understanding, behaviour, attitudes and perceptions towards proper utilization of financial resources would be inculcated into the workers. This would reduce their debts and ease the financial stress associated with borrowing.

Poor financial decision making is the result of low financial literacy. With financial literacy there will be uniform improvements in wealth management of the workers.

Financial education providers should provide an array of programs geared to employees at different stages of life. They should provide education through different media. Live, face-to-face workshops have proven to be very effective tools, as have one-on-one employee meetings. Online software tools and self-study programs may also be vital to meet the needs of the population. Traditional print materials and plan provider materials may also be incorporated into the strategy.

Educating a workforce is a long-term commitment and is not accomplished in one meeting – or even one year. An effective financial education program is an ongoing series of educational offerings that should begin at a new employee's orientation and continue through to eventual retirement.

5.4.2 Financial Management Training (FMT)

The study established that learning to identify the root cause of an issue is a necessary part of effectively dealing with the issue. The study identified financial stress among a large percentage of the loan beneficiaries which is caused by poor financial management. Therefore, the study recommends that financial management training for workers must be done at the various departmental levels of the company. At the departmental levels, the workers would be few and the training would have a significant impact on the trainees.

5.4.3 Counseling Units (CU)

The study recommends the establishment of counseling units to address sociological and psychological problems that workers face in the use of their financial resources. A broader understanding of human behaviour is certainly important in addressing psychological problems. A feeling of hopelessness amongst people with poor financial situations results in no clear aspirations in life. This leads to a lack of interest in longer term issues such as saving or building a credit record. A change of mindset is certainly a more powerful tool in such psychological situations.

5.4.4 Employee Assistance Programme (EAP)

An Employee Assistance Programme is a job based programme within a work organization for the purpose of identifying troubled employees, motivating them to resolve their problems and providing access to counseling or treatment for employees who need these services. It is strongly recommended that EAP is established in the company for employees who may have major financial difficulties and other job related issues can be attended to, counseled and be given the necessary assistance to resist from such practices. The researcher believes that the employer needs employees who are able to avoid financial problems and become financially healthy and more productive.

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APPENDIX A

KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY (KNUST)

INSTITUTE OF DISTANCE LEARNING

COMMONWEALTH EXECUTIVE MASTERS IN BUSINESS

ADMINISTRATION (CEMBA)

QUESTIONNAIRE

These Questionnaires was design for Academic Purposes only and as such all information provided by employees of Goldfields Ghana Limited would be held confidential to the Researcher alone towards a thesis writing for an Executive MBA at Kwame Nkrumah University of Science & Technology.

Please do NOT provide your name. Just TICK the correct or the appropriate box below each question.

1. Are you an employee of Goldfields Ghana Ltd? Please indicate your age in the box below
   Yes ☐ No ☐ Age ☐
2. Which of these categories do you belong?
   Junior Staff ☐ Senior Staff ☐ Management Staff ☐ Contract Staff ☐
3. How many years have you worked with Goldfields Ghana Ltd?
   a) 1year ☐ b) 2years ☐ c)3years ☐ d)4years ☐ e)5years or more ☐
4. Do you sometimes take a loan from your company when the need arises?
   Yes ☐ No ☐
5. Please indicate by ticking the range of amount taken as loan from your company. All amounts are in Ghana Cedis. a) GHC500-1,000 ☐ b)GHC1,001-2,000 ☐ c)GHC2,001-3,000 ☐ d) GHC3, 001-4,000 ☐ e) GHC4, 001-5,000 ☐ f) GHC5, 001-6,000 ☐ g) GHC6, 001 and more ☐
6. Do you sometimes take a loan also from your Bankers when the need arise?
   a) Yes ☐ b) No ☐
7. At what point in time do you apply for such **loans** from your bankers?
   a) When I finish paying an existing loan ☐ b)When I am in a serious financial difficulties ☐ c) Whenever I need money for other businesses ☐
   d) Whenever I need money for developmental projects ☐
   e) When I haven't finished paying the first loan. ☐
8. How many types of loans do you have at a time?
   a) Loan from the company ☐ b) Loan from the Bank ☐

c) Loan from company, Bank and money lenders ☐ d) Loan from Susu Company, bank & money lenders ☐ e) Loan from Bank, friends & relatives ☐
e) Loan from company, Bayport financial Service & Bank ☐

9. Do you take salary advance at the work place?
   a) Yes ☐ b) No ☐ c) Sometimes ☐ d) Not allowed ☐
10. Considering the following, what was the purpose for which the loan was taken?
   a) To rent a house ☐ b) To purchase a car ☐ c) for building project ☐
   d) To pay off other loans ☐ e) for self Education ☐ f) to buy land ☐
   g) To set up a business ☐ h) if other, please state. …………………………………….
11. Did you actually use the loan for the intended purpose as stated above? Yes ☐ or No ☐
   If Yes, Please indicate from the list below:
   a) To rent a house ☐ b) To purchase s car ☐ c) for building project ☐
   d) To pay off other loans ☐ e) for self Education ☐ f) to buy a land ☐
   g) To set up a business ☐ h) if other, please state. …………………………………….
12. After the monthly deduction of company loan, bank loan, salary advance and other loans, what is your **net income** for the rest of the month? Please indicate from the range of net income below.
   a) GHC100-500 ☐ b) GHC501-1000 ☐ c) GHC1, 001-1,500 ☐
   a) d)GHC1,501-2,000 ☐ e) GHC2, 001-3,000 ☐ f) GHC3, 001-5,000 ☐
13. How do you pay back the loan amount and the interest from your bankers?
   a) Monthly deduction at the bank ☐ b) monthly deduction at source & paid to bank ☐
   c) Take company loan to payoff ☐ d) One-off payment from salary ☐
   e) Payment from other source of income ☐
14. What reason do you state when applying for employee loan from your bankers?
   a) for personal reason ☐ b) for building project ☐ c) to buy a car ☐
   d) Renting a house ☐ e) for investment purposes ☐ f) setting up a business ☐
15. What has been the major cause or reasons for the frequent loan acquisition from the bank? a) To pay off other loans ☐ b) cost of rent is very high ☐
   c)Employees want to live a very high standard life ☐ d) Salary is not enough for other projects ☐ e) employees have bad spending habit ☐
   f) Comparisons or competition among employees ☐
16. What are some of the effects of the loan repayment on the net income after the monthly deductions from these sources? a) Net salary is still OK for the month. ☐
   b) Life becomes difficult after deduction ☐ c) the net salary result in borrowing ☐
   d) could not save towards retirement ☐ e) Very difficult to manage the home ☐
   f) One is able to save towards retirement ☐
17. Do you feel stressful when the Net Salary is not enough?
   a) ☐ ☐ Yes b) No

18. If yes, how do you manage the stress at the workplace? …………………………………..

19. In your opinion, what are some of the benefits that could be derived from the loan acquisition? a)able to buy land ☐ b) able to buy your dream car ☐
c) Employees are able to improve their social status ☐
d) It helps in solving social problems ☐ e) employee loans help in establishing other businesses ☐ f) It helps in putting up your dream house. ☐ g) If other, Please state………………………………………………………………………………………

20. In your opinion, what do you think has been the impact of the loans acquired?
………………………………………………………………………………………………

APPENDIX B

LIST OF TABLES

LIST OF FIGURES

LIST OF ABBREVIATIONS

GFGL Goldfields Ghana Limited…………………………………………………….…….……5

SGML State Gold Mining Corporation………………………………………….………...5

CIL Carbon in Leach…..……………………………………………………….………...5

FLP Financial Literacy Programmes…………………………………….……………55

FMT Financial Management Training………………………………….…………...56

CU Counseling Units…………………………………………………….…….……….57

EAP Employee Assistance Programme…………………………….…………...57