EFFECT OF FINANCIAL LITERACY ON RETIREMENT PLANNING BEHAVIOUR
AMONG SMALL-SCALE BUSINESS OWNERS IN ASANTE EFFIDUASE IN THE
SEKYERE EAST DISTRICT

By:

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# DECLARATION

I hereby declare that this submission is my own work towards Master of Science degree in Accounting and Finance and to the best of my knowledge, it contains no material previously published or written by another person nor material which has been accepted for the award of any other degree of the University, except where due acknowledgment has been made in the thesis.


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Prof. K.O. Appiah                                        Signature                                        Date

(Head of Department)

## DEDICATION

This research work is dedicated to my lovely mother Madam Augustina Afriyie Nimako, not

forgetting Mr. Bright Dadzie.

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# ABSTRACT

This study investigates the relationship between financial literacy and retirement planning behaviour among SSE owners in Asante Effiduase district of Sekyere East. The research involved a sample of 120 participants and employed a quantitative approach to examine the variables under scrutiny. Data were primarily collected through surveys using questionnaires. SPSS version 24 is used to analyse the data. One of the principal objectives of this study was to assess the financial literacy level of SSE owners, with the findings indicating a prevailing low level of financial literacy among the respondents. This low level of financial literacy was observed to have a consequential impact on the retirement planning behaviour of the participants. Furthermore, the study disclosed that gender and income levels had a negative influence on retirement planning behaviour, whereas age, education, and financial literacy demonstrated positive and statistically significant effects. These findings emphasize that financial literacy plays a pivotal role in shaping the retirement planning behaviours of SSE owners. Additionally, the inclination of an SSE owner to engage in retirement planning was found to be contingent not on their gender or income level, but rather on their age, educational background, and, most significantly, their level of financial literacy.
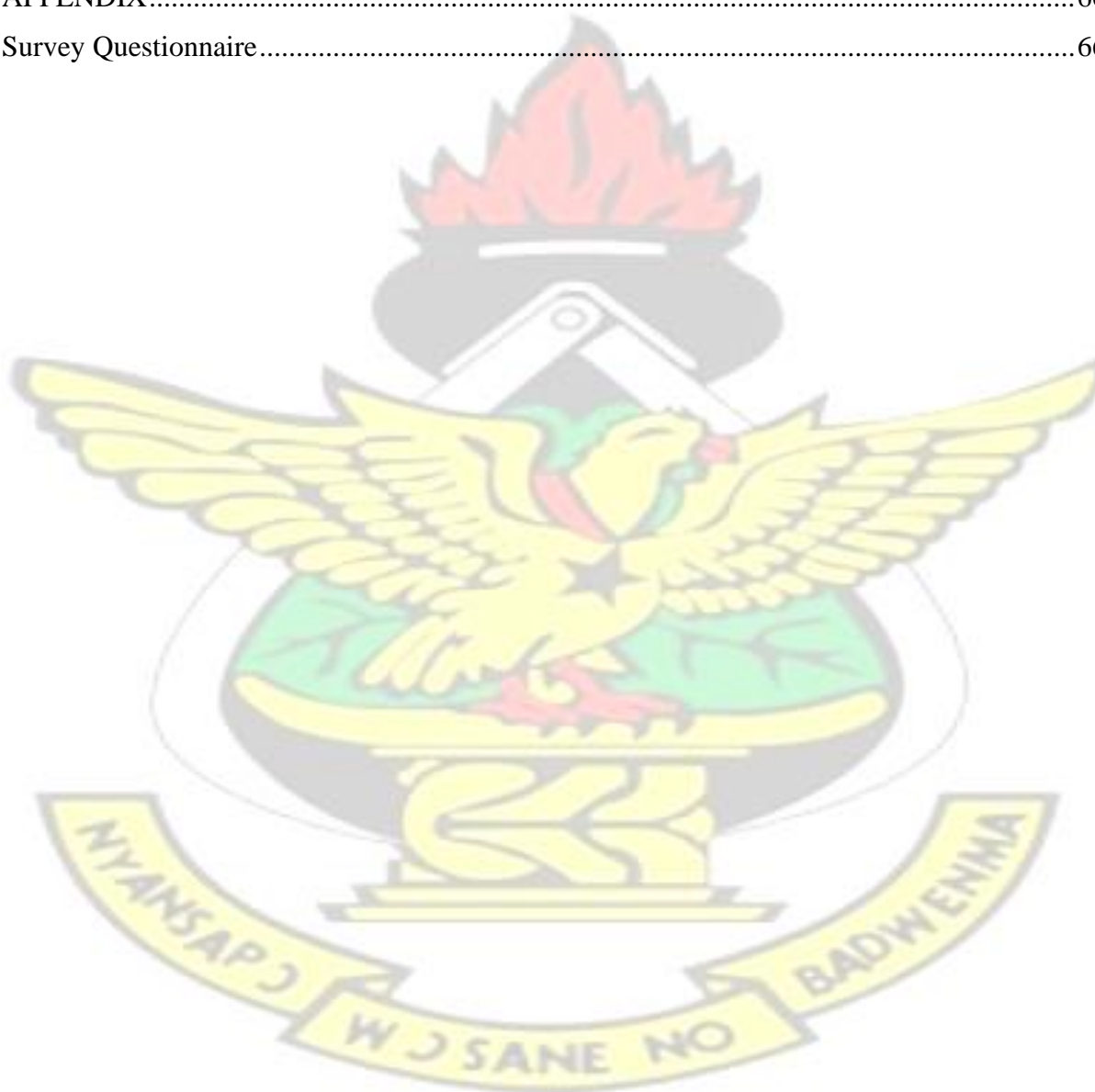
**Keywords:** Financial Literacy, Retirement Planning Behaviour, Small-Scale Enterprise Owners

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# CHAPTER ONE

# INTRODUCTION

## 1.1 Background of the Study

In the dynamic landscape of the 21st century, the global financial system has undergone a remarkable expansion, evolving into a complex entity that influences virtually every corner of our interconnected world (Antoni et al., 2020). Against this backdrop of rapid change, the factors shaping the financial decisions of individuals have undergone a profound and transformative shift, as highlighted by Sarpong-Kumankoma (2021). This transformation has been particularly pronounced due to the continually evolving nature of the business realm.

In light of the evolving financial ecosystem, a profound grasp of finance has become an indispensable asset for individuals, enabling them to navigate their financial aspirations and necessities with acumen and prudence, as underscored by Mata (2021). The constant evolution and global dynamism of financial products further underscore the perpetual complexity of the financial landscape, surpassing the intricacies encountered by preceding generations, as illuminated by Tan and Singavelloo (2020).

Financial literacy constitutes a comprehensive and multifaceted notion, encompassing an individual's grasp of essential facts, underlying principles, and technological tools crucial for cultivating sound fiscal discernment, as articulated by Safari et al. (2021). This intricate concept can be distilled into the capacity to not only make informed choices but also to adeptly wield and oversee financial resources, an insight illuminated by Nguyen et al. (2019). Financial knowledge helps individuals to develop their financial capabilities and provides them with the assurance to make financial decisions for pension schemes (Zulaihati et al., 2020). Understanding savings and saving plans is essential for making sound long-term decisions that are pertinent to pension funds (Aluodi et al., 2017).

Financial literacy remains a topic of interest in both developed and emerging economies, and has been the focus of much attention in the recent past due to the rapid transformation of the financial environment. Financial literacy serves as a transformative force, fostering the empowerment and enlightenment of individuals by endowing them with a contextually relevant understanding of finance. This acquired knowledge becomes a potent tool, enabling individuals to scrutinize financial products critically and deliberate over choices judiciously, in accordance with insights presented by Oluoch (2021).

Retirement income generation is the most pressing financial issue the contemporary world currently (Mndzebele & Kwenda, 2020). Borrowing money on an individual basis can be used to purchase a home, acquire a vehicle, or pay for tuition (Dhlembeu et al., 2022). When it comes to the question of retirement, there is no guarantee that one will be able to borrow funds to sustain their lifestyle as they age. This can lead to a situation of humiliation and hardship for the individual, as well as for their children and family (Huong, 2017; Baskoro & Aulia, 2019). The situation is exacerbated by the increasing longevity of life due to medical and scientific developments that have led to extended life spans, resulting in long-term dependencies for those without a retirement plan (Dhlembeu et al., 2022).

Retirement planning in Ghana is highly regarded as essential for those who wish to be well-prepared for retirement (Ofori, 2021). Retirement is the opportunity to take a break and reap the rewards of years of hard work during the working years. For proprietors of Small-Scale Enterprises (SSEs), possessing a strong foundation in financial literacy is of paramount importance, as it equips them to navigate the intricate landscape of retirement planning with prudence and acumen. This imperative is underscored by Cupák et al. (2019), who emphasize that sound financial literacy empowers SSE owners to make judicious choices encompassing savings, investments, and insurance strategies tailored for retirement.

A testament to the significance of this matter is provided by a notable report by the World Bank in 2017. This report, focusing on the pensioners of Ghana, shed light on a concerning reality: an alarming 74.5 percent of Ghana's pensioners grapple with formidable challenges in sustaining their livelihoods during their retirement years. This sobering statistic underscores the critical nature of financial preparedness for retirement among SSE proprietors and the broader population alike.

The reliance of a substantial portion of Ghanaian workers, including SSE proprietors, on mandatory contributions to the Social Security and National Insurance Trust (SSNIT) highlights a prevailing issue: these contributions often fall short of adequately covering their post-retirement expenses (Ofori, 2021). This predicament, in all likelihood, can be attributed to a lack of financial literacy prevalent among Ghanaian workers, which in turn, casts a shadow on their ability to effectively plan for retirement. As illuminated by Mata (2021), the critical role of financial literacy in shaping retirement planning cannot be understated, as an inadequate level of financial literacy often correlates with insufficient retirement preparations (Mata, 2021; Abubakari, 2021).

## 1.2 Statement of the Problem

The concept of financial literacy is widely accepted in the literature as a way to strengthen people's financial capabilities and enhance their overall well-being (Mata, 2021; Antoni et al., 2020). Lusardi (2019) reported that the life course perspective theory states that a person's retirement experience may be affected by prior life events. This theory suggests that financially experienced individuals are more likely to plan their retirement. However, there is limited information on the financial literacy and planning behaviour of SSEs owners in Ghana.

This could be concerning due to the fact that the majority of SSE owners in their older years who will form part of the older generation in society are among the most vulnerable individuals

in society (Abubakari, 2021). Despite this, research on financial intelligence and retirement planning has focused primarily on those employed in the formal economy (for instance, Abubakari, 2021; Dzilah, 2021; Kafari, 2019; Godwyll, 2018). This has led to a need to investigate the financial literacy of informal sector workers, as previous research has largely focused on informal sector workers, particularly SSE owners in Ghana.

In addition, numerous authors have associated financial literacy with retirement planning behaviours (Gallego-Losada et al., 2022; Rostamkalaei et al., 2022; Selvadurai et al., 2018; Rodrigo, 2021; Antoni et al., 2020). In Ghana, retirement planning has been linked to the development of knowledge and financial literacy in the field of retirement planning (Dovie et al., 2021; Odoom et al., 2021; Sarpong-Kumankoma, 2021). This research concentrates on SSE owners in Sekyere East, a study area in which the Metropolis has been a major focus of most Ghanaian research. However, no studies have been conducted to investigate the ownership of SSEs in Ghana (Abubakari, 2021; Dzilah, 2021; Kafari, 2019).

This is especially pertinent as the majority of SSE owners will eventually retire from active service, and are therefore expected to plan for retirement. Additionally, SSE owners are not able to make sound financial decisions concerning their retirement savings (Dovie et al., 2021). In light of the literature gap referred to above, the objective of this study is to add to the limited empirical literature available in Ghana by exploring the impact of financial literacy on pension planning behaviour amongst SSEs owners living in Sekyere East district, Asante Effiduase.

## 1.3 Objectives of the Study

This study aims to assess the impact of financial literacy on the retirement planning behaviour of SSEs proprietors in Asante Effiduase in the Sekyere East District.

The specific objectives of the study are as follows:

1. To ascertain the financial literacy level among SSEs owners.

2. To investigate the retirement planning behaviour among SSEs owners.

3. To assess the relationship between financial literacy and retirement planning behaviour among SSEs owners.

## 1.4 Research Questions

1. How financially literate are the owners of SSEs in Asante Effiduase, Sekyere East District?

2. How do SSE owners plan for their retirement?

3. To what extent does financial literacy influence retirement planning behaviour?

## 1.5 Significance of the Study

The outcomes derived from this study hold significant implications for policy makers, extending their potential to influence pivotal entities such as the Government and Ministry of Finance and Economic Planning in Ghana. The findings possess the potential to instigate a reformulation of financial literacy and retirement-related policies, ushering in a more nuanced approach to address the challenges faced by individuals, particularly SSE owners, in adequately preparing for their post-work years. Moreover, the insights garnered from this study have the capacity to serve as a catalyst for the Government of Ghana in developing targeted policies and programs. These initiatives can be tailored to enhance financial literacy among the population, ultimately fostering an environment conducive to improved financial management practices.

Furthermore, this study stands poised to enrich the current body of theoretical and empirical literature concerning financial literacy and its impact on planning for retirement. In doing so, it assumes the role of a noteworthy repository of knowledge for researchers seeking to delve into this domain. Aspiring scholars and students with an interest in this field stand to gain substantial insights from the empirical and theoretical revelations presented within this study.

Moreover, the revelations stemming from this study carry profound significance for the proprietors of Small-Scale Enterprises (SSEs) within the Effiduase Sekyere East District in Kumasi. This study unveils a critical connection: the intricate interplay between financial literacy and retirement planning behaviour. Such insights are poised to serve as a beacon of guidance for SSE owners, empowering them to make discerning decisions at the crossroads of financial literacy and its implications on retirement preparedness.

## 1.6 Scope and Limitation of the Study

The primary aim of this study is to delve into the intricate relationship between financial literacy and the retirement planning behaviour exhibited by proprietors of single-occupant Small-Scale Enterprises (SSEs) within the Sekyere East district. Anchored in the theory of planned behaviour, this research seeks to offer a comprehensive understanding of the underlying mechanisms driving the decisions made by SSE owners concerning retirement planning. Financial literacy will be used as an independent variable in the study, while retirement planning will be the dependent variable and demographical factors will be used as control variables. Prior to the study, a conceptual framework will be developed to explain the variables being studied. Geographically, the study will be restricted to single-occupant SSE owners in the area.

This study has a number of limitations. Firstly, the main limitation of the study is that it was limited to examining the impact of financial literacy in retirement planning among the owners of single-occupancy stock options (SSEs) in Effiduase Sekyere East District. Although there are a number of owners in the study, its generalizability will be affected as the study is limited to the responses and views of SSE owners in Effiduase Sekyere East District.

Secondly, the limited time frame of the study was not sufficient to conduct a comprehensive study of the owners of SSEs owners in Effiduase Sekyere East District. Furthermore, the

current study used questionnaires as a data collection tool. It is evident that some respondents may ignore or decline to answer questions related to personal matters. However, these limitations do not have an impact on the reliability and validity of the findings of the study.

## 1.7 Summary of Methodology

A quantitative method approach will be applied to this research. This study will collect primary data for its analysis. A self-administered structured questionnaire will be used as the main data collection instrument for this study. The study will employ both descriptive and explanatory research design as its main research design for the study. The target population for the study will be SSEs owners in Sekyere East District, Ashanti Region. The study will recruit one hundred and twenty (120) sample sizes and a simple random sampling technique under the probability sampling method will be employed to select the sample size to form the test group. This study will use descriptive statistics, Pearson correlation, and an inferential statistical tool such as the multiple linear regression model for its data analysis.

The descriptive statistics such as mean and standard deviations and frequency will be used to determine the level of financial literacy and retirement planning behaviour among the SSEs owners whereas the inferential statistics such as multiple linear regression model will be use to predict the relationship between financial literacy and retirement planning behaviour. Statistical Package for Social Science (version 22) and MS Excel will be used to perform the analysis. Excel will be used for coding the variables and then imported onto the SPSS to perform the regression analysis. The results from the analyzed data will be presented in tables, charts, and graphs. This will allow for easy interpretation and comparison. Cronbach's Alpha value will be used to test the reliability of the questionnaire.

**1.8 Organization of the Study**

This study is structured into five comprehensive chapters, each delving into distinct facets of the research. Chapter 1 establishes the foundation of the study by encompassing vital elements such as the general background, problem statement, research objectives, research questions, significance of the study, scope, and organization. Chapter 2 embarks on an in-depth exploration of pertinent theoretical concepts that bear relevance to the study's focus. Key concepts, such the meaning of financial literacy and retirement planning behaviour are critically examined. A comprehensive survey of existing literature is conducted to establish a robust theoretical foundation, allowing the study to build upon established knowledge.

In Chapter 3, the research methodology is meticulously expounded. This chapter delineates the approach adopted to address the research objectives and questions. The chosen research design, data collection methods, and analytical techniques are elucidated, fostering transparency in the study's methodology. The rationale behind these choices is also provided, validating the methodological framework. Chapter 4 delves into the core findings of the study. A detailed exposition of empirical results is presented, addressing the research questions and aligning with the research objectives. This chapter provides an analytical narrative of the collected data, guiding readers through the interpretation of the study's outcomes.

The final chapter, Chapter 5, synthesizes the study's trajectory. A concise summary of the findings is encapsulated, drawing connections between the research outcomes and the overarching objectives. This chapter culminates in a well-considered conclusion that encapsulates the study's contributions, implications, and potential avenues for future research. Moreover, practical recommendations stemming from the study's insights are provided, offering guidance for real-world application. In its entirety, this study presents a systematic journey through its components, from inception to conclusion, providing a robust platform for understanding, analysis, and action in the subject domain.

# CHAPTER TWO

# LITERATURE REVIEW

## 2.0 Introduction

The primary variables utilized in the study are fully described in this section, along with their definitions. It also outlines the theoretical foundation and surveys empirical research on the link between financial literacy and retirement planning. Drawing from the theory and literature, a conceptual framework is developed to guide the study. The definitions and general overview of the variables ensure clarity and shared understanding among readers, while the theoretical framework provides a foundation for analysing the concept of internal auditing. The review of empirical literature highlights the existing knowledge and research gaps in the field, emphasizing the need to investigate this relationship within the study's context. Finally, the conceptual framework integrates theories, concepts, and findings, serving as a visual representation of the relationships and factors to be examined, and guiding the structured approach to data analysis.

## 2.1 Conceptual Literature Review

This section provides an overview of the conceptual literature relevant to the field of research. It includes, but is not limited to, definitions and terms related to financial literacy, the concept of retirement, and a general understanding of retirement planning behaviour.

### 2.1.1 Definitions and Concept of Financial Literacy

Financial literacy is a concept which is derived from the Latin literature which according to Cicero, means "a learned person". This concept or term has gained universal recognition since time immemorial and as such, has been defined extensively by different scholars (Yeh, 2022; Antoni et al., 2020; Lusardi, 2019; Nolan & Doorley, 2019). According to Abubakari (2021), financial literacy is defined as one's ability to make informed judgements and to make relevant decisions in relation to the use of and management of finance or money. Yeh (2022) defined

financial literacy as one's ability to access, organise, evaluate and use financial resources. On the other hand, Antoni et al. (2020) defined financial literacy as an individual's knowledge of concepts, principles, facts and technological tools that are required to make a person to become financially smart.

Lusardi (2019) refers to financial literacy as the application of financial knowledge or skills. The study further proposed that, financial literacy must include the application of financial knowledge and not focus solely on an individual's ability to obtain and evaluate financial information. Janposri (2021) also defined financial literacy as a measure of understanding the key concepts in finance. Abidin and Zainuddin (2021) posited that financial literacy can be defined as an individual's capacity to use information and skills to manage financial assets effectively for a life time of financial soundness.

Anamzoya (2021) gave a comprehensive definition of financial literacy as the process by which individuals augment their understanding of financial concepts and products through information, instruction and/or objective advice, skills and confidence development in order to become more aware of financial risks and opportunities to make informed choices and to take other relevant actions to enhance their financial well-being. The study further argue that the key elements of financial literacy includes: money, saving, budgeting, debt literacy, financial products and self-assistance. Moizer et al. (2019) defined financial literacy as one's ability to process economic information and make appropriate decisions in relation to financial planning, accumulation of wealth, debt and pensions. However, in the context of this study, financial literacy is defined as the ability of a person to understand and effectively use various financial skills, including personal financial management.

Also, Moizer et al. (2019) stressed that financial literacy is seen as the capacity of an individual to control economic information and make relevant decisions in relation to wealth

accumulation, pensions, financial planning and debt management. Further to this, the study highlight that, being financially literate is significant for people to settle and make informed decisions. Financial literacy, therefore, concentrates on important financial tools such as saving, budgeting, insurance and investment (Safari et al., 2021). From the definitions above, it could be deduced that, financial literacy deals with one's ability to make informed decisions and take suitable actions with regards to matters that affect their financial wealth and well-being. It also tries to measure how people understand financial issues and make financial decisions. In view of this, the need for financial literacy is continuously becoming significant with the deregulation of financial markets, improved access to credit, new technologies for dealing with money and the rapid growth in marketing financial products (Mata, 2021; Aidoo Mensah, 2019).

### 2.1.2 Meaning of Retirement

Retirement can be defined as the exit of an individual from the labour force or an individual who is no longer being actively involved in full-time employment (Adeabah, 2020). Dzilah (2021) defined retirement as a "neat ending to continuous employment". The study added that retirement is a period of golden relaxation when activities of living are structured by the individual retiree to maximise pleasure rather than for economic returns or profit. It is indeed a period of relating more realistically with friends, relations, loved ones and above all with one's community (Mndzebele and Kwenda, 2020; Zeb & Bilal, 2021).

Tomar et al. (2021) define retirement as the "withdrawal from paid working life". The study further posit that retirement happens in a transition. This transition is described as being actively involved in the workforce, to working lesser hours until one completely stops working. The study further classify retirement into seven groups and these include: 1) complete withdrawal from the workforce; 2) reduction of working hours; 3) reduction of earnings; 4)

leaving one's primary employer; 5) self-assessed retirement; 6) receiving retirement annuity or pension fund; and 7) a combination of the various types.

In another study, Alles (2021), described two types of retirement: retirement as a continuity and retirement as a change. Retirement as a continuity is characterised by one continuing to work on a smaller scale or to do activities related to their previous work. This is often through consultancy or voluntary work. On the other hand, retirement as a change is when retirees see it as an opportunity to venture into new things such as studying a new degree or starting a business. According to Owusu-Manu (2021) there are various factors that influence the decision to retire. Age is the most common factor that forces people to retire. In most countries, including Ghana, the compulsory retirement age is 60 years. However, some individuals work beyond the compulsory retirement age.

From the above studies, it shows that the definition of retirement is subjective and there is no agreed definition among researchers. Retirement is mostly viewed from a negative perception of not working and there is an effort to define retirement from a positive approach of what people are actually doing in retirement (Soekarno & Andani, 2022). It could thus be inferred that every definition of retirement involves the notion of not working and not getting paid. For the purposes of this study, retirement is defined as not being actively involved in the workforce.

### 2.1.3 Retirement Planning Behaviour

The uncertainty of life during retirement has made retirement planning a major concern for many individuals. This is due to the fact that retirement involves relinquishing employment, particularly as one approaches retirement age (Adeabah, 2020). Retirement planning has consequently grown in importance as a subject of research for academics (Mndzebele and Kwenda, 2020; Tomar et al., 2021). For instance, Owusu-Manu (2021) described retirement planning as the act of consciously saving money to complement one's current income.

According to Dovie et al. (2021) elegant definition, retirement planning is a rigorous and deliberate process. It involves the art of crafting and implementing a comprehensive framework comprising predictions, strategies, and financial maneuvers. The notion of retirement planning behaviour, according to Tan and Singaravelloo (2020), includes taking into account one's retirement requirements and creating a retirement savings plan, such as an investment account, to assure a reliable source of income in retirement. According to Katam et al. (2021), retirement planning can be described as the initial stirrings of the broader retirement journey. The study further noted that the majority of individuals typically take part in other occupations prior to retirement.

This is due to the fact that it is essential to engage in fundamental retirement planning activities during one's active years and to ensure that these plans are regularly updated. This imperative arises from the fundamental need to partake in essential retirement planning endeavours throughout one's active years, coupled with the necessity to consistently revise and refine these plans. Retirement planning involves taking into account one's income, debt, expenditure, lifelong living, and estate planning (Baskoro et al., 2019; Soekarno & Andani, 2022; Dzilah, 2021). According to Alles (2021), retirement planning can be broadly defined as the process of preparing oneself and your family for the eventuality of leaving the workforce. Retirement planning can be conceptualized as a form of inventory-taking, where one must assess the current state of affairs and plan for future requirements (AXIS, 2016).

Another study in Ghana by Owusu-Manu (2021) determined that retirement planning is of greater importance to an individual's overall financial wellbeing, as it involves the organisation of finances to protect against difficult economic times in the future. During this process, an individual must create a retirement budget and plan for their retirement, as well as determine their retirement income, draw from it, develop a savings habit, and invest their funds wisely (Baskoro et al., 2019).

It has also been demonstrated that retirement planning can be accomplished through the following methods: the development of a personal mission statement; the identification of one's vision in life; a SWOT analysis; the formulation of retirement objectives; the development of strategies; and the monitoring and evaluation of those strategies (Soekarno & Andani, 2022; Tomar et al., 2021).

Proper retirement plans provide an employee with a systematic approach to future planning, allowing them to be more proactive rather than reactive. Additionally, they ensure consistent performance and motivate the employee's perception and action. Conventional retirement planning models primarily center around the economic and financial facets of this process. This encompasses a comprehensive examination of elements like a nation's social insurance schemes, individualized pension plans, and personal savings strategies. Nonetheless, the study argues that, as defined contribution plans have become increasingly popular, the financial aspect of retirement planning has become the primary focus, leading to a shift in definition of retirement planning towards investment planning (Rodrigo, 2021).

## 2.2 Theoretical Literature Review

### 2.2.1 Theory of Planned Behaviour

Ajzen and Fishbein (1975) developed the theory of planned behaviour as an extension of reasoned action. This theory states that human behaviour is composed of three components: the attitude towards the behaviour in question, the subjective norm, and the perceived control. The terms 'attitude' and 'subjective norm' have been defined by Vallerand et al. (1992). Attitude refers to an individual's positive or negative opinion of a particular behaviour, as well as the beliefs they have about the outcomes of engaging in that behaviour. The subjective norm refers to the agreement or disagreement with the behaviour of a significant other. Finally, perceived control refers to the difficulty of engaging in the behaviour.

In summary, the correlation between these three elements is as follows: the more positive a person's attitude towards a project, the more likely they are to receive social approval for the project, and the more effortless it is to execute (Manstead & Parker, 1995). The theory of planned behaviour states that an individual is more likely to engage in the behaviour if they have a larger objective in mind (Conner, 2015). This principle has been applied to the individual's behaviour in relation to investment decisions. Retirement planning involves making an investment decision in the form of an annuity, provident fund, or other saving plan. Therefore, the concept of planned behaviour is applicable to retirement planning.

The theory states that an individual and those around them should have a positive outlook on retirement planning in order for them to actively plan for it (Conner, 2015). This study treats planned behaviour as an objective factor. However, some authors dispute the validity of this theory, arguing that financial literacy alone is not sufficient to predict retirement planning. Attitudes and other factors play a role in the development of this theory, according to Conner (2015). For example, an individual may have a good understanding of financial matters, but has an unfavourable view of retirement planning and saving strategies, thus not being adequately prepared for retirement.

Financial literacy, on the other hand, is the acquisition of the information necessary to comprehend and make sound financial decisions, thus fostering a positive outlook on financial matters. This is evidenced by the findings of Conner (2015), which examined a sample of Malay individuals and found that those with a high level of financial literacy demonstrated a more positive outlook on their financial situation and consequently made more informed financial decisions (Sommer, 2011). While the planned behaviour theory is contingent upon both rationality and attitude, both theories to a certain degree are contingent upon financial literacy.

It has been demonstrated that in order to be reasonable and save money for retirement, individuals must possess a certain degree of financial expertise (Sommer, 2011). Additionally, a lack of financial knowledge can lead to a lack of enthusiasm when it comes to retirement financial planning. Theoretically, individuals who are more financially literate and able to carry out the necessary calculations are more likely to make sound financial decisions Sommer (2011).

This study is underpinned by the theory of planned behaviour because of its linkage with the research objectives. In the context of financial literacy and retirement planning behaviour, the theory posit that financial literacy can influence an individual's attitude toward retirement planning. The theory further proposes that individuals with higher financial literacy may have a more positive attitude because they understand the importance of planning for retirement and the potential consequences of not doing so. Thus, the theory of planned behaviour proves useful in this study to evaluate the impact of financial literacy and retirement panning behaviour. Therefore, the application of the theory of planned behaviour is relevant to the study due to its connection with the objectives of the study and can explain the variables under study.

## 2.3 Empirical Review

### 2.3.1 Level of Financial Literacy

Individuals' ability to recognise the level of financial literacy is important since it helps making positive and proactive financial decisions prior to retirement. According to Abubakari (2021), one's level of financial literacy can be determined by one's knowledge in money management in relation to four critical factors such as financial control, budgeting, living within means and borrowing, and debt literacy. Money management as a determinant of the level of financial literacy has been adopted in various studies (Sarpong-Kumankoma, 2021; Dzilah, 2021). However, a study by Janposri (2021) in Thailand identified self-employed Thai workers level

of financial literacy based on their knowledge in savings. The result show that the self-employed workers had low level of financial literacy.

Also, Kafari (2019) examined financial literacy and retirement planning among employees at Ghana Grid Company. The study found that, employees' level of financial knowledge was highly and primarily determined by their knowledge in money management. Tan and Singaravelloo (2020) study examines the level of financial literacy, financial behaviour and retirement planning behaviour and its dynamics among Malaysian government officers. Financial literacy level among the workers was determined based on their knowledge of savings, investment, and insurance packages. Findings of the study showed a high level of financial literacy among the workers.

Moreover, Yeh (2022) revealed that one's knowledge in investment can be used to determine his/her level of financial literacy. The study further suggested that, individuals who are not aware of all the investment avenues available to them have low level of financial literacy and this affects them in terms of planning towards retirement. This finding was in line with a study by Kafari (2019) who stressed that individuals who have high levels of financial literacy invariably have adequate knowledge in investment issues. In addition, Antoni et al. (2020) examined the relationship between financial literacy and retirement planning, Nelson Mandela Bay. From the study, the level of financial literacy among the employees were determined through their knowledge in savings and investment. The results of the study revealed that most respondents had high levels of financial knowledge.

A study by Nguyen et al. (2019) that examined the impact of both financial literacy levels and pension knowledge on employees' investment choice decision for their retirement measured the level of financial literacy among the employees using their knowledge in investments. reported that. Key findings of the study revealed that the financial literacy level among the

employees was high. Moreover, Kamarudin (2021) determined financial literacy using time value of money, risk diversification and operations of stock market. These indicators were also adapted by Lusardi (2019) and included inflation and return as a measurement for financial literacy level. The study framed questions in relation to these indicators on a 5-point Likert scale of 1 to 5 where respondents with little or no idea about any of the indicators indicated 1 while those with better knowledge indicated.

These indicators have been adapted by other researchers in various countries. For instance, Abubakari (2021) in Ghana, Linda (2020) in Indonesia, Meir et al. (2016) in Israel, Antoni et al. (2020) in South Africa and Dhlembeu et al. (2022) also in South Africa. In regards to this, because these elements have been empirically proven and widely accepted in studies related to financial literacy in various countries including Ghana. This study employed the various elements such as knowledge in money management, knowledge in savings, knowledge in investment, knowledge in insurance and retirement planning and knowledge in finance (Abubakari, 2021; Dhlembeu et al., 2022) in bid to assess owners of small-scale enterprise level of financial literacy in the study area.

## 2.3.2 Level of Retirement Planning Behaviour

Retirement planning is a subjective term that is measured in various ways. Numerous studies have measured or determined level of retirement panning behaviour using different factors such as ability to make investment decisions, savings behaviour and knowledge on money management (Katam et al., 2021; Kafari, 2019; Alles et al., 2021). According to Siame (2020), level of retirement planning behaviour can be measured in two categories: financial preparedness and retirement thoughts. According to the study, financial preparedness is described as having some form of financial investments and savings for retirement whereas retirement thought is the individual's ability to think and plan for retirement. Results from the study revealed that the retirement planning behaviour among the employees was low.

Niu et al. (2020) used financial preparedness as their measure of retirement planning behaviour in their studies of the relationship between retirement planning and financial literacy. In his study, Yeh (2022) used the presence of a voluntary savings account as a measure of retirement planning behaviour while Niu et al. (2020) asked if individuals have an actual retirement savings account. Results from the studies conducted by Zee & Bilal (2021) reported a high level of retirement planning whereas Niu et al. (2020) revealed a low retirement planning behaviour.

On the other hand, studies such as Park and Martin (2021) and Mata (2021) used retirement thoughts as an indicator to measure the level of retirement planning behaviour. These studies would ask their respondents to indicate the extent to which they have thought and plan about retirement. The study by Park and Martin (2022) revealed that the retirement planning behaviour among the employees was low with Mata (2021) study suggesting a moderate retirement planning behaviour.

Moure (2016) measured retirement planning behaviour using savings culture of the participants. The study asked respondents if they have tried to calculate how much they will need for retirement and if they have developed a savings plan to achieve this amount. Findings of the study revealed that, the retirement planning behaviour was low.

Further to this, Dhlembeu et al. (2022) studied the influence of financial literacy on retirement planning in South Africa. The study determined the level of retirement planning behaviour among the South Africans using their capability of making savings and investment decisions. Findings from the study reported that the retirement planning behaviour among South Africans was particularly low among the women.

Also, Safari et al. (2021) examined Financial literacy and personal retirement planning among public sector employees in Bukavu city, the Democratic Republic of Congo. From the study,

the retirement planning behaviour among the employees were determined through their competencies of money management to include budgeting, saving, borrowing and planning. Results of the study suggested that the retirement planning behaviour among the public sector employees was moderate.

According to Janposri (2021) whose study investigated the role of financial literacy in retirement planning and wealth accumulation among self-employed Thai workers. According to the study, retirement planning behaviour was measured through the ability of the workers to plan for retirement and also practice savings and investment. Findings of the study indicated that, the retirement planning behaviour among the self-employed workers was low.

Tan and Singaravelloo (2020) study examines the level of financial literacy, financial behaviour and retirement planning behaviour and its dynamics among Malaysian government officers involving 320 employees working in the federal government administrative centre in Putrajaya and Kuala Lumpur using a questionnaire. The study found good financial behaviour but a mediocre in retirement planning behaviour. This study will therefore make use of both measures of retirement planning. For the purposes of this study, an individual is considered to be planning for retirement when they have save and invest and have accumulated enough wealth to maintain the same standard of living when they approach retirement and also has the ability to plan for retirement.

### 2.3.3 Effect of Financial Literacy on Retirement Planning

Several studies have explored the relationship between financial literacy and retirement planning behaviour in different contexts. Janposri (2021) studied the impact of financial literacy on retirement planning among self-employed workers in Thailand. The study found that financial knowledge, behaviour, and attitude have a significant influence on retirement planning behaviour. Similarly, in Italy, Ricci and Caratelli (2017) investigated the effect of

financial literacy on retirement planning and concluded that financial literacy has a positive relationship with retirement planning. In Ghana, Abubakari (2021) assessed financial literacy and retirement planning behaviour among workers in Mfantseman Municipal Assembly in Ghana. The study found a positive and significant relationship between financial literacy and retirement planning behaviour. Dzilah (2021) examined the effect of financial literacy on pension planning and style of investment among teachers in public basic school within the Abelekuma Central Municipality in the Greater Accra Region of Ghana. The study reported that financial literacy had a positive and significant influence on pension planning.

Larisa et al. (2020) explored financial literacy and its impact on retirement planning among female workers in Indonesia and discovered a significant relationship between financial literacy and retirement planning. In Ghana, Kafari (2019) examined financial literacy and retirement planning among employees at Ghana Grid Company and concluded that financial literacy had a significant and positive influence on retirement planning among employees in GRIDCO. In a study focusing financial literacy and retirement planning in South Africa, Nelson Mandela Bay, Antoni et al. (2020) revealed that financial literacy significantly affects retirement planning behaviour.

Dhlembeu et al. (2022), studied the influence of financial literacy on retirement planning in South Africa. The results show that financial literacy significantly and positively influences retirement planning. Safari et al. (2021) examined financial literacy and personal retirement planning among public sector employees in Bukavu city and found a positive relationship between financial literacy and retirement planning behaviour. Niu et al. (2020) examined financial literacy and its impact on retirement planning in China. The study found that financial literacy has a strong and positive impact on various aspects of retirement planning.

Tan and Singaravelloo (2020) study studied the impact of financial literacy and financial behaviour on retirement planning behaviour in Malaysia. The study concluded that retirement planning was positively and significantly influenced by financial literacy. Mata (2021) investigated the effect of financial literacy on retirement planning among young adults in Mexico, with gender as a moderator variable. The study found a direct positive and significant relationship between financial literacy and retirement planning. Baskoro et al. (2019) examined the impact of financial literacy and financial inclusion on retirement planning. The results of the study show that financial literacy and financial inclusion have a significant effect on retirement planning. Godwyll (2018) studied the relationship between financial literacy and retirement planning among employees in Ghana Immigration Service. The study found that financial literacy had a significant and positive influence on the retirement planning behaviour among the Immigration workers.

In summary, these studies collectively underscore the importance of financial literacy in shaping retirement planning behaviour across diverse populations and regions. The findings consistently highlight a positive relationship between financial literacy and retirement readiness.

## 2.4 Conceptual Framework

The foundational structure that guides the exploration within this study is encapsulated in the conceptual framework presented in Figure 2.1. This framework serves as a navigational compass, outlining the interconnected components and their interplay in the investigation at hand. The conceptual framework for this investigation is displayed in Figure 2.1.

Figure 2.1.

```
┌─────────────────────┐
│                     │
│  Financial Literacy │────────────────┐
│                     │                 \
└─────────────────────┘                  \
                                          \    ┌─────────────────┐
┌─────────────────────┐                    \   │                 │
│  Control Variables  │                     ──▶│   Retirement    │
│                     │                        │   Planning      │
│  Gender             │                        │   Behaviour     │
│                     │───────────────────────▶│                 │
│  Age                │                        └─────────────────┘
│                     │
│  Education          │
│                     │
│  Income Level       │
│                     │
└─────────────────────┘
```
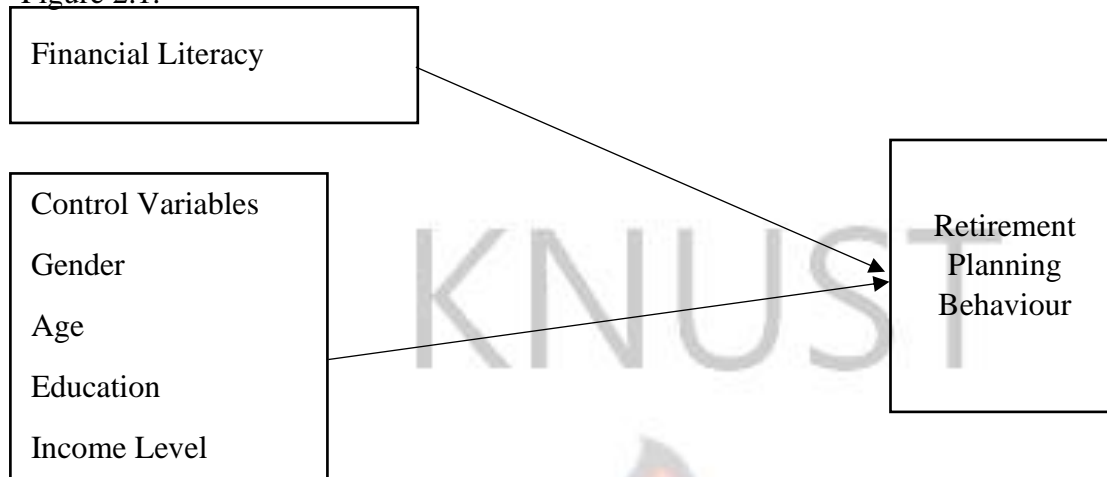
Source: Author's Construct, (2022)

The framework delineated above serves as the foundational structure for this study, providing a clear roadmap for exploring the intricate relationship between the independent variable, financial literacy, and the dependent variable, retirement planning behaviour. Additionally, this research takes into account several pertinent control variables, namely gender, age, education, and income level. These control variables have been thoughtfully integrated into the study design, aligning with recommendations drawn from previous research (Janposri, 2021; Godwyll, 2018). Drawing on the planned behaviour theory and a comprehensive review of the literature, the cumulative evidence strongly suggests that financial literacy plays a pivotal role in positively predicting retirement planning behaviour. This implies that individuals with higher levels of financial literacy are more likely to exhibit proactive and effective retirement planning behaviours.

**CHAPTER THREE**

**RESEARCH METHODOLOGY**

**3.0 Introduction**

This chapter serves as a blueprint for the methodological framework that will steer the course of this research. Within these pages, the essential facets of the study are meticulously outlined, affording insight into the intricate orchestration of key components that will harmonize to unravel the research objectives. This chapter will navigate through the research design, the delineation of the target population, the methodology for sampling, determination of the sample size, elucidation of the data collection approach, establishment of reliability and validity instruments, delineation of data collection procedures, explication of data analysis techniques, considerations of ethical dimensions, and culminate in a concise summary encapsulating the chapter's essence.

**3.1 Research Approach**

Creswell (2014) has categorized research approaches into three main types: qualitative, quantitative, and mixed-method research techniques. Each approach serves distinct purposes in the research process. The qualitative research approach is centered around the exploration of natural occurrences and the study of phenomena within their natural environments (Saunders et al., 2007). It emphasizes the collection of rich, descriptive data to gain a deeper understanding of the subject matter. Conversely, a mixed-method approach integrates both qualitative and quantitative techniques in a single study. This approach allows researchers to gather a comprehensive range of data, combining the depth of qualitative insights with the statistical rigor of quantitative analysis (Saunders et al., 2009). In contrast, quantitative research primarily focuses on the measurement of variables and seeks to establish causal relationships among them. This approach places a strong emphasis on numerical analysis and statistical

methods to quantify and interpret data (Creswell, 2017). For this study, the primary methodological approach selected is quantitative. This study mainly adopts the quantitative research approach is justified by the aim of the study which seeks to provide explanations for the causal relationship between financial literacy and retirement planning behaviour.

## 3.2 Research Design

A research design is the rationale behind the research which enables the researcher to effectively draw general conclusions (Saunders et al., 2009). A research design is a blueprint or detailed plan which shows how a research is to be conducted (Creswell, 2017). Hence, a research design shows which individuals will be studied as well as when, where, and in which context (Creswell, 2014). There are three main types of research design, namely, exploratory, descriptive, and explanatory research design (Saunders et al., 2016).

Exploratory research is conducted into a research problem or issue when there are very few or no earlier studies to which one can refer for information about the issue or problem. This type of study aims to look for patterns, ideas, or hypotheses, rather than testing or confirming a hypothesis (Creswell, 2014). Descriptive research is conducted to describe phenomena as they exist. It gives an accurate description of the characteristics of the subject, population, market, situation, or problem the researcher is investigating (Creswell, 2014).

Explanatory research on the other hand is a continuation of descriptive research. The research design goes beyond merely describing the characteristics of the situation or problem, to analysing and explaining why or how the phenomenon being studied is happening. Also, explanatory research design goes further to explain the kind of causal relationship that exists between the independent and dependent variables (Creswell, 2014). The current study combines both descriptive and explanatory research designs to carry out the research. These research designs are considered the most appropriate used for studies where there will be a

description of data collected from a large population and also examine the relationships among the variables understudy. Also, the adoption of both descriptive and explanatory research design is justified by the research objectives of the study which seeks to examined the level of financial literacy and retirement planning behaviour as well as examined financial literacy and its impact on retirement planning behaviour.

## 3.3 Population of the Study

The study's target population comprises of all owners of small-scale enterprises in Sekyere East District that have registered their business with Ghana Enterprise Agency (GEA). This is because these businesses are the foundation of the study and provide relevant answers to the research questions. The number of SSEs in the Sekyere East District as of the time of the study that has registered under GEA was 172 which was readily available data. This figure was obtained from the registry (records) department of the Sekyere East District Assembly's Office. These 172 registered small businesses will form the population size for this study.

## 3.4 Sampling Method and Sample Size

A simple random sampling approach was employed to select participants from the population to form the study sample or group. Participants were selected using a random number approach, in which random numbers were generated using the RAND function in Microsoft Excel to draw random numbers from the population, which formed the test group. This sampling approach is employed in this study because it guarantees a high level of statistical inference about a population, as it provides an equal chance for all members within the population to be selected with the goal of reducing the degree of bias.

This method was chosen because it is the simplest of all probability sampling techniques and requires only a single random sample and requires minimal prior knowledge of the population. Probability sampling is recommended when the objective of the research is to establish a

relationship between or among variables, as indicated by Creswell et al. (2017). Recruitment criteria for the sampling included owners aged 25 to 55 with at least 3 years' working experience.

A sample size, as defined by Saunders et al., (2015), is the number of individuals that are enrolled in a study to constitute a population. Saunders et al. (2009) suggests that a minimum sample size of 10% is sufficient for this study. Consequently, this study employs a sample size of one hundred twenty (120). The sample size shall be determined from a sample of 172 individuals ascertained from the Sekere East District Office using De Vaus (2002) sample size determination formula, which is shown below:

n =         N
    _____

        $1+N(e)^2$

Where: n = sample size,

 N = population size

e = In the determination of an acceptable sampling error or margin of error, a confidence level of 95% has been established, with an assumed value of p = 0.5. Utilizing the formula outlined above to account for these considerations, the calculated sample size for the study is as follows:

n =        172
    _____

        $1+ 172(0.05)^2$

Therefore, n = 120.279

Sample size = 120

27

**3.5 Data and Data Collection Instrument**

This research places its foundation on primary data, with the chosen avenue for data collection being a meticulously crafted self-administered structured questionnaire. The adoption of primary data collection serves as a cornerstone, ensuring the researcher garners authentic, first hand insights that are pivotal in effectively addressing the research's core objectives. The questionnaire, consisting of twenty (20) items, was typically divided into three sections (A-C). Section A asked respondents to provide demographic information regarding gender, age, marriage, educational attainment, income, and years of employment. Section B-C provided data directly related to the study objectives. For example, Section B asked for information on the first research goal related to financial literacy and included six (6) item questions. Section C included six question items related to the second research goal related to retirement planning behaviour. The items on section B-C were graded on a scale of 1-5, with 1 indicating 'strongly disagree' and 5 indicating 'strong agree'.

**3.5.1 Variables Description and Measurement**

Financial literacy deals with one's ability to make informed decisions and take suitable actions concerning matters that affect their financial wealth and well-being. In this study, financial literacy represents the independent variable. Financial literacy was measured with three dimensions; financial knowledge, financial attitude, and financial behaviour which were adopted from Janposri (2021) and Kafari (2019). Refer to appendix 1

Retirement planning is a systematic way of setting resources aside purposely to provide future income. In this study, retirement planning behaviour represents the dependent variable. Retirement planning behaviour was measured with two dimensions; retirement planning knowledge and retirement planning attitude, which were adopted from Janposri (2021) and Godwyll (2018). Refer to appendix 1

**3.6 Data Analysis**

Upon collecting an ample amount of data from the study's respondents, a rigorous data analysis process was undertaken to mitigate errors arising from incomplete or inaccurately completed questionnaires. To ensure the integrity of the data, meticulous attention was paid to eliminate or significantly reduce any discrepancies. Subsequently, data that had been verified to be error-free underwent a systematic coding process. During this stage, any instances of missing values, if they were present, were meticulously addressed and rectified.

Once the data had been appropriately prepared and cleaned, it was then inputted into the statistical analysis software, specifically using IBM-SPSS version 24. This software facilitated the processing and manipulation of the data to extract meaningful insights. The research findings were subsequently presented in a structured manner through tables. To analyse the data comprehensively, a variety of statistical tools were employed. Descriptive statistical tools, including Frequencies, Percentages, Measures of central tendency (e.g., means), and Standard Deviations, were utilized to address the first and second study objectives. These tools allowed for a thorough exploration of the data, providing a clear picture of key trends and patterns.

In addressing the third study objective, which primarily focused on assessing the impact of financial literacy on pension planning, inferential statistical tools came into play. Specifically, multiple linear regression analysis was employed to delve deeper into the relationships and interactions between various variables. This advanced statistical method enabled the examination of how financial literacy influenced pension planning, providing valuable insights into the research's core objectives.

By employing this robust analytical approach, the study was able to derive meaningful conclusions and insights from the collected data, contributing to a comprehensive understanding of the relationships between financial literacy and pension planning behaviour.

### 3.6.1 Model Specification

It is important to consider the appropriateness of the model chosen for the purpose of the study, as each model is intended for a different purpose. This study utilizes multiple linear regression to evaluate the association between financial literacy, retirement planning behaviour and control variables. In order to meet the objectives and validate the research hypothesis, a regression analysis was conducted using the following model:

$$RPB = \alpha + \beta G + \beta A + \beta IL + \beta E + \beta FL + \varepsilon$$

Where; RPB = Retirement planning behaviour

G = Gender

A = Age

I = Income level

E = Education

FL = Financial Literacy

$\beta$ = coefficients to be determined.

$\varepsilon$ = Error term

### 3.7 Validity and Reliability

Saunders et al. (2009) argued that validity and reliability are measures of the adequacy of the instrument used in a study to measure the parameters it is intended to measure. For example, the validity of a research tool (a questionnaire) is determined by the degree to which it accurately measures the desired outcome (Creswell, 2014). In this study, face and content validity strategies were employed to validate and improve the questionnaire content. Specifically, face validity was addressed by experts with relevant research knowledge,

particularly my supervisor, who examined the questionnaire to determine and correct any errors, if any.

Saunders et al. (2007) went on to define reliability as the degree to which the implementation of a scale yields consistent outcomes when repeated measures are applied to the same members. The Internal Consistency Reliability (ICR) test in the current study is based on Cronbach's Alpha (α) test and is used to evaluate the reliability of the items included in the questionnaire. Reliability is determined by a factor between 0.6 and 0.7, with a value of 0.8 indicating satisfactory reliability, and 0.9 indicating good reliability (Creswell, 2014). The study generated an alpha (AA) value of.855 based on 70 responses that were viable for analysis. The test was carried out on all (20) items on the questionnaire, and the study's alpha value of .855 exceeded the acceptable threshold value of.7, indicating the reliability of the questionnaire.

## 3.8 Ethical Consideration

Saunders et al. (2016) as cited in Creswell (2014) stated that main principles of data collection were deemed to be voluntary participation, privacy, anonymity and confidentiality. As far as voluntary participation is concerned, all respondents were informed to participate in the data collection process of their own volition. Consequently, none of them were compelled to participate. The right to privacy was also upheld by allowing respondents to complete the questionnaire independently, but leaving ambiguous statements open for further clarification through their preferred medium.

In addition, the anonymity of the respondents was ensured by not allowing them to provide their name on the questionnaire; in particular, they were given assurance that their details would not be divulged to the public or used for any purpose other than the purpose of the study. Furthermore, the confidentiality of the data was ensured by ensuring that all data would remain confidential and thus would not be used for any other purpose other than the purposes of this

study. Furthermore, respondents were assured that any information provided would not be utilized against them or disseminated in the public. All ethical rules/conditions were fulfilled in the study.

# CHAPTER FOUR

## RESULTS AND DISCUSSIONS

### 4.0 Introduction

This chapter constitutes a comprehensive analysis of the field data that was meticulously collected to fulfill the research objectives. It is structured into four distinct sections, with each section concentrating on a different facet of the analysis. The first section provides an overview of the socio-demographic characteristics of the study's respondents. The second section is dedicated to the assessment of the financial literacy of the respondents. In this third section, the focus shifts towards the examination of the respondents' retirement planning behaviour. The fourth and final section is dedicated to examining the impact of financial literacy on the retirement planning behaviour of Small –Scale Enterprises (SSEs) owners.

### 4.1 Demographic Characteristics of the Respondents

The respondents' demographic features are covered in this part. These include factors like gender, age, educational level, marital status, level of experience, and income level. The analysis sheds light on the distribution of characteristics among the participants, offering valuable insights into the composition of the research sample. The demographic details of the respondents are shown in tables and graphs below.

### 4.1.1 Gender

Table 1 shows the gender of respondents

| Gender | Frequency | Percentage |
|--------|-----------|------------|
| Male   | 78        | 65.0       |
| Female | 42        | 35.0       |
| Total  | 120       | 100.0      |

Source: Field survey, (2023)

Table 1 provides a clear breakdown of the gender distribution among the respondents who actively participated in the field survey. With a total sample size of 120 participants, the table offers insights into the frequency and corresponding percentages of both male and female respondents. The analysis of Table 1 underscores that among the 120 participants, a substantial majority, specifically 78 respondents, constituting 65.0% of the total, are males. In contrast, a significant proportion of 42 participants, representing 35.0% of the total, are females.

The observed male dominance within the study sample could be attributed to various factors, including the nature of the work or other demographic characteristics specific to the study area. This gender distribution provides a foundational understanding of the composition of the study participants, which is essential for contextualizing subsequent analyses and findings.

### 4.1.2 Age Distribution of the Respondents

Figure 1 shows the age distribution of the respondents
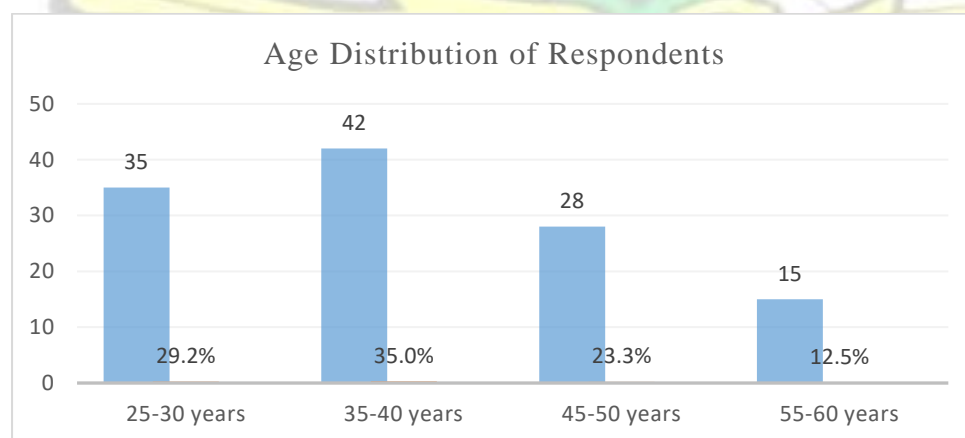


Source: Field Survey, (2023)

Figure 1 provides a comprehensive analysis of the age distribution among the respondents who actively took part in the field survey. The analysis derived from Figure 1 offers valuable insights into the age composition of the study participants. Among the 120 respondents included in the study, the analysis reveals that 35 individuals, accounting for 29.2% of the total, fall within the age bracket of 25 to 30 years. Moreover, a substantial portion of 42 respondents,

constituting 35.0% of the overall sample, falls within the age group of 35 to 40 years. Additionally, 28 participants, making up 23.3% of the sample, belong to the age category of 45 to 50 years. Finally, 15 individuals, comprising 12.5% of the total, fall within the age range of 55 to 60 years. The analysis of the age distribution among the respondents signifies that the majority of the participants cluster within the age range of 35 to 40 years. This finding suggests that a significant proportion of the respondents who partook in the study are in the phase of adulthood, which can provide valuable context for interpreting subsequent research outcomes.

### 4.1.3 Level of Education

Table 2 displays the educational level of respondents

| Level of Education | Frequency | Percentage |
|---|---|---|
| No formal education | 32 | 26.6 |
| Basic School | 63 | 52.5 |
| Junior High | 12 | 10.0 |
| Senior High | 8 | 6.7 |
| Diploma | 5 | 4.2 |
| Total | 120 | 100.0 |

Source: Field survey, (2023)

Table 2 presents a comprehensive breakdown of the educational attainment of the study participants, categorizing them into five distinct educational groups. The analysis of Table 2, based on the responses of the 120 participants, offers valuable insights into the educational background of the sample. The findings, as depicted in Table 2, highlight the following key observations: 32 respondents, constituting 26.6% of the total sample, reported having no formal education. A majority of the participants, specifically 63 individuals, accounting for 52.5% of the total, have completed their education up to the basic level. The results indicate that 12

participants, representing 10.0% of the total sample, have achieved a junior high level of education. Additionally, 8 respondents, making up 6.7% of the total sample, have completed their senior high level education. Lastly, 5 participants, accounting for 4.2% of the total sample, have attained a diploma level of education.

The analysis gleaned from Table 2 underscores that a significant proportion of the study participants have had some form of formal education. The largest group comprises individuals who have completed basic education. These findings provide essential context regarding the educational diversity within the study sample, which can be vital for interpreting subsequent research outcomes.

### 4.1.4 Marital Status of the Respondents

Figure 2 shows the marital distribution of the respondents
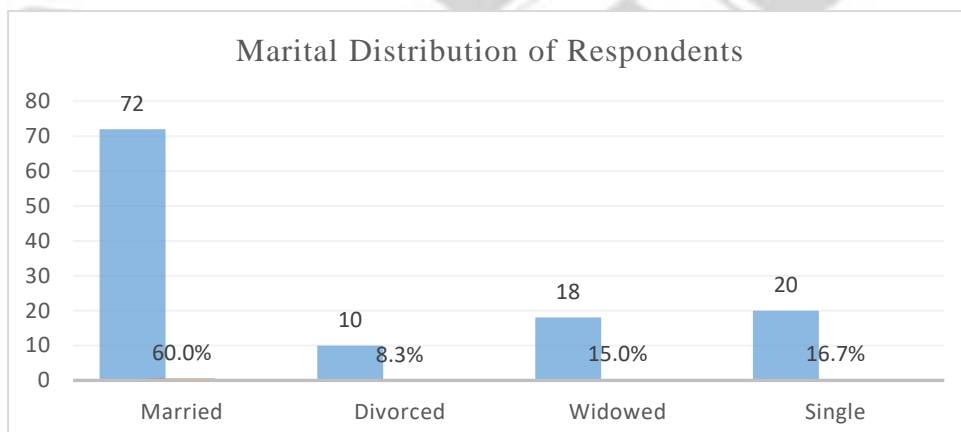


Source: Field Survey, (2023)

Figure 2 offers a concise visualization of the marital status distribution among the study participants, categorizing them into four distinct marital groups. The analysis derived from Figure 2 provides valuable insights into the marital status composition of the 120 respondents. The findings, as depicted in Figure 2, reveal the following significant observations: A substantial majority of the participants, specifically 72 individuals, accounting for 60.0% of the total, are identified as married.

10 participants, constituting 8.3% of the total sample, have undergone the process of divorce. The results further indicate that 18 participants, representing 15.0% of the total sample, are classified as widows. Additionally, 20 respondents, making up 16.7% of the total sample, are categorized as singles.

The analysis gleaned from Figure 2 underscores that the majority of the study participants fall within the category of married individuals, which comprises the largest segment among the respondents. This insight into the marital status distribution within the sample population is crucial for contextualizing subsequent research findings.

### 4.1.5 Level of Experience

Table 3 presents the occupational status of Respondents

| Level of Experience | Frequency | Percentage |
| --- | --- | --- |
| 1-3 years | 10 | 8.3 |
| 4-6 years | 12 | 10.0 |
| 7-10 years | 23 | 19.2 |
| 10 years above | 75 | 62.5 |
| Total | 120 | 100.0 |

Source: Field survey, (2023)

Table 3 provides an overview of the respondents' levels of experience in the SSE business. Among the 120 participants surveyed, the findings reveal the following distribution: A total of 10 participants, representing 8.3% of the total sample, possess a modest working experience ranging from 1 to 3 years in the SSE business. 12 respondents, constituting 10.0% of the total sample, have accumulated a working experience of 4 to 6 years in the SSE business. 23 participants, making up 19.2% of the total sample, boast a working experience spanning from 7 to 10 years in the SSE business.

The largest group among the participants consists of 75 respondents, accounting for 62.5% of the total sample, who have acquired extensive working experience exceeding 10 years in the SSE business. These findings illustrate the diverse range of experience levels among the survey participants, with a significant majority having substantial expertise in the SSE sector.

**4.1.6 Monthly Income Status**

Table 4 shows the annual income of respondents

| Income (GH¢) | Frequency | Percentage |
| --- | --- | --- |
| Below 500 | 24 | 20.0 |
| 500-1,000 | 66 | 55.0 |
| 1,001-1,500 | 22 | 18.3 |
| Above 1,500 | 8 | 6.7 |
| Total | 120 | 100.0 |

Source: Field survey, (2023)

Table 4 provides insights into the monthly income of the respondents engaged in the SSE business. Among the 120 participants included in the survey, the income distribution is as follows: A total of 24 participants, constituting 20.0% of the total sample, reported earning less than GH¢ 500 per month. The majority of the respondents, 66 individuals or 55.0% of the total sample, fell into this income bracket, indicating a monthly earning ranging from GH¢ 500 to GH¢ 1,000. A segment of 22 respondents, making up 18.3% of the total sample, reported monthly incomes ranging from GH¢ 1,001 to GH¢ 1,500. The remaining 8 participants, accounting for 6.7% of the total sample, reported earnings above GH¢ 1,500 per month.

These findings highlight that the largest portion of SSE business owners falls within the income range of GH¢ 500 to GH¢ 1,000 per month, demonstrating the income diversity among participants in the SSE sector.

## 4.2 Financial Literacy Level among Respondents

This section's main objective, which is in line with the study's first goal, is to investigate and analyse the respondents' financial literacy levels. The study aimed to analyse the respondents' degree of financial literacy in order to get important insights into the level of financial literacy by applying a descriptive statistical approach utilizing mean and standard deviation.

### 4.2.1 Descriptive Statistics

Table 5 presents the financial literacy level of the respondents

| Variables | N | Mean | Std. Deviation |
|---|---|---|---|
| I have adequate knowledge about savings and investments (stocks, bonds) | 120 | 3.76 | .685 |
| I have a better understanding of how to manage my credit use | 120 | 2.96 | 1.421 |
| I have knowledge about managing personal finances | 120 | 2.51 | 1.501 |
| I have the ability to prepare my own weekly(monthly) budget | 120 | 2.21 | 1.214 |
| I have the ability to maintain my financial records for my income and expenditure | 120 | 1.32 | 1.631 |
| I have knowledge about managing my debt | 120 | 1.27 | 1.324 |
| Fixed deposit account usually pays the MOST interest? | 120 | 1.24 | 1.234 |
| If an investment offers a very high return, it is likely to be of high risk | 120 | 1.21 | 1.101 |
| In Ghana, listed/issued shares are traded on the Ghana Stock Exchange | 120 | 1.18 | 1.214 |
| I have adequate knowledge about the use of mobile banking such as MTN MOMO | 120 | 1.14 | 1.325 |
| I have adequate knowledge of electronic banking such as online banking | 120 | 1.10 | 1.124 |
| I can deposit money from my MOMO account into my bank account | 120 | 1.08 | 1.142 |
| I can perform my MOMO transactions without any assistance, especially during the withdrawal of money | 120 | 1.04 | 1.231 |
| I can transfer money from my mobile to another | 120 | 1.02 | 1.256 |

Source: Field Survey, (2022)

The data presented in Table 5 sheds light on the responses of 120 participants in relation to their financial literacy across various aspects. Each participant rated different financial literacy measures on a Five-point Likert scale, reflecting their level of agreement or disagreement. The mean scores and standard deviations computed for each measure provide significant insights into the overall financial literacy level of the respondents. An examination of the results reveals several key findings.

Firstly, participants demonstrated a strong consensus with a mean score of 3.76 and a low standard deviation of 0.685 regarding their understanding of savings and investments such as stocks and bonds. This indicates a robust grasp of this particular financial concept among the respondents. Secondly, participants displayed a moderate agreement, with a mean score of 2.96 and a standard deviation of 1.421, regarding their comprehension of effective credit management. The moderate standard deviation suggests a certain level of variability in opinions, while the mean score reflects a moderate level of agreement on this aspect.

Furthermore, participants exhibited a moderate level of agreement with a mean score of 2.51 and a standard deviation of 1.501 concerning their understanding of managing personal finances. This indicates a reasonable, though not entirely uniform, awareness of personal financial management practices. Similarly, participants displayed a moderate level of agreement regarding their ability to create weekly or monthly budgets, with a mean score of 2.21 and a standard deviation of 1.214. This suggests a moderate level of proficiency in budget preparation, but with a notable degree of variability in responses.

Conversely, when it comes to maintaining financial records for income and expenditures, participants showed disagreement, as evidenced by a mean score of 1.32 and a relatively high standard deviation of 1.631. This implies a lack of consensus among respondents on this particular skill. The data further indicates a weak understanding of debt management, as

highlighted by a mean score of 1.27 and a standard deviation of 1.324. This suggests that respondents possess limited knowledge about effective debt management strategies.

Likewise, participants demonstrated a low level of knowledge concerning fixed deposits, with a mean score of 1.24 and a standard deviation of 1.234. This indicates a general lack of understanding about this investment option. The analysis of respondents' knowledge about high-return, high-risk investments revealed weak comprehension, with a mean score of 1.21 and a standard deviation of 1.101. This suggests that participants have limited awareness of investment risks associated with high potential returns.

In terms of familiarity with the Ghana Stock Exchange, participants displayed low knowledge, as indicated by mean scores of 1.18 and a standard deviation of 1.214. This suggests a lack of understanding about the trading of listed shares in Ghana. Regarding mobile banking, such as MTN MOMO, participants exhibited a low level of knowledge, with a mean score of 1.14 and a standard deviation of 1.325. This implies limited awareness about the functionalities of mobile banking services.

Similarly, participants displayed weak knowledge about online banking, with a mean score of 1.10 and a standard deviation of 1.124. This indicates a lack of comprehensive understanding of online banking practices. Participants demonstrated a low level of knowledge concerning transferring money between mobile accounts, as evidenced by a mean score of 1.08 and a standard deviation of 1.142. This suggests a limited grasp of mobile-to-mobile financial transactions.

Moreover, respondents expressed strong disagreement about their ability to perform unassisted mobile money transactions, particularly during withdrawals, with a mean score of 1.04 and a standard deviation of 1.231. This suggests that participants have low level of knowledge to equip them to conduct independent transactions. Lastly, participants exhibited a low level of

knowledge about transferring money from one mobile account to another, with a mean score of 1.02 and a standard deviation of 1.256. This highlights a lack of understanding about this aspect of mobile financial transactions.

Table 6 shows a range of financial literacy levels, from strong agreement on some topics to poor comprehension of others. Results indicate a low financial literacy score among respondents in the study region. Mean scores and standard deviation provide useful information on the distribution of views and knowledge differences across various dimensions of financial literacy.

## 4.3 Level of Retirement Planning Behaviour

This section is primarily concerned with exploring and analysing the level of retirement planning behaviour of respondents, which is in line with the second goal of the study. Utilizing a descriptive statistical approach using mean and standard deviations, the purpose of the study was to assess the level of pension planning behaviour among respondents, thus providing valuable information on the degree of financial literacy.

### 4.3.1 Descriptive Statistics

Table 6 (a) presents the level of retirement planning behaviour of the respondents

| Variables | N | Mean | Std. Deviation |
|---|---|---|---|
| I can prepare a retirement plan | 120 | 2.67 | 1.865 |
| I save purposely for retirement | 120 | 1.91 | 1.378 |
| I monitor and evaluate my retirement strategies | 120 | 1.87 | 1.201 |
| I have developed retirement budgets | 120 | 1.82 | 1.324 |
| I purchase assets for retirement purposes | 120 | 1.78 | 1.121 |
| I invest in financial assets purposely for retirement | 120 | 1.74 | 1.424 |

Source: Field Survey, (2022)

Table 6 (b) presents the level of retirement planning behaviour of the respondents

| Variables | N | Mean | Std. Deviation |
|---|---|---|---|
| Have you attended a workshop on retirement planning | 120 | 1.65 | 1.447 |
| Maintaining control over my retirement is important to me | 120 | 1.41 | 1.741 |
| Have you attended a training programme on financial literacy | 120 | 1.12 | 1.645 |
| Do the financial information or advice you receive from the training has any influence on your decision to plan for retirement | 120 | 1.06 | 1.235 |
| Attending retirement planning programmes helps you to realise the need to plan for retirement | 120 | 1.04 | 1.031 |
| I found the retirement planning programmes useful | 120 | 1.02 | 1.201 |

Source: Field Survey, (2022)

The provided table outlines the responses of 120 participants in relation to various indicators of retirement planning behaviour. Using a Five-point Likert scale, participants rated their level of agreement or disagreement with each indicator. The calculated mean scores and standard deviations for each indicator offer significant insights into the overall assessment of retirement planning behaviour among the respondents. A comprehensive analysis of the data from Table 6 yields several key findings.

To begin, the results reveal that participants exhibit a moderate level of agreement, with a mean score of 2.67 and a standard deviation of 1.865, regarding their capacity to engage in retirement planning. This suggests a varied but generally balanced perspective on their own retirement planning abilities. Furthermore, participants strongly agree, as evidenced by a mean score of 1.91 and a standard deviation of 1.378, that they purposefully save for retirement. This indicates a robust commitment to putting aside funds for their retirement years.

In contrast, participants display a high level of disagreement, with a mean score of 1.87 and a standard deviation of 1.201, regarding their ability to monitor and assess their retirement

strategies. This suggests that respondents generally feel competent in overseeing their retirement plans.

Similarly, participants express disagreement, with a mean score of 1.82 and a standard deviation of 1.324, about their capacity to develop retirement budgets. This indicates that participants believe they have the ability to create effective financial plans for their retirement. Conversely, participants disagree, as evidenced by a mean score of 1.78 and a standard deviation of 1.121, with the notion of purposefully purchasing assets for retirement. This suggests that participants do not strongly prioritize acquiring assets specifically for retirement purposes.

Regarding intentional investment in financial assets for retirement, participants indicate disagreement, as highlighted by mean scores of 1.74 and a standard deviation of 1.424. This suggests that participants do not commonly engage in such investment practices for retirement. The analysis also explores whether participants have attended retirement workshops. The results show disagreement, with a mean score of 1.65 and a standard deviation of 1.447, indicating that participants have not typically attended such workshops.

In contrast, participants express disagreement, as demonstrated by a mean score of 1.41 and a standard deviation of 1.741, about the statement that maintaining control over their retirement is unimportant. This implies that participants value retaining control over their retirement plans. Regarding attendance at financial literacy workshops, participants disagree, with mean scores of 1.12 and a standard deviation of 1.645. This suggests that participants do not typically attend or find value in such workshops.

Moreover, participants express disagreement with the notion that financial advice influences their decision to plan for retirement, as indicated by a mean score of 1.06 and a standard deviation of 1.235. Participants also disagree with the idea that attending retirement planning

programs helps them realize the need to plan for retirement. This is evidenced by a mean score of 1.04 and a standard deviation of 1.031. Lastly, participants indicate disagreement with the usefulness of retirement programs, as highlighted by a mean score of 1.02 and a standard deviation of 1.201.

In conclusion, the data presented in Table 6 illustrate the different aspects of retirement planning behaviour across participants. The findings suggest that the level of respondent retirement planning behaviour was low. While some participants feel comfortable with some aspects of retirement planning, there were also areas where there was considerable disagreement or disengagement. The average scores and standard deviations illustrate the diversity of views and behaviours associated with retirement planning.

## 4.4 Relationship between Financial Literacy and Retirement Planning Behaviour

This section's main purpose, which is also the third and last objective of the study, is to investigate and analyse the relationship between financial literacy and retirement planning behaviour. The study used a linear regression model to apply a clear link between these two significant factors, providing important insights into how financial literacy affects retirement planning behaviour.

### 4.4.1 Model summary

Table 7 shows the model summary

Model Summary

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|---|---|---|---|---|
| 1 | .640ᵃ | .410 | .382 | 1.144 |

Source: Field survey, (2023)

Predictors: (Constant), gender, age, educational level, income level, and financial literacy.

Table 7 provides valuable insights into the coefficient of prediction, shedding light on the relationship between financial literacy and retirement planning behaviour among SSE (Social and Solidarity Economy) owners. The coefficient value of 0.640 indicates a positive correlation between these variables. This coefficient signifies a positive association, suggesting that as financial literacy increases, retirement planning behaviour tends to improve among the respondents.

Furthermore, the coefficient of determination, often denoted as R-squared ($R^2$), is a crucial metric that quantifies the proportion of the dependent variable's variance that can be elucidated by the independent variable(s) within a regression model. In this context, the $R^2$ value of 0.410 reveals that gender, age, income, education, and financial literacy (the independent variables) collectively account for approximately 41% of the variance observed in retirement planning behaviour (the dependent variable) among the survey respondents.

This finding underscores the significance of financial literacy as a contributing factor to retirement planning behaviour, alongside other variables, in explaining a substantial portion of the observed variance in the behaviour of SSE owners with regard to retirement planning.

### 4.4.2 ANOVA (Analysis of Variance)

Table 8 presents the ANOVA

| Model | | Sum of Squares | Df | Mean Square | F-statistics | P-value |
|---|---|---|---|---|---|---|
| 1 | Regression | 20.966 | 5 | 4.193 | 20.049 | .000[b] |
| | Residual | 149.544 | 114 | 1.311 | | |
| | Total | 170.510 | 119 | | | |

Source: Authors Construct

a. Dependent variable: Retirement planning behaviour (RPB)

b. Predictors (constant), gender, age, education, income level, and financial literacy

Table 8 provides the outcomes of the ANOVA (Analysis of Variance) test, a statistical analysis conducted to assess the significance of the regression model. The table presents coefficient values along with their associated p-values. In statistical analysis, a p-value below 0.05 is typically considered indicative of statistical significance, implying that the variable in question has a meaningful and significant impact on the model. Conversely, a p-value exceeding 0.05 suggests that the variable lacks statistical significance and does not make a substantial contribution to the model.

In the context of the presented results, the remarkably low p-value of .000b derived from the ANOVA test is of utmost significance. This result unequivocally signifies that the entire regression model is highly statistically significant. This outcome holds profound importance within the study, as it demonstrates that the model examining the relationship between financial literacy and retirement planning behaviour has a robust and statistically significant association between these variables.

In summary, the ANOVA test underscores the reliability and strength of the relationship between financial literacy and retirement planning behaviour within the model, validating the research's findings and highlighting the importance of financial literacy in shaping retirement planning decisions among the participants.

### 4.4.3 Regression Coefficients

Table 9 shows the Regression Coefficients

| | Unstandardized Coefficients | | Standardized Coefficients | | |
|---|---|---|---|---|---|
| Model | B | Std. Error | Beta | T-statistics | P-value |
| 1 (Constant) | .975 | .078 | | 12.531 | .000 |
| Gender | -.036 | .022 | -.112 | -1.601 | .112 |
| Age | .004 | .010 | .033 | .456 | .649 |
| Educational | .010 | .008 | .090 | 1.194 | .234 |
| Income Level | -.008 | .013 | -.040 | -.563 | .574 |
| Financial Lit. | .348 | .086 | .140 | 4.046 | .001 |

Source: Field survey, (2023)

Table 9 provides a comprehensive overview of the regression analysis outcomes. The table highlights various key findings that shed light on the relationships between different variables and individual savings behaviour. Firstly, the results show that, while holding all other factors constant, individual savings behaviour is positively influenced, with a coefficient of 0.975. This suggests that when other variables are controlled for, individuals tend to exhibit a strong inclination towards savings.

Additionally, the impact of gender on individual retirement planning behaviour is elucidated. With all other independent variables held steady, a unit increase in gender yields a decrease of 0.036 in individual retirement planning behaviour. This implies that, on average, there is a reduction in retirement planning behaviour associated with an increase in gender, suggesting a gender-based distinction in retirement planning tendencies.

Furthermore, the analysis reveals the influence of age on individual retirement planning behaviour. Holding all other factors constant, a unit increase in age corresponds to a rise of 0.004 in individual retirement planning behaviour. This indicates that older individuals, on average, display a slightly greater proclivity towards retirement planning. Moreover, the results emphasize the role of education in shaping retirement planning behaviour. When other variables are maintained at constant levels, an increase in education leads to an augmentation of 0.010 in retirement planning behaviour. This implies that higher educational attainment tends to correspond with a heightened inclination towards planning for retirement.

However, the relationship between income and individual retirement planning behaviour shows a contrasting pattern. With all other factors held steady, an increase in income is associated with a decrease of 0.008 in individual retirement planning behaviour. This suggests that individuals with higher income levels might demonstrate comparatively lower engagement in retirement planning. Conversely, the findings emphasize the substantial and positive influence of financial literacy on individual retirement planning behaviour. Specifically, the results indicate that for every unit increase in financial literacy, there is a noteworthy corresponding increase of 0.348 in retirement planning behaviour. This implies that as individuals enhance their financial literacy, their inclination and propensity to actively participate in retirement planning also experience a significant and meaningful upturn. In essence, the data highlights the pivotal role of financial literacy in fostering responsible and proactive retirement preparation among individuals.

In summary, Table 9 furnishes crucial insights into the interplay between various variables and individual retirement planning behaviour. It underscores how factors like gender, age, education, income, and financial literacy contribute to shaping individuals' approaches to planning for their retirement. The coefficients associated with each variable offer a quantified understanding of the magnitude and direction of these relationships.

## 4.5 Discussion of the Results

### 4.5.1 Level of Financial Literacy

The present study delved into assessing the financial literacy level among the respondents. The results of the study revealed that the level of financial literacy among the respondents were found to be low. This results align with similar findings reported by various researchers in diverse contexts. Thus, the results are empirically supported. For instance, Antoni et al. (2020) studied the level of financial literacy among workers in Nelson Mandela Bay, South Africa and found a low level of financial literacy. Similarly, Janposri (2021) focused on self-employed

workers in Thailand and discovered a low financial literacy level among the workers. In Ghana, Abubakari (2021) explored the financial literacy level among employees in Mfantsseman Municipal Assembly and discovered a low financial literacy level among them.

However, the results of this study contradicts with other studies. For example, Nguyen et al. (2019) examined the relationship between financial literacy and pension planning behaviour and discovered that their study participants exhibited a relatively high level of financial literacy. Similarly, Siame (2020) investigated financial literacy and its relevance to retirement planning and reported a notably high level of financial literacy among the respondents. The disparities between the results of this study and those reported by Nguyen et al. (2019) and Siame (2020) may be attributed to the complex interplay of geographical, social, and economic factors inherent in the diverse contexts in which these studies were conducted.

### 4.5.2 Level of Retirement Planning Behaviour

The present study also delved into examining the level of retirement planning behaviour among the respondents. The results demonstrated a low level of retirement planning behaviour among the respondents. This results align with similar findings reported by various researchers in diverse contexts. Thus, the results is empirically supported. For instance, separate inquiries into retirement planning behaviour conducted by Katam et al. (2021), Kafari (2019), and Alles et al. (2021) consistently arrived at results that underscored the prevalence of low levels of retirement planning among their respective study populations. This congruence in findings across different studies underscores the pervasive nature of this phenomenon.

However, the results of this study contradicts with other studies. For example, Zeb and Bilal (2021) identified a high level of retirement planning behaviour among their study's participants. This incongruity in findings emphasizes the nuanced nature of retirement planning behaviour, which can be influenced by a multitude of factors unique to each study's context. The diversity

in results could be attributed to the intricate interplay of various elements, such as cultural norms, economic conditions, access to financial resources, and the presence of robust retirement planning education initiatives. These factors could contribute to the variations observed in different studies, highlighting the need to consider the multifaceted nature of retirement planning behaviour and its contextual dependencies when interpreting research outcomes.

### 4.5.3 Relationship between Financial Literacy and Retirement Planning Behaviour

The present study also delved into the impact of financial literacy on retirement planning behaviour. The results of the study revealed that 41.0% variability in retirement planning behaviour was caused by financial literacy. The results further revealed that financial literacy had a positive and significant effect on retirement planning behaviour with a beta and p-value of 0.140 and 0.001 respectively. This results supports the hypothesis which postulated a positive and significant relationship between financial literacy and retirement planning behaviour. This result is empirically supported by studies in different context. For instance, in a recent study by Janposri (2021), compelling evidence was provided for a strong and positive correlation between financial literacy and retirement planning behaviour.

In Ghana, Abubakari (2021) further substantiated these findings, demonstrating a positive and robust relationship between financial literacy and pension planning behaviour among workers in the Mfantseman Municipal Assembly. Nonetheless, it is important to note that within the realm of financial literacy and retirement planning behaviour, a spectrum of findings exists. Some studies have indeed reported negative associations between these two variables, as exemplified by the research of Dovie (2021), Adeabah (2020), and Antoni et al. (2020). These studies, although contrasting with the positive correlation observed in the present study, highlight the intricate nature of the impact of financial literacy on retirement planning behaviour, which can be influenced by a variety of contextual factors.

In summary, the findings of this study underscore a positive and significant correlation between financial literacy and retirement planning behaviour, in line with a body of research with similar findings. These results emphasize the potential impact of financial literacy on effective retirement planning. However, the existence of multiple studies presenting different results underscores the complexity of this relationship, suggesting that it may be influenced by a range of contextual variables.

# CHAPTER FIVE

# SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

## 5.0 Introduction

This chapter, which provides a succinct and thorough summary of the research findings, acts as the study's conclusion. The main conclusions from the study are briefly summarized in this section. This chapter's analysis focuses on inferring meaningful inferences from the data, offering insightful suggestions for real-world applications, recognizing the research's inherent limits, and outlining prospective directions for further study in the area.

## 5.1 Summary of Findings

This section outlines the key findings of the study, highlighting the main results related to the degree of financial literacy demonstrated by the participants, as well as the beneficial effects that financial literacy has on retirement planning behaviours. At the same time, this section highlights the notable findings related to the level of retirement planning behaviours observed among the respondents in the study area.

Key findings stemming from the investigation revolve around the assessment of the respondents' financial literacy. Notably, the study disclosed a prevailing low level of financial literacy among the participants. This aligns with analogous outcomes from previous research endeavours that have traversed varying contexts, thereby substantiating the study's findings.

In addition, the study highlighted the positive impact financial literacy has on retirement planning behaviours. The study revealed a positive and substantial correlation between these two key elements. This confirms the findings of numerous studies conducted in a variety of contexts, reinforcing the notion that improving financial literacy can lead to improved retirement planning practices.

Lastly, the study probed into the retirement planning behaviour exhibited by the respondents. The outcomes revealed a predominant low level of retirement planning behaviour among the study participants. These findings resonate with similar observations in the field, serving as a testament to the need for targeted interventions and initiatives aimed at cultivating a greater sense of engagement and preparedness in the realm of retirement planning.

### 5.1.1 Level of Financial Literacy

The key findings of this study have offered valuable insights into the extent of financial literacy among the respondents in the study area. Through the data collection and subsequent analysis conducted to assess the financial literacy levels among the participants, the study has uncovered a significant trend: the financial literacy level among the respondents was found to be notably low.

### 5.1.2 Level of Retirement Planning Behaviour

The key findings of this study have yielded valuable insights into the level of retirement planning behaviour among the respondents within the study area. The data collection and subsequent analysis conducted to assess the retirement planning behaviour among the participants have revealed a significant trend: the retirement planning behaviour among the respondents was observed to be at a low level.

### 5.1.3 Relationship between Financial Literacy and Retirement Planning Behaviour

The results of the study provide an insightful and valuable perspective on the fundamental relationship between financial knowledge and retirement planning behaviours. The results of the study unequivocally demonstrate that financial knowledge plays a positive and influential role in the development of retirement planning behaviours. Furthermore, the positive and influential correlation between financial knowledge and pension planning behaviour identified

in the study confirms the significance of providing financial literacy education in order to equip respondents with the necessary skills to enhance their retirement planning behaviours.

## 5.2 Conclusion

This study investigates the relationship between financial literacy and retirement planning behaviour among SSE owners in the Effiduase district of Sekyere East. The research involved a sample of 120 participants and employed a quantitative approach to examine the variables under scrutiny. Data were primarily collected through surveys, utilizing stratified sampling to gather information. One of the principal objectives of this study was to assess the financial literacy level of SSE owners, with the findings indicating a prevailing low level of financial literacy among the respondents. This low level of financial literacy was observed to have a consequential impact on the retirement planning behaviour of the participants. The study further revealed that the retirement planning behaviour among the respondents was also low. Additionally, the results of the study revealed a positive and significant relationship between financial literacy and retirement planning behaviour among the respondents. The study concludes that level of financial literacy and retirement planning behaviour among the respondents were low. The study further concludes that financial literacy drives retirement planning behaviour and that SSE owner's propensity to plan for retirement depends on financial literacy.

## 5.3 Recommendations

The study reveals that respondent's level of financial literacy is low and this has an effect on their retirement planning behaviour. Financial literacy has been given special attention in recent times; it is assumed that an increase in financial literacy will help the SSEs owners to make better financial decisions. Since financial literacy is low among the owners of small-scale enterprises, the following recommendations are made as follows;

The government in collaboration with the National Commission for Civic Education should organize financial literacy seminars to educate the SSEs owners on financial literacy related issues. Such education will enhance the level of financial literacy among the respondents, since the study's results indicate a low level of financial literacy. Therefore, enhancing the financial literacy of SSE owners is a crucial step in promoting financial development, a known driver of economic growth.

Also, financial institutions within the surroundings of Sekyere East District and its environs should organise retirement planning programmes in other to educate the owners on the need to plan for their retirement. Such education will enhance the level of retirement planning behaviour among the respondents, since the study's results indicate a low level. This by so doing will encourage the SSE owners to start practicing effective savings towards their retirement which will equally serve as an opportunity for the financial institution (banks) to rake in more profits from their savings and investments.

Additionally, recognising that demographic factors such as age, education, income level, and gender significantly influence the retirement planning behaviour of SSE owners, financial institutions should incorporate these factors into their marketing strategies. Crafted marketing messages should resonate with the unique circumstances and aspirations of SSE owners based on these demographic variables. This approach can make financial products more appealing and relevant to SSE owners, thereby encouraging them to choose banks as secure and profitable avenues for their savings.

**5.4 Limitations of the Study**

The researcher's inability to undertake more extensive research due to time restrictions was a key study limitation. The study's conclusions were only as deep as the time allotted for data

collection, analysis, and interpretation would allow, and there was no time left over to look into any potential variables or circumstances that might have affected retirement planning.

Also, another limitation relates to the use of a questionnaire as a data collection tool. Despite efforts to ensure clarity and precision in the questionnaire design, there is a possibility of respondents interpreting the questions differently or misunderstanding the intended meaning. This could lead to variations in responses and potentially affect the accuracy of the obtained results. To mitigate this limitation, appropriate guidelines were provided to respondents to ensure understanding and consistent responses.

In addition, the sample size of 120 management and staff members may be considered relatively small compared to the total population of employees in the study area. As a result, the findings may not fully represent the entire population and could introduce sampling bias. Factors such as time constraints, budget limitations, and accessibility influenced the selection of the sample size. It is important to recognize this limitation and exercise caution when generalizing the findings beyond the study sample.

Despite these limitations, it is important to note that efforts were made to maintain the validity and reliability of the study. Precautions were taken to ensure clear communication of questionnaire items, and appropriate statistical analyses were conducted to derive meaningful insights. While the findings should be interpreted within the context of the study's limitations, they still provide valuable insights into the financial literacy and retirement planning behaviour.

## 5.5 Suggestions for Further Research

This study highlights the correlation between SSE owners' financial literacy and the way they plan for retirement. It recommends that further research be conducted in the majority of SSE communities in order to gain a better understanding of the attitudes and experiences of SSE

owners when it comes to financial literacy, as well as the specific factors that influence their behaviour.

Furthermore, it is important to note that other factors such as demographic characteristics can also influence retirement planning behaviour, and future studies should be conducted to explore these other determinants with different methodologies.

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**Survey Questionnaire**

**KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY**

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**TOPIC: EFFECTS OF FINANCIAL LITERACY ON RETIREMENT PLANNING BEHAVIOUR AMONG SSEs OWNERS IN ASANTE EFFIDUASE IN THE SEKYERE EAST DISTRICT.**

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**INTRODUCTION**

This questionnaire is designed to assist in collecting data to determine the relationship between financial literacy and retirement planning behaviour. The findings of this research are only meant for academic purposes and all the responses will be treated with the utmost confidentiality.

**SECTION A: DEMOGRAPHIC CHARACTERISTICS**

Please answer each question either by writing in the space provided or ticking (√) the most appropriate option.

**1. What is your gender?**

A. Male            [ ]

B. Female          [ ]

**2. what is your age?**

A. 25-30 years     [ ]

B. 35-40 years     [ ]

C. 45-50 years     [ ]

D. 55-60 years     [ ]

E. 60 years above  [ ]

**3. What is your highest educational background?**

A. No Formal Education   [ ]

B. Basic Education       [ ]

C. Junior High           [ ]

D. Senior High           [ ]

E. Diploma               [ ]

F. Bachelor Degree [ ]

G. Other(s) please specify……………………………......................

**4. What is your marital status?**

A. Married [ ]

B. Divorced [ ]

C. Widowed [ ]

D. Single [ ]

E. Other(s) please specify……………………………......................

**5. How many years have you been in business?**

A. 1-3years [ ]

B. 4-6years [ ]

C. 7-10 years [ ]

D. 10 years above [ ]

**6. How much income do you earn monthly?**

A. Below 500 [ ]

B. 500-1,000 [ ]

C. 1,001-1,500 [ ]

D. Above 1,500 [ ]

E. Other(s) please specify……………………………......................

**SECTION B: LEVEL OF FINANCIAL LITERACY**

The statements below relate to the level of financial literacy. Please indicate the extent to which you agree with the following statements: 1 = Strongly Disagree (SD) 2= Disagree (D) 3= Neither agree nor disagree (N) 4= Agree (A) 5= Strongly agree (SA). Please circle (O) the most appropriate answer. Please select **ONLY** one answer from each statement,

| Statements | 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|---|
| | SD | D | N | A | SA |
| 7. I have a better understanding of how to manage my credit use | | | | | |
| 8. I have knowledge about managing personal finances | | | | | |

| | | | | | |
|---|---|---|---|---|---|
| 9. I have the ability to prepare my own weekly(monthly) budget | | | | | |
| 10. I have the ability to maintain my financial records for my income and expenditure | | | | | |
| 11. I have knowledge about managing my debt | | | | | |
| 12. I have adequate knowledge about savings and investments (stocks, bonds) | | | | | |
| 13. Fixed deposit account usually pays the MOST interest? | | | | | |
| 14. If an investment offers a very high return, it is likely to be of high risk | | | | | |
| 15. In Ghana, listed/issued shares are traded on the Ghana Stock Exchange | | | | | |
| 16. I have adequate knowledge about the use of mobile banking such as MTN MOMO | | | | | |
| 17. I have adequate knowledge of electronic banking such as online banking | | | | | |
| 18. I can deposit money from my MOMO account into my bank account | | | | | |
| 19. I can perform my MOMO transactions without any assistance, especially during the withdrawal of money | | | | | |
| 20. I am capable of transferring money from my mobile wallet to another mobile. | | | | | |

## SECTION C: LEVEL OF RETIREMENT PLANNING BEHAVIOUR

The statements below relate to retirement planning behaviour. Please indicate the extent to which you agree with the following statements: 1 = Strongly Disagree (SD)  2= Disagree (D) 3= Neither agree nor disagree (N) 4= Agree (A) 5= Strongly agree (SA). Please circle (O) the most appropriate answer. Please select **ONLY** one answer from each statement,

| Statements | 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|---|
| | SD | D | N | A | SA |
| 21. I can prepare a retirement plan | | | | | |
| 22. I save purposely for retirement | | | | | |

| | | | | | |
|---|---|---|---|---|---|
| 23. Maintaining control over my retirement is important to me | | | | | |
| 24. I monitor and evaluate my retirement strategies | | | | | |
| 25. I purchase assets for retirement purposes | | | | | |
| 26. I have developed retirement budgets | | | | | |
| 27. I invest in financial assets purposely for retirement | | | | | |
| 28. Have you attended a training programme on financial literacy | | | | | |
| 29. Have you attended a workshop on retirement planning | | | | | |
| 30. I found the retirement planning programmes useful | | | | | |
| 31. Attending retirement planning programmes helps you to realise the need to plan for retirement | | | | | |
| 32. Do the financial information or advice you receive from the training has any influence on your decision to plan for retirement | | | | | |

**THANK YOU FOR PARTICIPATING**