**KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY**

**INSTITUTE OF DISTANCE LEARNING (IDL)**

# EFFECT OF FINANCIAL LITERACY ON SAVINGS AND INVESTMENT BEHAVIOUR OF PUBLIC SECTOR WORKERS IN THE HO MUNICIPALITY

**WIDSOM EDEM SOKRO**

**NOVEMBER, 2023**

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**(PG9413121)**

**A THESIS SUBMITTED TO THE INSTITUTE OF DISTANCE LEARNING, KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE AWARD OF MASTER OF SCIENCE IN ACCOUNTING AND FINANCE**

**NOVEMBER, 2023**

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## DECLARATION

I hereby declare that this submission is my own work and that, to the best of my knowledge and belief, it contains no material previously published or written by another person nor material which to a substantial extent has been accepted for the award of any other degree or diploma at Kwame Nkrumah University of Science and Technology, Kumasi or any other educational institution, except where due acknowledgement is made in the thesis.

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| Prof. K.O. Appiah | ……………………… | ……………………… |
| (Head of Department) | Signature | Date |

## DEDICATION

This work is dedicated to my wife, Mrs. Princess Selase Hotor–Sokro, Jayden Enyam Sokro and my siblings.

## ACKNOWLEDGEMENT

I am most grateful to the Almighty God by whose providence I have come this far and for His sustenance throughout my life. My profound appreciation goes to my supervisor, Dr. Kwasi Poku for his guidance, advice, encouragement and suggestions without which I would not have been able to reach this stage.

I would like to express my sincere gratitude to the public sector workers in the Ho Municipality for answering the questionnaire.

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# ABSTRACT

The primary objective of the research was to investigate the impact of FL on the savings and investment patterns shown by public sector employees within the Ho municipality. The research included quantitative approaches and inferential methods for analysis. The research design used in the study was cross-sectional and explanatory in nature. The population included all individuals employed within the Ho Municipality, regardless of their gender, occupational field, or hierarchical position. A total of 388 staff were chosen with a simple random sampling method. The research hypotheses were evaluated using SPSS version 26. Descriptive statistics were used to provide a comprehensive summary of the data. The hypotheses of the research were examined by the use of regression analysis. The findings of the study indicated that there is a positive and statistically significant relationship between financial education and FL. However, it was found that many socioeconomic and demographic parameters, including age, gender, marital status, income, experience, and education, do not have a significant impact on FL. The findings of the study also indicated that there is a significant and positive link between FL and the investment and savings behaviour of public sector employees residing in the Ho municipality. It is crucial to establish and execute comprehensive financial education initiatives that include many aspects of personal finance, including budgeting, saving, investing, and debt management.

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| | |
|---|---|
| OECD | Organisation for Economic Co-operation and Development |
| OLS | Ordinary Least Square |
| PLS | Partial Least Square |
| CA | Cronbach’s alpha |
| NGO | Non-Governmental Organisation |
| FL | Financial Literacy |

## CHAPTER ONE

## INTRODUCTION

### 1.1 Background of the Study

Every nation on Earth is currently reeling from a widespread lack of financial literacy (Yew et al., 2017). For small enterprises in poor countries that may not have easy access to finance, savings may be a lifeline (Abebe, Tekle, & Mano, 2018). To be financially literate is to have the knowledge to manage one's own money effectively. To be more precise, financial literacy is the set of knowledge and abilities that allows a person to make sound financial choices. People with poor levels of financial literacy are less likely to invest in the stock market, as shown in an investigation of the factors of financial literacy and its influence on investing behaviour by Mouna and Anis (2017). Zulaihati, Susanti, and Widyastuti (2020) looked at how financial literacy affected the saving habits, shopping habits, short-term planning, and long-term planning of secondary school teachers and found a significant impact in all four areas. Researchers Assefa and Rao (2018), found that salaried Ethiopians' investment choices were unaffected by their level of financial knowledge, with the exception of government bonds. Government bond choice is strongly influenced by the respondents' level of financial knowledge. The level of risk an individual is willing to take influences how they allocate their savings and investments. Investments are made for a wide variety of reasons, including securing one's financial future, supplementing one's income, etc. (Shaik et al., 2022).

People who are financially knowledgeable are 2.4% less likely to face financial difficulty, as shown in a study by Karakara, Sebu, and Dasmani (2021). Socioeconomic characteristics have a significant impact on the probability of experiencing financial difficulty. Oseifuah, Gyekye, and Formadi (2018), investigate the level of financial literacy among first-year college students in Ghana's northern region. They find no statistically significant correlation between financial education and increased student savings. Students' inclination to save is expected to increase in tandem with increases in their monthly pocket money, according to the theory of savings behaviour, which argues that saving is a positive function of disposable income. Sarpong-Danquah et al. (2018) found that students, on average, had a low level of financial literacy (mean = 40.54 per cent) and a particularly low level of knowledge about insurance. But when it comes to saving and borrowing, students show the greatest levels of financial literacy (mean = 52.88 per cent), and 95 per cent of students say that technology has a good impact on their financial literacy. According to Akakpo et al. (2022), financial literacy positively affects both stock market participation and financial inclusion. There is no correlation between financial inclusion and stock market involvement, although there is a correlation between financial inclusion and stock market participation alone. There were no statistically significant increases in aggregate savings or in mechanisms like attitudes, preferences, or knowledge that were hypothesised to be involved, but financial literacy programmes were found to have positive effects on self-reported savings at schools in Ghana compared to the control group by Berry, Karlan, and Pradhan (2018). Owusu et al. (2022) found that young people who were financially literate were more likely to save and invest. The authors added that "parental financial behaviour is an important predictor of the level of young adults' financial literacy and directly influences their behaviour concerning saving and investing."

Higher savings and investment rates, for instance, are associated with better economic growth performance, according to the neoclassical theory of economic growth (Solow, 1956). It is hypothesised that personal savings and investments, especially in financial assets, provide a significant portion of the capital that financial intermediaries use to meet the financing needs of enterprises in a country. Distributing these funds efficiently to enterprises in the most productive economic sectors increases their production capacity and, in turn, their potential to contribute to the development of the national economy (Owusu et al. 2022).

According to Talonen, Mähönen, and Jean Kwon (2022), the main elements that affect investing are security, return, capital growth, risk, liquidity, tax benefits, and convenience. Bank deposits, stock market investments, mutual funds, post office deposits, insurance policies, gold, and real estate are all examples of investments that carry varying degrees of risk and potential profit. According to Laxmi & Maheshwary's (2018) meta-analysis of research, age, education, gender, and profession are all important determinants. Adam, Boadu, and Frimpong (2018), showed that there was a statistically significant gender gap in Ghana when it came to financial literacy. Financial literacy is especially important for women because of the stereotype that they are more likely to experience financial hardships than males (Kaur & Maheshwary, 2020).

Investors need to have a higher level of financial literacy due to the rapid evolution of the economy and the financial markets (Mouna & Anis, 2017). The recent financial crisis and the proliferation of sophisticated financial products have highlighted the critical need for educated consumers. One of the fascinating questions that arises is what part financial literacy plays. Low levels of financial literacy were reported across all socioeconomic groups (Xu and Zia, 2012; Zulaihati, Susanti, & Widyastuti, 2020).

According to Zulaihati, Susanti, and Widyastuti's (2020) definition, financial literacy is "the ability to understand and apply basic financial concepts to real-world situations." According to Shaik et al. (2022), "investment" refers to "any financial activity undertaken with the intention of generating a profit." Buying something with the intention of using it to generate income in the future is an investment (Kilic, Yang, and Zhang 2022). The term "investment" is used to describe the acquisition of a financial asset with the goal of increasing future income or realising a gain upon sale (Artikis et al. 2022). Therefore, a person's financial condition may deteriorate due to their lack of financial literacy (or awareness) (Yew et al., 2017). According to the research of Zulaihati, Susanti, and Widyastuti (2020), financial education helps people make wise financial decisions.

The term "investment" refers to the use of funds that have been put aside from regular spending in order to make a long-term financial commitment. Thus, there is an advantage to being patient while trying to earn money. The first step in becoming an investor is, therefore, to save money (Anufriev, Chernulich, and Tuinstra 2022). According to the Cambridge Dictionary (2022), "savings" refers to cash stashed away in a bank or other financial organisation for future use. Saving consists of postponing expenditure or deferring consumption. Deposit accounts, pension funds, investment funds, and cold hard cash are all examples of places to put your savings. Most people, particularly inexperienced investors, confuse saving with investing. When you invest, you put money into something that will likely improve in value over time and provide you with a higher return in exchange for the risk you have taken (Jain 2021). Saving is simply putting money aside for a future expenditure or necessity.

## 1.2 Problem Statement

Improved consumer financial literacy is more important than ever in the wake of the current economic catastrophe. This is because the complexity of financial markets, services, and products continues to rise. The greater availability of products and services, along with the more complicated global financial environment, has led to a rise in potential dangers. Therefore, it is essential for any nation, established or developing, to provide its citizens with a financial education that covers not just the goods and services available but also the concepts and intricacies that underpin them (Kaur & Maheshwary 2020). If you want to make educated choices about your money, you need to be able to invest wisely.

Individuals with higher levels of financial literacy are better able to use investment outlets and services since they are better able to evaluate the risks and rewards connected with these options and choose the ones that are most suited to them. Knowledge of personal finance is essential for making sound choices (Mouna & Anis, 2017). People of various ages, income brackets, educational backgrounds, and social statuses are showing increasing interest in diversifying their portfolios by investment in many asset classes (Basha & Manyam 2021). When a person has more cash on hand than they need right away, they often start fantasising about starting their own business. Companies with a lot of extra cash on hand could decide to diversify their offerings or open additional locations in order to capitalise on their success (Shaik et al., 2022).

Due to the significant changes in the financial landscape in recent years, financial literacy has become a major issue for Ghana. The government, banks and non-banking firms, educational institutions, national and international organisations, non-governmental institutions, savers and investors, and other stakeholders are all concerned with this hotbutton topic. The primary tenet of financial literacy is that everyone should be able to manage their finances. The capacity of a person to comprehend and use financial ideas, products, and tools (Laxmi & Maheshwary 2018). But without financial expertise and understanding, no one can effectively manage their finances. As a result, financial education is essential for making personal financial decisions. For various people and at different times, there may even be a distinct requirement to become financially literate. Numerous obstacles stand in their path of developing financial literacy.

Academic scholars working in this field have shown a particular interest in investigating the impact that people's level of financial literacy has on their propensity to save money and invest it. Numerous research has been conducted all over the world to investigate the effects of financial literacy on monetary choices (Abebe, Tekle, and Mano 2018; Assefa and Rao 2018; Kaur and Maheshwary 2020; Laxmi and Maheshwary 2018; Mouna and Anis 2017; Shaik et al. 2022; Zulaihati, Susanti, and Widyastuti 2020). Few studies have been conducted in Ghana, in particular, to investigate the impact that financial literacy has on individuals' choices about their finances (Adam, Boadu, and Frimpong 2018; Akakpo et al. 2022; Karakara, Sebu, and Dasmani 2021; Owusu et al. 2022; Sarpong-Danquah et al. 2018). Despite the importance of existing studies and knowledge about financial literacy in a financial decision, none of these studies captures the situation for the public sector workers in Ghana. Moreover, most of these studies concentrate the financial literacy on stock market trading as a measure of financial decision. Only a few of these studies concentrate on financial literacy, investment and saving. Considering the work of Assefa and Rao (2018) as well as Basha and Manyam (2021), Mouna and Anis's (2017) research looked at the relationship between financial literacy and savings.  Research conducted by

Zulaihati, Susanti, and Widyastuti (2020) examined consumers' investing behaviours, savings behaviours, and buying behaviours, as well as their short-term and long-term planning. The authors of the 2018 study, Sarpong-Danquah et al., focused on savings and borrowing. The topic of investment was the primary subject of Kaur and Maheshwary's 2020 study. Only Owusu et al. (2022) explored the savings and investing behaviour of young people. However, they also focused on the effect that financial literacy and the financial conduct of parents played. As a consequence of this, the focus of this study has been placed on the effect that a high level of financial literacy has on the propensity of public sector employees in the Ho municipality to save money and invest it. And since workers in Ghana's public sector are a primary force behind the country's expanding economy, it is imperative that research be carried out to determine whether or not employees' level of financial literacy has an effect on the manner in which they save and invest money. In the context of this research, "public sector workers" in Ghana refers to the total number of persons who are paid by the government. This figure takes into account personnel of the Ghana Education Service, the Judiciary, law enforcement agencies, Article 71 employees, foreign missions, and administrative agencies (Bank of Ghana 2007). As a result, it would seem that this study addresses a gap in the existing body of research by investigating how a person's level of financial literacy influences their propensity to save money and make investments in the public sector in Ho municipality.

### 1.3 Objectives of the Study

The main objective of the study is to examine the effect of financial literacy on the savings and investment behaviour of public sector workers in the Ho municipality. The specific objectives are:

i. To determine the socioeconomic and demographic factors influencing the financial literacy levels of public sector workers in the Ho municipality.
ii. To analyse the relationship between financial literacy and investment behaviour of public sector workers in the Ho municipality.
iii. To analyse the relationship between financial literacy and saving behaviour of public sector workers in the Ho municipality.

### 1.4 Research Questions

The study seems to answer the following questions:

i. What are the socio-economic and demographic factors influencing the financial literacy levels of public sector workers in the Ho municipality?
ii. What is the relationship between financial literacy and the investment behaviour of public sector workers in the Ho municipality?
iii. What is the relationship between financial literacy and the saving behaviour of public sector workers in the Ho municipality?

### 1.5 Significance of the Study

Government, banks and non-banking enterprises, educational institutions, national and international organisations, non-governmental organisations, savers and investors, and other stakeholders will benefit from the study. It is of the utmost importance to conduct an assessment of one's degree of financial literacy and how it connects to one's practises about saving and investing. It is intended that the results of this study will assist researchers, policymakers, and planners in better comprehending the level of financial literacy and the link between that level and the investing and saving behaviours of public sector workers in Ho municipality, Ghana. This is because it is anticipated that the findings of this study will help researchers better comprehend the level of financial literacy. It has the potential to become an important tool in the nation's efforts to improve the level of financial literacy, savings, and investment among those working in the public sector. This research will make a substantial addition to the subject of behavioural finance by investigating the connection that exists between financial literacy and the decision to either save or invest one's money.

### 1.6 Scope of the Study

The purpose of this research is to investigate how a person's level of financial literacy influences their propensity to save money and make investments in the public sector in the municipality of Ho. The conduct of public sector employees in the Ho municipality in the Volta region of Ghana with regard to investments and savings will be the exclusive focus of this particular study's scope and scope limitations. A representative sample was taken from the population that was determined to be Ho municipality. The socio-demographic parameters that influence the conduct of public sector employees in the Ho municipality with regard to savings and investments were also analysed as part of this research. Because of how convenient it is to get there, the municipality of Ho was selected.

### 1.7 Summary of Methodology

#### 1.7.1 Design and Sampling

As a result of the aim of this study, which is to collect sufficient information on the personal finances of those working in the public sector in the Ho municipality, the study used an explanatory research design and the quantitative method of data collection. The population consists of all the public sector workers in the Ho municipality. A sample of 388 was drawn from the total population of 13,219 using sample size determination Yamane's formula. The sample will be obtained using the nonprobability sampling technique. Specifically, the purposive sampling method was employed.

For this research, questionnaire was used to measure the levels of financial literacy among personnel in the public sector. The choices pertaining to savings and investments will be at the centre of the questions. The questionnaire was used for the research will be separated into three distinct sections; the first section focuses on socio-economic demographics variables such as age group, marital status, gender, level of education, occupational sector, work profile, total work experience, monthly income, household size, residential house status, and tax payment. The second section determines the respondents' overall financial conduct, including their levels of saves and investments. On a scale of one to five, with five being the most essential and one being the least important, the replies to the questions on the factors to be considered in making decisions about savings and investments was mapped. The degree of financial literacy will be determined by the third component.

### 1.8 Organisation of the Study

The study is broken down into five primary sections or chapters. The first chapter included the history of the research, the explanation of the issue, the aims, the scope, and the importance of the study. The second chapter was a review of the previously published research on financial literacy. In the third chapter, we discussed the methodology of the study, which included the population, the sampling strategies, the methods of data collection, and the research tools that were employed. In the fourth chapter, we will conduct an in-depth study of the data-gathering process, as well as display the information we have gathered with the use of quantitative and statistical models. The summary, the conclusion, and the suggestions were presented in the fifth chapter.

# CHAPTER TWO

# LITERATURE REVIEW

## 2.0 Introduction

This chapter investigates how a person's level of financial literacy influences their propensity to save money and make investments in the public sector in the municipality of Ho. There are five distinct parts within this chapter. To begin, the definitions of a number of different terms, including financial literacy, saving behaviour, and investing behaviour. In the second place, there is the theory that serves as the basis for the investigation, followed by an empirical evaluation, a conceptual framework, and the formulation of a hypothesis. Lastly, a synopsis of the current chapter.

## 2.1 Conceptual Review

### 2.1.1 Financial Literacy

As a growingly significant economic and social concern, the subject of financial literacy is receiving more attention from a variety of sectors, including the banking industry, consumer advocates, academics, government agencies, and politicians. Because there are so many different interpretations of what constitutes financial literacy in the existing research, it is hard to agree on a single interpretation. Financial literacy is defined by the Organisation for Economic Co-operation and Development (OECD) as "the set of competencies that enables individuals to effectively manage their financial affairs and contribute to the common good." This definition makes it clear that knowing how to appropriately handle one's own finances needs more than merely having access to relevant data and numbers. The process of decision-making, which may be defined as the application of knowledge and skills to concrete activities, is emphasised, and the idea is conveyed that doing so ought to have a positive impact on one's financial well-being.

The judgement and decision-making part of financial literacy is emphasised by authors like Kadoya and Khan (2020) and Martok (2021). According to Krishnakumare, Singh, and Niranjan (2019), persons who are financially literate are able to evaluate the advantages of a wide variety of innovative and complex financial instruments, as well as make judgements about which instruments to use and how much to use of each instrument. According to Malhotra and Baag (2021), financial literacy may be defined as "the capacity of consumers to make financial decisions in their own best short- and long-term interests." Beale and Rose (2018) defined debt literacy as the "capacity to make simple judgements about debt contracts," with a focus on the practical application of fundamental knowledge regarding interest compounding in the context of ordinary financial choices. Debt literacy is a subset of financial literacy. In their definition, debt literacy is defined as the "capacity to make simple judgements about debt contracts.

According to the World Bank (2011), financial literacy is "the capacity and confidence of consumer investors to comprehend financial risks and possibilities, make educated decisions, know where to go for support, and take other effective activities to enhance their financial well-being." In other words, financial literacy refers to the ability and confidence of consumer investors. In its most fundamental form, financial literacy may be defined as the accumulation of the knowledge and abilities that, when combined, enable a person to make financially responsible choices that are both informed and effective. Financial literacy is defined by Remund (2010) as "the degree to which an individual is able to identify, understand, and use financial resources to achieve personal and social goals." He defines "financial literacy" as "the knowledge and comprehension of financial ideas," which ultimately results in "the capacity to make educated, confident, and successful judgements regarding money." According to Remund, the definitions of financial literacy that are used in contemporary research may be divided into four areas. These categories include the following: budgeting, saving, borrowing, and investing. These fundamental notions may be expanded upon or altered in accordance with the considerations of prudent financial planning, borrowing, saving, and investing.

In addition, the OECD (2013) uses the terms "money and transactions," "financial planning and management," "financial risk and reward," and "the financial landscape." All of these terms pertain to different aspects of the financial world. According to Huston (2010), this issue may be understood by considering it from the point of view of the four fundamentals of personal finance, which are earning and spending, investing, saving, and managing risk. Starter pistols investment, risk management and insurance, financial decision-making, and spending are some of the indicators that are utilised by the National Coalition for Financial Literacy. Other metrics include credit and debt, saving, income, and investment. Capuano and Ramsay (2011) included the concepts of numeracy and money management, budgeting and living within means, saving and planning, borrowing and debt literacy, product choice, and recourse as components of their definition of financial literacy.

**2.1.2 Savings Behaviour**

The most typical kind of individual financial activity that has a significant influence on one's overall financial well-being is the practise of saving money. Nevertheless, depending on the circumstances, "saving" may have a number of distinct meanings and connotations. Putting money away in a savings account at a commercial bank, a credit union, or another kind of financial organisation is an option for some people. For some people, saving means acquiring assets such as stocks and debt instruments, as well as real estate such as gold and land. For others, it means purchasing shares. In the context of economics, Dangol and Maharjan (2018) and Ashby, Schoon and Webley (2011) defined savings as the amount of revenue that is left over after current expenditure has been subtracted from total income over a certain amount of time. This would imply that saving is done whenever there is money that is not needed. In contrast, the act of "saving" in the context of psychology refers to the practise of refraining from spending money in the here and now in order to make use of it in the future (Allom et al., 2018). Not only do individuals and families benefit from savings, but the economy as a whole benefit as well since savings provide the groundwork for investment and the expansion of infrastructure in each nation.

The combination of anticipating one's future needs, making a choice to save, and actually putting away money is saving behaviour. In addition to factors such as age, gender, income, and other socio-demographic characteristics, individuals' propensity to save money is impacted by their level of financial literacy (Marumbwa, 2014; Fornero and Monticone, 2011). According to the findings of the study, those who have a high degree of financial literacy are able to manage their assets effectively, have an understanding of how financial institutions operate, and possess a range of analytical abilities. Delafrooz and Paim (2011) examined the degree to which financial knowledge influences individuals' propensity to save money in Malaysia. The results showed that financial literacy has a significant effect on saving behaviour, with those who have poor levels of financial literacy being less inclined to save and more likely to run into financial difficulties in the future.

### 2.1.3 Investment Behaviour

Putting money into something with the intention of making a profit is what we mean when we talk about investing. It is the decision to refrain from spending money at the current time with the expectation that one or more opportunities for financial gain may become available in the future. As a consequence of this, it is a reward for exhibiting perseverance while waiting for money. Therefore, setting aside money for savings is the first stage in the process of investing (Anufriev et al., 2022; Shen et al., 2022). Additionally, the term "investment" refers to the planning and management of time, effort, or resources in order to yield a benefit such as interest, dividends, or an increase in value of the asset being invested in. The accumulation of newly created things, such as inventories, buildings, and equipment, is what the word "investment" refers to in terms of economics. However, in the view of those who specialise in finance, the act of buying something with the hope that its value will increase in the future is all that constitutes investing. The thinking of investors, who are understood to be individuals who deploy money with the intention of making a profit, is directly related to the conduct of investors. It comes to reason that in light of the fact that one's savings and investments are intertwined, an investor would want to put their money into a market that is not only secure but also lucrative and liquid. The research conducted by Delafrooz and Paim (2011) revealed that a person's level of financial literacy plays an important part in shedding light on their opinions towards saving and investing.

People need to be able to read and write their own financial documents due to the complexity of today's financial products and the need to make financial decisions on a daily basis. Some examples of these decisions include determining how much money to save, comparing and contrasting the various financial instruments available for investment, determining when and where to receive financing, and determining when and where to invest. Investment behaviour provides insight into the ways in which people's day-to-day activities influence their decision to make financial investments. According to Baker and Ricciardi (2014), the study of investor behaviour is an effort to examine and explain actions by merging the academic areas of psychology and investing based on individual levels and the operation of financial markets. This is according to Baker and Ricciardi's definition of investor behaviour. During the process of financial planning and investing, investors face a number of mental and emotional problems, and this concept incorporates both of these aspects. This may be based on things that occurred in the past, beliefs, or hearsay, among other possible sources of information.

### 2.1.4 Financial Literacy and Investment Behaviour

It has been proposed that when individuals acquire more information and adopt a more confident outlook toward capital, they will make better decisions that result in cost savings and increased investment activity (Pillai et al., 2017). Agarwal et al. (2020) found a correlation between a lack of financial literacy and common financial blunders such as under-diversification, portfolio inertia, and the tendency to sell winning stocks and keep loser equities. These are all instances of the tendency to sell winning stocks and maintain loser equities. According to the findings of the study conducted by Stolper and Walter

(2017), individuals who have a strong understanding of personal finance are more likely to lay money aside for their retirement, make astute stock market investments, and sensibly organise their assets. According to the findings of the study carried out by Erner, Goedde-Menke, and Oberste (2016), those who get financial education during their time in high school or at their place of employment are more likely to put money away for their futures than those who do not receive such instruction.

Lusardi (2019) found that those with poor financial literacy have a substantially reduced likelihood of saving for retirement, which leads to much smaller retirement savings. This is a direct consequence of the low financial literacy. The authors of Oseifuah et al. (2018), who examine the levels of financial literacy among both business and non-business students, suggest that it has an influence on people's decisions in the areas of saving, borrowing, retirement planning, and investing. The writers look at students who are majoring in business as well as students who are majoring in something other than business. It has been suggested that individuals first put their savings into bank deposits and subsequently move those funds into insurance policies (Prina, 2015). According to Calcagno and Monticone (2015), low levels of financial literacy have been linked to individuals making poor financial choices.

According to French and McKillop (2016), financial planning and understanding of finances have a substantial amount of impact on investment behaviour as well as the rise of personal wealth. According to Haberly et al.'s research from 2019, separate pools of investment capital may be segmented using either passive or active asset management techniques. Stolper and Walter (2017) came to the conclusion that the level of investment in a nation is impacted by the population's degree of awareness about personal finance after conducting a review of data from other countries. The findings of research on the behaviours of people in industrialised countries (Loerwald and Stemmann, 2016) suggest that one's level of financial literacy has substantial implications for the decisions they make about retirement planning and investment choices. Research that was released by Lusardi (2019) demonstrates that there is a correlation between financial literacy and investment. People with high levels of literacy give more care to the choices they make about their finances, and they are more likely to choose assets with lower costs. The growing amount of data demonstrates a considerable connection between saving behaviour, levels of financial literacy, and investment patterns. The vast majority of the sources that we looked at pointed to a correlation between one's degree of financial literacy and their investing behaviour, implying that one's level of financial education affects the investments that one chooses to make.

### 2.1.5 Financial Literacy and Saving Behaviour

According to Johnson et al.'s 2020 research, when people have a stronger understanding of money and a more definite attitude towards it, they are able to make better judgements that minimise waste and enhance their inclination to save money. According to Calcagno and Monticone (2015), some of the most common issues in financial management may be traced back to a lack of financial literacy. These issues include under-diversification, portfolio volatility, and the propensity to sell profitable assets while continuing to hold unprofitable ones. Clark, Lusardi, and Mitchell (2017) found that families with a high literacy rate had a better likelihood of saving for retirement, investing in stocks, and retiring with larger wealth accumulation than families with a low literacy rate. The study was done on families in the United States. According to the findings of Amagir, van den Brink, Groot, and Wilschut (2022), those who got financial education either in high school or in a job had greater rates of savings than those who did not obtain such instruction. According to Awais et al. (2016), retirees who have low levels of financial literacy acquire substantially less wealth over their retirement years. According to Awais et al. (2016), financial literacy may have an effect on a variety of different financial choices, including retirement planning, retirement savings, investments, and borrowing money. Research conducted by Demirguc-Kunt et al. in 2015 found that the most common way for individuals to save money and make investments is via bank deposits such as insurance policies and fixed deposits. According to Calcagno and Monticone (2015), people who have a basic understanding of personal finance are better able to keep tabs on their spending patterns and choose investments that provide the best return on their money. The ability to read and understand financial documents is essential for investors since it allows them to make informed investment decisions.

## 2.2 Theoretical Review

### 2.2.1 Theory of Planned Behaviour

Icek Ajzen (1985) came up with the idea for the TPB, which was a development of Ajzen and Fishbein's (1980) Theory of Planned Behaviour. According to Ajzen (1991), it is one of the most important theories that attempts to describe the effects of knowledge and motivation on human conduct. According to this theory, conduct may be characterised in terms of the motivational components that are responsible for capturing intention. These components include things like attitude, subjective norms, and perceived behavioural control. Subjective norms are characterised as society pressures that need an individual to participate in a certain activity, while attitude is defined as the degree to which a person derives a good or negative appraisal from executing a specific conduct (Ajzen, 1991). Subjective norms may be compared to objective norms, which are described as societal forces that demand an individual to engage in a given behaviour. Additionally, the TPB makes an effort to assess and foresee behaviours that are not totally volitional, such as perceived behavioural control (Ajzen, 1991). According to Ajzen (1991), it evaluates an individual's perception of how easy or difficult it is to do a variety of behaviours.

One of the predictors that are taken into account in the theory of planned behaviour is an individual's sense of how much control they have over the action that is going to be carried out. Control beliefs, which are beliefs about the probability that one has what it takes to accomplish the planned conduct or achieve the stated aim, impact an individual's sensation of being in control (Ajzen, 1991). Control beliefs are beliefs about the likelihood that one has what it takes to accomplish the intended behaviour or achieve the stated objective. As a consequence of this, perceived control has an effect on behaviour in at least two different ways. First, it has an impact on what the concerned actors' intentions are to do, and second, it has a direct impact on what those actors actually do (Ajzen, 1991). This shows that individuals engage in behaviour over which they feel confidence that they can achieve their goals. In what ways might an individual assert that they have control over a certain behaviour? Ajzen (1991) asserts that the primary focus of the TPB is on control in its operational sense. When he spoke of "actual control," he meant a situation in which a person has the requisite skills and resources to carry out a certain act and there are multiple possibilities for that individual to do so. According to Ajzen's theory (Ajzen, 1991), perceived control may at best work as a stand-in for real control due to the imprecision and error that can be introduced by perceptions. Because of this, the TPB has been subjected to the criticism that individuals have a natural propensity to overestimate their feeling of personal control over circumstances that directly impact their egos (Langer, 1975). This critique suggests that people's notions about personal control can be distorted as a result. In addition, Ajzen (1985) proposes that an individual's level of perceived control may impact their behaviour by motivating them to put in a greater amount of effort while attempting to accomplish a certain activity or achieve a particular goal.

Therefore, a person's disposition towards a certain activity may be influenced by whether or not they have a favourable or unfavourable assessment of the action in question. A person's social network contributes to the formation of a subjectivist norm on a certain activity when its members participate in that specific behaviour. According to Azjen (1991), perceived behavioural control describes how difficult or easy it is to carry out a certain activity while taking into account possible impediments and the individual's prior experiences with the behaviour in question. In the theory of planned behaviour (TPB), there are two predictors: perceived behavioural control and intention. Both of these predictors may predict behaviour performance. According to Azjen (1991), increased perceived behavioural control will almost always result in the conduct, even if the desire to behave remains the same. According to the Theoretical Perspective on Behaviour (TPB), behavioural beliefs impact one's attitude towards conduct, normative beliefs influence one's subjective norms, and control beliefs influence one's perceptions of behaviour (Azjen, 1991). This theory was developed to better explain human behaviour. Employees in the public sector in the Ho municipality who have a more favourable attitude towards, a favourable subjective norm, and a high perceived level of behavioural control over the activity all correlate to a higher desire to engage in it.

## 2.3 Empirical Review

### 2.3.1 Socioeconomic and Demographics Factors Influencing Financial Literacy Levels

Dewi (2022), investigated the myriad of connections that existed between demographic and socioeconomic characteristics and various aspects of financial literacy. In this study, measuring financial literacy included using multivariable analysis rather than the two or three variables that are often utilised in the research that has been done before. Participants in the survey came from 255 different universities on the island of Java, Indonesia. According to the findings of the research, gender, age, speciality, and other demographic factors all showed varying associations with financial abilities, knowledge, competence, awareness, and experience. In addition, the study provided empirical data to support the hypothesis that the socioeconomic context of consumer spending affects the numerous relationships between financial awareness and capabilities. According to the data, demographic and socioeconomic factors contribute to an increase in financial literacy.

In addition, Ooko (2017) investigated the impact that a variety of demographic and socioeconomic factors have on the degree of financial literacy held by individuals employed by Deloitte Kenya. Specifically, the study focused on the Kenyan workforce. All 337 persons working for Deloitte in Kenya at the time of the study filled out the questionnaire and gave their responses. SPSS was used to conduct an analysis of the data in order to collect both descriptive and inferential statistics. After that, the results of the investigation were outlined for the audience using various graphical representations, including tables, charts, and graphs. According to the findings of the research, the overall level of financial literacy that can be found among the employees of Deloitte is rather high. These findings were drawn from the survey that was conducted. It was also shown that a person's degree of financial literacy is impacted by the socio-economic circumstances of their life.

Gangwar and Singh (2018), discovered the variables that determine the level of financial literacy in India as well as the effect that level of financial literacy has on investing behaviour. Additionally, they found the effect that the level of financial literacy has on the factors that influence the degree of financial literacy in India. In order to accomplish the goals of the research, primary data was collected from a total of 309 participants distributed throughout India. Following this, the data in question were put through an analysis that made use of empirical techniques such as the ordinary least square (OLS) regression and the t-test. It was found that the majority of respondents had a low degree of financial literacy and that there were significant differences across groups based on socio-demographic and economic variables. This was revealed. It was discovered, much to everyone's surprise, that there is no association between the degrees of financial knowledge and investing activity.

Larasati and Wiagustini (2021) conducted research to determine how characteristics such as demographics and socio-economic standing influence an individual's degree of financial literacy. The technique of sampling that was used for the research was a nonprobability method sampling that applied a purposive sample. This approach was utilised for the investigation. The number of samples that were utilised was 68 data samples, which was decided based on the number of indicators that were included in this research. Whereas the number of samples that were used was 68 data samples. The kind of analysis that is used in this situation is called PLS, which stands for "partial least analysis square." According to the findings of the research, socio-economic characteristics such as working time and income rates, as well as demographic factors such as gender, marital status, and age, have an impact on college students' ability to manage their finances responsibly. This was established by analysing how college students managed their own personal finances, how they felt about managing their money, and what they understood about money in general.

Sodipo et al. (2022) conducted an investigation on the effect that a person's level of financial literacy, together with their socioeconomic features and demographic variables, has on their propensity to save money. The participants in this study ranged in age from 15 to 70. The results, which were based on a variety of approaches, offered support for the observation made from economies that are equivalent to ours, but they also showed some inconsistencies. The findings were supported by the observations made from economies that are comparable to ours. According to the findings of Sodipo and colleagues (2022), the characteristics that have the greatest impact on Nigerians' tendency to save money include, among other things, their degree of financial awareness as well as their proximity to a variety of financial products and services. It is legitimate to declare that financial knowledge, in addition to a grasp of the factors that might effect it, is necessary for the formulation of strategies that aim to encourage the engagement of a greater number of individuals in society in formal financial streams.

### 2.3.2 Financial Literacy and the Investment Behaviour

Choudhary, Kamboj, and Mehta (2021) explored how financial literacy and investment behaviour are interconnected, as well as the effect that socio-demographic variables have on these two components of financial literacy and investment behaviour. Additionally, they looked at how socio-demographic factors affect the relationship between financial literacy and investment behaviour. The study makes use of a questionnaire in order to evaluate and get an understanding of the degree of financial literacy as well as the investment behaviour of 477 respondents in India. The respondents are located in India. In this particular research endeavour, the replies to the survey are examined making use of multinomial logistic regression. The results also reveal that the degree of respondents' financial literacy has a significant positive link with both their age and their level of income. This was demonstrated by the findings. According to the results, slightly less than half of the persons who participated belonged to the group of respondents who exhibited adverse investing behaviour. According to the information that is currently available, the investment behaviour of respondents is considerably impacted in a positive direction by their gender, the location of their primary residence, and their work level.

The researchers Sabir, Javed, Khan, and Javed (2021) investigated the influence that financial literacy has on the link between investor behaviour and stock market performance in Pakistan. They found that financial literacy had a moderating effect. Their investigation used a quantitative method in order to prove or disprove the theory. They were able to acquire information from 250 different stock investors by using a technique known as random sampling. The study was carried out with the assistance of the Smart PLS version 2.0 software, and the Partial Least Squares structural equation modelling approach was used so that the modelled hypothesis could be evaluated. The outcomes of the study indicated that the amount of religious commitment had an effect on investing intentions but did not have an effect on investment practises. The findings also indicate that individual investors' financial expertise significantly moderates the relationship between their investment intentions and their actual stock market conduct. This was shown to be the case. The next year, Chawla, Bhatia, and Singh (2022) conducted research to determine the extent to which parents are believed to have an influence on their children's capacity to handle money responsibly. In addition, research is conducted to determine if young individuals' investing behaviours are influenced more directly or indirectly by their level of financial literacy. Surveys were used in their research to collect data for a cross-sectional analysis. It was shown that one's perception of their parents' financial conduct has a significant effect on the degree of financial literacy that an individual has. In turn, having a basic grasp of money has a positive influence on the way young people approach investing, which is a win-win situation for everyone involved. In addition, the choice to invest is influenced by the young adult's evaluation of the degree to which they are self-assured in their ability to make reasonable decisions about their financial situation.

Bhushan (2014) investigated the relationship between individuals who have paid employment and their degrees of financial literacy as well as their conduct towards investments. The study is going to concentrate on the state of Himachal Pradesh as its primary subject. Everyone in the state of Himachal Pradesh who has a job that pays them a salary, regardless of whether they work for the government or for a private enterprise, and everyone who is liable to pay income tax was taken into account while making this decision. The procedure for collecting data has been constructed such that it includes many phases of sampling. Himachal Pradesh is comprised of a total of twelve distinct districts that make up the state. The first step of the procedure consisted of choosing three districts at random from the following three: Shimla, Solan, and Kangra. The findings of the research indicate that an individual's degree of financial literacy influences both their level of familiarity with various financial products as well as the investment options they choose for these products.

In addition, Ushalakshmi and Selvavinayagam (2019) investigated the methods of financial planning and investing that are used by College Teachers working in Government and Private Colleges in the Dharmapuri District. These College Teachers operate in the area. When it comes to matters pertaining to finances, paid college professors, regardless of whether they are employed by the government or a private school, have been shown in a number of studies to place an emphasis on security as the factor that is most important to take into account. This conduct was directly caused by a lack of financial literacy as well as a lack of comprehension of the available grievance procedure in the event that issues emerge. The majority of individuals often put their money into one or more of the following forms of investments: gold, real estate, secured fixed or recurring deposits in banks, and insurance policies.

Research that was conducted by Pandey and Kathavarayan (2017) looked at the methods that college faculty members in the Puducherry area use to save money and invest their money. The study looked at the preferences that investors have for a variety of financial goods, including stocks and bonds, mutual funds, bank deposits, life insurance, and other items that are quite comparable. The study, which was carried out with the assistance of primary data, included responses from a total of 113 residents originating from the

Pondicherry area. When it comes to investment preferences, the results of the study indicate that demographic characteristics such as age, gender, education, marital status, and income show a high degree of importance, and association inferences about awareness of investment outlets and education are significant. In addition, the Chi-square test discovered that a person's degree of contentment in regard to investments is related to aspects such as age, gender, monthly income, and marital status.

### 2.3.3 Financial Literacy and the Saving Behaviour

Peiris (2021) conducted research to investigate the effect that a person's level of financial literacy has on their propensity to save money. In the course of their investigation, they took into account the role that an individual's purpose to save may have as a mediator between the two factors. A total of 206 persons who were gainfully employed in the Colombo region of Sri Lanka were each given a structured questionnaire to fill out. The research employed a method known as Three Stage Least Squares to evaluate the structural equations model that was fitted to test the hypothesised mediation effect. This method was used to analyse the structural equations model. According to the results, an individual's degree of financial literacy has a direct bearing on their inclination to save money, and this bearing is one that is considerably beneficial. Furthermore, it was shown that the mediating impact of purpose was positively significant in the link that was indicated before. This shows that having a knowledge of the financial system leads to good savings behaviour, and more particularly, that it creates the desire to save more money. Additionally, this suggests that having an understanding of the financial system leads to positive saves conduct.

Choden et al. (2021) also accomplished their aims of evaluating the level of financial literacy among students who were in their last year at four different schools that were linked with RUB and determining the effect that financial literacy had on the students' tendency to save money as a result of their education. An inferential statistical research technique was applied so that the investigation could be carried out. One of the 32 quantitatively based surveys was provided to each and every student who was enrolled in their final year at one of the four educational institutions that are connected in some way to the Royal University of Bhutan. The outcomes of the study indicated that students at Gedu College of Business Studies in their final year had a better degree of financial literacy than students at the other three universities combined. In addition, the results of the research suggest that the amount of financial literacy obtained by students in their senior year has a significant effect on the degree to which they have a tendency to set aside financial resources for the future.

Additionally, Appiah (2019) investigated the disparities in financial knowledge and savings practises that exist among the academic and administrative staff members of the Swedru School of Business. The investigation consisted of analysing data from a total of one hundred twenty-five (125) educators and sixty-nine (69) support staff members. The information needed was gathered via the usage of the questionnaire. According to the findings, in comparison to the other workers, instructors had a greater level of knowledge on matters pertaining to personal finance and insurance. On the other hand, non-teaching personnel had greater experience and knowledge than teaching staff when it came to saving and borrowing money, preparing for retirement, and being exposed to monetary and financial challenges. In all aspects of the survey pertaining to personal finance, males displayed a much higher level of knowledge than females, including general knowledge, information regarding savings and borrowings, knowledge regarding retirement planning, and knowledge regarding insurance.

Namate (2020) carried out an in-depth empirical investigation of the elements that have an impact on the financial literacy and savings practises of Malawian households. This study makes use of data obtained from a household survey on financial literacy and consumer protection that was commissioned by the Reserve Bank of Malawi in 2018 and conducted in Malawi. Empirical research has revealed that there are statistically significant variations in the degree of financial literacy among people in Malawi depending on factors such as geographical location, gender, employment, marital status, income level, level of financial education, and ownership of a bank account. These factors may be broken down further into subcategories such as gender, employment, and marital status. Furthermore, the results of the Probit regression indicate that there is a substantial positive correlation between financial literacy scores and the likelihood that families would save money in the future. According to the findings of the research, further efforts on the part of relevant authorities are required to promote financial literacy. This is because it is anticipated that doing so would raise the rate at which a country saves.

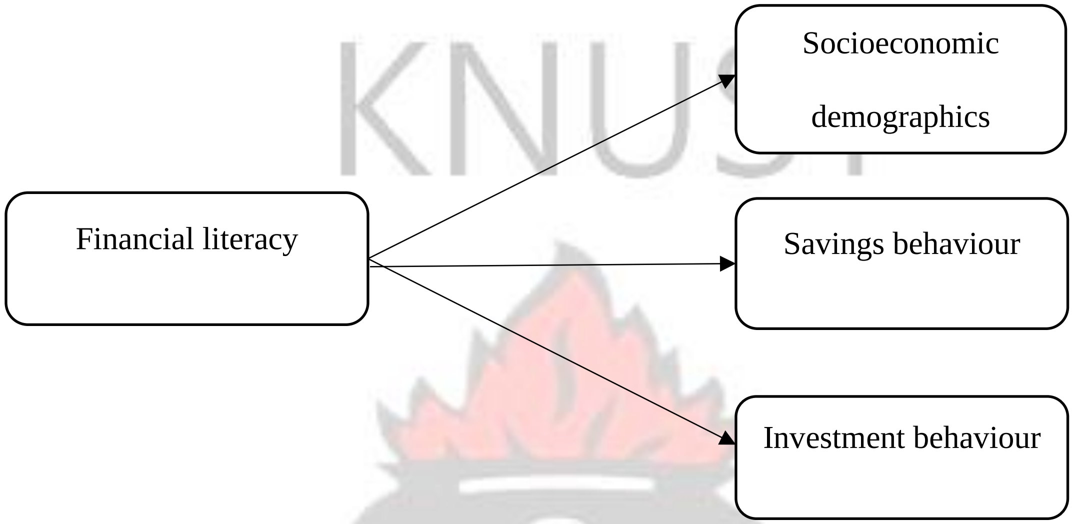
Uddin (2020) conducted an investigation during the same year on the connection between financial literacy and savings. For the purpose of the research, questionnaires were given to two hundred different Omani individuals. Along with FL, other socio-demographic aspects such as gender, age, and educational achievement were looked into as well. In order to carry out the procedure of doing the data analysis, logistic regression was applied. According to the findings of the research, a higher level of financial literacy was associated with a substantial effect that pointed in the direction of increasing personal savings. A person's age and level of education, among other demographic indicators, were shown to have a positive influence on the chance that they would save money. According to the conclusions of this research, promoting financial literacy should be a top priority since it leads to higher savings and, as a consequence, contributes to the supply of investment that helps diversify the Omani economy.

Widjaja, Arifin, and Setini (2020) conducted research to determine how Financial Literacy influences individuals' propensity to save money. The ability to record one's intentions and feelings towards financial saving was shown to be beneficial in their article. In addition, the research investigates how a person's outlook on frugality might operate as a mediator between the effect of subjective norms on a saver's conduct and the manner in which an individual saves money. The participants in the research were comprised of primary data obtained from 469 young workers who were employed in the DKI Jakarta region in the year 2018. The findings of the study indicate that a person's degree of financial literacy has an effect on their saving behaviour, both directly and indirectly, through the variables of saving intention and attitude towards saving mediation. This relationship was shown to be significant. According to further pieces of evidence, subjective standards do not have an effect on people's thrifty behaviours in a direct manner; nevertheless, these standards do have an effect on people's views about thrifty aspects.

In their 2017 study, Murendo and Mutsonziwa used survey data acquired from a sample of 4,000 adult financial consumers in Zimbabwe to explore the variables that define a person's degree of financial literacy and the influence that level has on that person's decision to save money. Specifically, the researchers were interested in the relationship between a person's level of financial literacy and the choice to save money. According to the data, the amount of financial literacy that women possess is lower than that of males. In addition, those who reside in rural areas have a lower degree of financial literacy when compared to people who live in urban areas and utilise financial services. This is the case even if both groups make use of financial products and services. People who live in rural regions, and women in particular, should have easier access to financial services, and there should be efforts made to enhance financial literacy among those people. The outcomes of the econometric study reveal that a person's degree of financial literacy has a positive influence on their inclination to save money regardless of whether they reside in the city or the country.

**2.4 Conceptual Framework**

The primary purpose of the research is to establish the degree of financial literacy on the savings and investing behaviour of public sector employees in the Ho municipality. This will be accomplished via the use of questionnaires and interviews. The individual's inclination to save money and invest it is impacted by a broad range of conditions, according to the research that is now accessible as well as the conclusions of studies that were conducted in the past. On the other hand, for the purpose of this investigation, it is assumed that the staff members' propensity to save money and invest it is primarily influenced by their level of financial literacy as well as other sociodemographic factors such as age group, marital status, gender, level of education, occupational sector, work profile, total work experience, monthly income, household size, residential house status, and tax payment. The theoretical foundations of the ongoing study are summarised in Figure 1, which provides an overview of these foundations. In this research (which looks at socioeconomic and demographic factors, as well as savings and investing behaviour), financial literacy serves both as the independent and dependent variable.




**Source: Author's Construct (2022)**

**Figure 2. 1 Conceptual Framework**

### 2.4.1 Hypothesis Development

**Socioeconomic Demographics Factors Influencing Financial Literacy Levels**

Although socioeconomic and demographic parameters are routinely used to define respondents' profiles, some earlier research used these variables to study the relationship between two or more variables. Two key elements, external and internal were found to impact financial literacy, as reported by Nidar and Bestari (2012). For example, inflation and interest rates are examples of external forces that affect the economy. Internal variables, meanwhile, include age, sex, ethnicity, education, and financial status (occupation and income). Multiple studies have looked into how age, gender, and other demographics affect financial literacy (Klapper and Lusardi, 2020; Hasler and Lusardi, 2017). According to Klapper et al. (2015), there are significant differences in financial literacy based on factors like gender, education, age, and socioeconomic status. In line with the findings of Yakoboski et al. (2019), who discovered that financial literacy levels varied across demographic groups, this statement asserts that males and adults had above-average levels of financial literacy. At last, Nanziri and Leibbrandt (2018) established a link between socioeconomic status and financial literacy gaps.

***H1: There is a positive relationship between socioeconomic demographics on financial literacy.***

**Financial Literacy and the Investment Behaviour**

Arianti (2018) argues that an individual's choice to invest is private and entirely under his or her control. Therefore, it's important to give an investment a lot of thinking before making a final choice. Behavioural motivation (investment choice based on an investor's psychological component) and the amount to which a person's decisions might maximise wealth are two factors that influence an investor's actions throughout this time period, as stated by Christanti and Mahastanti (2011). Such conclusions often rely on decision aids that assume a certain amount of financial literacy on the part of their users. Therefore, it is reasonable to assume that an individual with access to relevant financial data may make educated investment choices on their own behalf. These choices include weighing the risks and potential rewards of the available options in order to allocate scarce resources among competing financial goods and services. Therefore, one who has access to relevant financial data is likely to make a wise investment decision. Positive effects on investment are found in the work of (Pandey and Kathavarayan, 2017; Ushalakshmi and Selvavinayagam, 2019; Sabir, Javed, Khan, and Javed, 2021; Chawla, Bhatia, and Singh, 2022).

***H2: There is a positive relationship between financial literacy and investment behaviour.***

**Financial Literacy and Saving Behaviour**

To improve one's financial situation, one must have a firm grasp on money management and problem-solving skills (Lantara & Kartini, 2015) and a shift in mindset (Masson, 2010). Behaviour that evolves into an understanding of how to budget for meeting their needs in the future. In light of this, the study aimed to increase comprehension of the roles played by various monetary concepts, such as loans, savings, banking services, pension knowledge, and others (Falahati et al., 2012). People who are concerned about their personal finances tend to study their financial accounts more often, save more money, and make more prudent choices about their financial assets as a result (Magendans, 2014). People who are financially literate and have a strong commitment to saving are more likely to do so because of their familiarity with and comfort with various financial assets (Widjaja, Arifin, & Setini, 2020). While some studies have identified a positive correlation between Financial Literacy and savings habits, others have found none (Jamal et al., 2015; Thung et al., 2012; Widyastuti et al., 2016; Sabri et al., 2019).

***H3: There is a positive relationship between financial literacy and saving behaviour.***

**2.5 Summary**

This section provides a more in-depth analysis of the effects of financial education on saving and investment habits, drawing on a review of related academic literature, and documents from institutions, and government bodies. Ghana now has a serious problem with financial literacy as a result of the dramatic shifts in the country's financial climate in recent years. All sorts of people and groups care about this contentious issue, from the federal government to banks and non-banking businesses to educational institutions to national and international bodies to NGOs to individual savers and investors. Everyone has to know how to handle their own money, and that's the core concept of financial literacy. One's financial literacy is their ability to learn about and manage money (Laxmi & Maheshwary, 2018). However, no one can handle their money well if they lack the requisite knowledge and experience in this area. Therefore, learning how to manage money is crucial for everyone. The public sector employees in Ghana play a significant role in the country's economic development, thus it's important to investigate whether or not financial literacy influences their savings and investing habits. staff of the Ghanaian Civil Service, Ghana Education Service, Judiciary, law enforcement agencies, Article 71 staff, Foreign Missions, and Subverted Agencies are counted as public sector workers in this research (Bank of Ghana, 2007). Therefore, this research seems to address a knowledge vacuum by investigating how financial literacy influences the savings and investing habits of Ho municipality government employees.

## CHAPTER THREE

## METHODOLOGY

### 3.1 Introduction

This chapter provides an overview of the several approaches, plans, and instruments that the researcher used in order to gather data, clean the data, and analyse the data in order to accomplish the objective of the study. It is structured with the research design on the top, followed by the population of the study, the sampling procedure and size, the data collection and analysis, the validity and reliability, and a chapter summary on the bottom.

### 3.2 Research Design

The choice of a study design or technique is very important since it dictates the means through which the research goals may be attained. According to Creswell (2014), research design may be defined as a predefined strategy that is utilised to gather and analyse data to verify or refute research hypotheses. According to Klapper and Lusardi (2020), the primary objective of a good research design is to collect as much data as is practically possible for a study while spending as little time, money, and effort as possible. The nature of the issue, the philosophical assumptions that will guide the ideas of the researcher, and the study technique that will be adopted all play a significant role in determining which research design will be used. Because of this, the positivist paradigm was chosen to accomplish the goal of determining the linkages that exist between people's level of financial literacy and their investing and savings behaviours. According to Easterby-Smith et al. (2012), this paradigm is consistent with the assumptions that owing to the tangible and external character of the world, the exploration and development of knowledge can only be based on facts that are observed and documented using direct data or information. This paradigm also aligns with the idea that knowledge can only be created based on facts that are observed and recorded. According to Kelly, Dowling, and Millar (2018), positivists believe that one may arrive at an accurate representation of reality by the use of statistical and mathematical methods. The use of a quantitative research methodology was influenced by this paradigm (Creswell & Creswell, 2017). According to Stolper and Walter (2017), the objective of using the quantitative method is to make use of numerical values to count and quantify the features and ideas that offer data about the research.

As a consequence of this, the researcher is free to choose from among the several research designs that are offered for quantitative research (Saunder et al., 2019), including the correlational, quasi-experimental, explanatory, and descriptive research designs. To accomplish the purpose of the study, an explanatory research design was used. When researchers want to investigate the causes and effects that exist between the study variables, it is the most suitable method to apply (Tafa & Worku, 2022). Because of this, the design was judged suitable for analysing the impact of financial literacy on the conduct of employees in the public sector in the municipality of Ho in terms of their saves and investing practises.

### 3.3 Population of the Study

The study was conducted on the public sector workers in the Ho Municipality. Therefore, the population constituted all workers, irrespective of their gender, sector of work and rank within the Ho Municipality. The 2021 population and housing census pegged the government workers in the Ho Municipality at 13,219. The workers include all sectors including those working in the public schools, public hospitals, the Municipal Assembly, Ministries, Department and Agencies, fire service, security, sanitation, etc.

### 3.4 Sample Size and Sampling Technique

Sample size refers to the subgroup of the population that is drawn for an inquiry. To ensure a feasible study where the findings can be generalisable to the entire population of the Ho Municipal public sector workers, the study took only a representative part of the entire population. Though the selection of sample size is essential for any research, there is no single method for determining it (Bhat & Darzi, 2016). To minimise sampling error in a quantitative study, a large sample size is mostly recommended (Hair et al. 2012) because drawing a large sample size from a population increases the probability of the sample approaching a normal distribution (Sekaran & Bougie, 2019). The recruitment of these workers who were qualified for the study was done in an orderly manner. These procedures are referred to as the sampling technique. Generally, there are two techniques used in sampling; probability and non-probability sampling techniques (Akansimse, 2019). Whereas the former involves randomness, the latter does not (Graue, 2015). To give chance for all the public sector workers in the municipality to have the chance to be included in the study, the probability sampling technique, specifically the simple random sampling technique was used.

With a total population of 13, 219, the study employed the sample size formula of Yamane (1973) (Uakarn, Chaokromthong & Sintao 2021). Consider the formula in equation (1)

$$\text{n} = \frac{N}{1 + Ne^2} \quad \ldots \ldots (1)$$

Where n is the sample size, e is the sampling error, and N is the population size. The resulting output for the sample size is calculated in equation (2):

$$n = \frac{13219}{1 + 13219(0.05)^2} = 388.252 \ \ldots\ldots (2)$$

Hence, a sample of 388 public sector workers within the municipality was selected for the study.

### 3.5 Data and Data Collection

The information, facts and figures used to study a problem of an inquiry are referred to as data. There are two categories of data: primary and secondary (Byju, 2020). The type of facts researchers acquire for the first time during an investigation is called primary data and is obtained through surveys or censuses. While secondary data comes from organisations or institutions where the data already exists (Bell, Bryman & Harley, 2018). The study used primary data by taking a survey of some of the public sector institutions in the study area. This data was gathered using a data collection instrument such as a questionnaire through an online survey document, Google form. The study relied on cross-sectional data collection approaches to elicit the required data. Thus, a questionnaire as the data collection instrument was administered to the respondents both face-to-face and through online platforms such as online and WhatsApp messaging.

#### 3.4.1 Variables Description and Measurement

The research has two types of variables: dependent and independent. Workers' propensity to save and invest their money was the dependent variable, while demographic characteristics such as age, marital status, gender, income, length of employment, and knowledge of personal finance made up the independent variable.

### 3.4.2 Data Collection Instruments

Data can be elicited using several approaches (Dikko, 2016). Interviews, observations, and cross-sectional surveys are the notable data collection techniques for primary data. Despite their importance, cross-sectional surveys are best suited to quantitative research like this one. The survey approach is useful for collecting data from a large sample of people about their opinions, values, and character traits (Graue, 2015). Positivists believe that a survey's ultimate purpose is to standardise and homogenise replies by combining them with relevant research questions (Graue, 2015).

A systematic questionnaire, broken down into parts A, B, and C, was used to compile the data. Section 'A' gathered personal information, such as sex, age, years worked, education, marital status, employment, etc. All the remaining items in the survey were designed to be answered using a Likert scale, with responses ranging from 1 (not at all) to 5 (very big extent). Section 'B' included questions on employees' financial literacy that were designed to elicit such information. Items might be found in the final, 'C' sector. The survey is based on one originally developed by Owusu et al. (2022).

### 3.6 Data Analysis

To find the relationship between financial literacy and the savings and investment behaviours of the workers, the study employed multiple regression analysis to achieve the study goal. Specifically, the Ordinary Least Square method was used to estimate the parameters. The study employed SPSS version 20 for the analysis. Consider the models in equations 1, 2 and 3, where each of the three separate models addressed the respective study objectives.

$$FL_i = \beta_0 + \beta_1 Age_i + \beta_2 Gender_i + \beta_3 Marital_i + \beta_4 Income_i + \beta_5 Experience_{it} + \beta_6 Fin_{Edu_i} + \beta_7 Edu_i + \epsilon_i .. (1)$$

$$InvstB_i = \beta_0 + \beta_1 FL_i + \beta_2 Age_i + \beta_3 Gender_i + \beta_4 Marital_i + \beta_5 Income_i + \beta_6 Experience_{it} + \beta_7 Fin_{Edu_i} + \beta_7 Edu_i + \epsilon_i .. (2)$$

$$SaveB_i = \beta_0 + \beta_1 FL_i + \beta_2 Age_i + \beta_3 Gender_i + \beta_4 Marital_i + \beta_5 Income_i + \beta_6 Experience_{it} + \beta_7 Fin\_Edu_i + \beta_7 Edu_i + \epsilon_i .. (3)$$

Where Save B and Invest B are the savings behaviour and investment behaviour respectively. FL denotes financial literacy, Age, Gender, Marital, Income, Experience, Fin_Edu (Financial education), and Edu (Highest education attained) are the respective socio-demographic characteristics. The subscript '$i$' denotes cross-section. That is individual i.

### 3.7 Validity and Reliability of Constructs

The research instrument must provide reliable results for the intended variables. A valid instrument is one that reliably assesses some aspect of its intended function, as defined by Ringle and Ting (2018). Types of validity for the study instrument include face validity, content validity, convergent validity, and discriminant validity (Henseler, Ringle, & Sarstedt, 2015). There is no statistical method for determining whether or not a test has both face and content validity. This meant that the content validity of the questionnaire could be examined in light of relevant earlier research and theoretical foundations. A sample of 10 participants completed a preliminary round of questionnaire administration to check for uniformity of results. This ensured that the questionnaire would seem legitimate at first glance.

The reliability of a research tool indicates the extent to which various researchers may utilise the tool with the same outcomes. This demonstrates the reliability of the structures. Cronbach's alpha was used to check for internal consistency, and it was found to be 0.70 or higher, meeting or above the criterion recommended by previous studies (Hair et al., 2014; Taherdoost, 2016).

**3.8 Ethical Considerations**

The researcher was sensitive to the research ethics, especially during the collection of the data. Therefore, consideration was given to informed consent, anonymity, confidentiality, and sympathetic neutrality as ethical factors. The respondents did not provide their identities (name, phone number, ID number, etc.) as a measure to ensure the anonymity and confidentiality of the respondents. Also, participation in the survey was voluntary, as such no pressure was put on any respondent (Werekoh, 2022). The management and employees of the public sector institutions considered in the study consented to the conduct of the survey before the data was collected.

**3.9 Chapter Summary**

This section of the study was dedicated to the study's methodology. It illustrates the study's research plan and outlines the key participants and data points. The chapter finishes with a review of methods for ensuring that specific ethical criteria are adhered to, as well as for sampling the population and assessing the research instrument. The next chapter offers a breakdown of the information gathered using the method outlined above.

# CHAPTER FOUR

# DATA PRESENTATION, ANALYSIS AND DISCUSSION OF FINDINGS

## 4.1 Introduction

In chapter four, after a thorough examination of the data acquired using the methods described in the previous chapter, the results of the analysis are provided. Means and standard deviations were calculated, and inferential statistics such as reliability tests, correlations, and ordinal logistic regression were employed to analyse the information. The main findings were further discussed.

## 4.2 Demographic Information

The demographic data shows that 36.1% of the participants were female while 643.9% were males. The data also shows that 18.6% of the participants were between 21-30 years, 58.5% were between 31-40 years, 19.8% were between 41-50 years and 3.1% were also between 51-60 years. The data also shows that 57.2% of the participants were married whiles 42.8% were single. Also, 0.8% of the participants had secondary certificates while 99.2% had tertiary education. The data also shows that 32.2% of the participants averagely earn above 3000 Ghc, 16.8% earn 2001-2500 Ghc, 6.7% also earn Ghc 1001-1500, 17.5% earn Ghc 1501-2000, 18.3% earn Ghc 2501-3000 and 8.5% also earn 500-1000 Ghc. Also, 8.8% of the participants had 14-19 years of working experience, 54.6% had 2-7 years of working experience, 1.0% had 20-25 years of working experience, 2.1% also had 26-31 years of working experience, 27.8% had 8-13 years working experience, 1.0% had above 31 years working experience and 4.6% also had below 1-year working experience. The data also shows that 40.7% of the participants have not attended any financial education course while 59.3% have attended financial education courses.

**Table 4. 1 Demographic Information**

| Variables | Frequency | Per cent |
|---|---|---|
| ***Gender*** | | |
| Female | 140 | 36.1 |
| Male | 248 | 63.9 |
| ***Age*** | | |
| 21-30 years | 72 | 18.6 |
| 31-40 years | 227 | 58.5 |
| 41-50 years | 77 | 19.8 |
| 51-60 years | 12 | 3.1 |
| ***Marital status*** | | |
| Married | 222 | 57.2 |
| Single | 166 | 42.8 |
| ***What is your highest level of education attained?*** | | |
| Secondary Education | 3 | 0.8 |
| Tertiary Education | 385 | 99.2 |
| ***What is your monthly range of earnings?*** | | |
| Above Ghc3000 | 125 | 32.2 |
| Ghc 2001-2500 | 65 | 16.8 |
| Ghc1001- 1500 | 26 | 6.7 |
| Ghc1501-2000 | 68 | 17.5 |
| Ghc2501-3000 | 71 | 18.3 |
| Ghc500-1000 | 33 | 8.5 |
| ***How long have you been working in the institution?*** | | |
| 14-19 years | 34 | 8.8 |
| 2-7 years | 212 | 54.6 |
| 20-25 years | 4 | 1.0 |
| 26-31 years | 8 | 2.1 |
| 8-13 years | 108 | 27.8 |
| Above 31 years | 4 | 1.0 |
| Below 1 year | 18 | 4.6 |
| ***Have you ever attended a financial education course?*** | | |
| No | 158 | 40.7 |
| Yes | 230 | 59.3 |
| ***Total*** | ***388*** | ***100.0*** |

### 4.3 Statistical Test and Analysis

Statistical analysis is conducted on the data. Various methods, including reliability analysis, descriptive statistics, correlation analysis, and linear regression analysis, were employed to investigate the influence of financial literacy on investment and savings behaviour.

### 4.3.1 Descriptive Statistics and Distribution (Normality)

The research is centred on measures of central tendency. The mean values of the items exhibit a range between 2.540 and 3.940, which denotes the average score or rating attributed to each item. In general, items that exhibit higher means tend to correspond with higher scores or ratings, whereas those with lower means tend to correspond with lower scores. The range of standard deviation values observed is between 0.859 and 1.316. The presence of a higher standard deviation in a set of scores or ratings suggests a greater degree of variability, thereby indicating a wider range of responses. On the contrary, objects exhibiting lower standard deviations manifest reduced variability, indicating a greater degree of uniformity in the evaluations.

A statistical measure known as skewness may be used to quantify the degree to which a certain distribution is symmetrical. The presence of negative skewness values in a distribution is suggestive of a left-skewed distribution, which may be recognised by a larger tail on the left-hand side of the distribution. The presence of positive skewness values allows one to deduce the existence of a distribution that is skewed to the right. The skewness values in the dataset are mostly negative, ranging from -0.656 to 0.297. This leads one to believe that there is a bias to the left in the distribution of these things. A statistical metric known as kurtosis assesses the degree to which a probability distribution is characterised by having peaks or being relatively flat. Kurtosis values that are positive signify a distribution that has heavier tails and a sharper peak. Conversely, negative kurtosis values indicate a distribution that is flatter with lighter tails. The majority of the items within the dataset exhibit kurtosis values that are in proximity to zero, with a range spanning from -1.112 to -0.068. This implies that the distributions of said items exhibit a degree of proximity to a normal distribution. The evidence of data normality provides a justification for the utilisation of parametric statistical tools like regression analysis.

**Table 4. 2 Descriptive Statistics**

| Items | N | Minimum | Maximum | Mean | Std. Deviation | Skewness | Kurtosis |
|---|---|---|---|---|---|---|---|
| FL1 | 388 | 1 | 5 | 2.540 | 1.062 | 0.133 | -0.653 |
| FL2 | 388 | 1 | 5 | 3.210 | 1.039 | -0.149 | -0.499 |
| FL3 | 388 | 1 | 5 | 2.920 | 1.305 | 0.055 | -1.112 |
| FL4 | 388 | 1 | 5 | 3.650 | 1.091 | -0.656 | -0.165 |
| FL5 | 388 | 1 | 5 | 3.410 | 1.019 | -0.379 | -0.218 |
| FL6 | 388 | 1 | 5 | 3.690 | 0.900 | -0.299 | -0.065 |
| FL7 | 388 | 1 | 5 | 3.540 | 0.901 | -0.084 | -0.471 |
| FL8 | 388 | 1 | 5 | 3.940 | 0.859 | -0.476 | -0.068 |
| IB1 | 388 | 1 | 5 | 2.940 | 1.238 | -0.188 | -1.037 |
| IB2 | 388 | 1 | 5 | 3.040 | 1.104 | -0.211 | -0.598 |
| IB3 | 388 | 1 | 5 | 2.740 | 1.140 | 0.193 | -0.634 |
| IB4 | 388 | 1 | 5 | 2.700 | 1.004 | 0.016 | -0.351 |
| IB5 | 388 | 1 | 5 | 2.890 | 1.091 | -0.149 | -0.678 |
| IB6 | 388 | 1 | 5 | 3.130 | 1.178 | -0.291 | -0.707 |
| IB7 | 388 | 1 | 5 | 3.020 | 1.048 | -0.077 | -0.553 |
| IB8 | 388 | 1 | 5 | 2.900 | 1.222 | -0.076 | -0.950 |
| IB9 | 388 | 1 | 5 | 3.050 | 1.037 | -0.196 | -0.282 |
| SB1 | 388 | 1 | 5 | 2.820 | 1.316 | 0.197 | -1.011 |
| SB2 | 388 | 1 | 5 | 2.820 | 1.216 | 0.053 | -0.934 |
| SB3 | 388 | 1 | 5 | 2.180 | 1.170 | 0.812 | -0.057 |
| SB4 | 388 | 1 | 5 | 2.150 | 1.069 | 0.660 | -0.265 |
| SB5 | 388 | 1 | 5 | 2.460 | 1.155 | 0.414 | -0.680 |

### 4.3.2 Reliability Test

Construct reliability may be determined by studying the consistency of the dataset. The Cronbach's alpha (CA) coefficient was used as a measure of internal consistency in this study to examine the accuracy of assessing each construct. Table 4.3 displays the variables' reliability values. According to the data, the CA value for financial literacy is 0.702, investment behaviour is 0.912 and savings behaviour is 0.797. The study revealed that the CA values of the constructs were at least 0.7, indicating that the constructs demonstrate internal consistency and reliability, in accordance with the criteria set by Fornell and Larcker (1981) and Henseler et al. (2015). The data suggests that the model possesses unidimensionality, meaning that it measures a single construct and that it will consistently produce the same results when replicated.

**Table 4. 3 Reliability Statistics**

| Constructs | N of Items | Cronbach's Alpha |
|---|---|---|
| Financial Literacy | 8 | 0.702 |
| Investment Behaviour | 9 | 0.912 |
| Savings Behaviour | 5 | 0.797 |

### 4.3.3 Correlation Analysis

The level of correlation between the constructs was evaluated using Pearson's correlation method. The findings of the research on correlation are shown in Table 4.4, which can be seen below. According to the findings, financial literacy (FL) has a significant positive correlation with both investing behaviour (r=0.536, P.0) and saves behaviour (r=0.484, P.05). Additionally, there is a favourable correlation between saving habits and investment habits (r = 0.557, P .01). The results of the correlation demonstrate that the variables are somewhat connected to one another.

**Table 4. 4 Correlation Statistics**

| Variables | 1 | 2 | 3 |
|---|---|---|---|
| Financial Literacy | 1 | | |
| Investment Behaviour | .536** | 1 | |
| Savings Behaviour | .484** | .557** | 1 |

** Correlation is significant at the 0.01 level (2-tailed).

## 4.3 Regression Results

The main objective of the study is to examine the effect of FL on the savings and investment behaviour of public sector workers in the Ho municipality. Multiple regression analysis (OLS) was to examine the objective. The results are shown in Table 4.5 below.

### 4.3.1 Model Summary

Using the data shown in Table 4.5 below, it can be concluded that the model's overall R2 for FL is 0.137, investment behaviour is 0.456 and savings behaviour is 0.294. This suggests that the explanatory variable (age, gender, marital status, income level, work experience, financial education and financial literacy) accounted for (13.7%, 45.6% and 29.4% of the total variation in the financial literacy, investment behaviour and savings behaviour respectively. This implies that the unaccounted factors in the study could explain the remaining 82.3%, 54.4% and 70.6% of the variation in financial literacy, investment and savings behaviour respectively. Also, the F-test reveals the combined importance of the model's slope parameters, demonstrating the overall relevance of the variables. The model's null assumptions were accepted, and the F-tests were 8.633, 39.69 and 19.72 for financial literacy, investment and savings behaviour respectively. Satisfactorily, the model fits the data. Here, the R-squared and F-statistics indicate that the implemented model of this study is sufficiently fitted to suggest that financial literacy does influence investment and savings behaviour.

### 4.3.2 Socioeconomic and Demographic Factors Influencing the Financial Literacy

The first objective is to study the socioeconomic and demographic factors influencing the FL levels of public sector workers in the Ho municipality.

The regression equation for financial literacy is $FL = 2.829 + 0.034Age + 0.023Gender + 0.019Marital + 0.026Income + 0.050Experience + 0.399FinEdu + 0.113Edu + \varepsilon$.

The constant (intercept) indicating the mean for financial literacy with the value of 2.829 is statistically significant (Sig 0.000<0.01) as shown in Table 4.5.

The study analyses how socioeconomic and demographic factors influence FL levels of public sector workers in the Ho municipality. As can be seen from the results, age, gender, marital status, income, experience and education has no significant effect on financial literacy (β=0.034; p-value=0.474 >0.05; β=0.023; p-value=0.474 >0.05; β=0.019; p-value=0.784 >0.05; β=0.026; p-value=0.182 >0.05; β=0.050; p-value=0.155 >0.05; β=0.133; p-value=0.741 >0.05). The findings imply that holding other factors constant, age, gender, marital status, income, experience and education does not affect financial literacy in the public institutions in the Ho municipality. However, financial education has a positive and significant effect on financial literacy (β=0.399; p-value=0.000 <0.01). This implies that financial education accounts for significant variation in the FL of public sector workers, suggesting that a unit increase in financial education will contribute to a 39.9% increase in the level of financial literacy among the public sector workers in the Ho municipality.

### 4.3.3 Financial Literacy and Investment Behaviour

The second objective of the study was to analyse the relationship between financial literacy and investment behaviour.

The regression equation for investment behaviour is $InvestB = -1.499 + 0.621FL + 0.147Age + 0.270Gender + 0.181Marital + 0.137Income + 0.038Experience + 0.256\ FinEdu + 1.425Educ + \varepsilon$.

The constant (intercept) indicating the mean for investment behaviour with the value of -1.499 is statistically significant (Sig 0.001<0.05) as shown in Table 4.5.

The second aim of this research was to examine the impact of FL on investing behaviour across the public sector workforce in the Ho municipality. The results indicate that FL has a statistically significant positive effect on investment behaviour (β=0.621; p-value=0.000 <0.01). The findings support the hypothesis outlined in the study. This implies that holding other factors constant, FL accounts for a significant proportion of variation in investment behaviour. This suggests that a unit increase in FL may contribute to a 62.1% increase in investment behaviour among public sector workers.

In addition to this, the research investigates the impact that socioeconomic and demographic characteristics have on the investing patterns of public sector employees. According to the findings, factors such as age, gender, marital status, income level, amount of financial knowledge, and educational level all have a substantial impact on investing behaviour (β=0.147; p-value=0.000 <0.01; β=0.270; p-value=0.000 <0.01; β=0.181; p-value=0.024 <0.05; β=0.137; p-value=0.000 <0.01; β=0.256; p-value=0.000 <0.01; β=1.425; p-value=0.000 <0.01). This suggests that age, gender, marital status, income level, financial education, and level of education all account for significant variation in the investment behaviour of public sector workers. Furthermore, it suggests that an increase of one unit in age, gender, marital status, income level, financial education, and level of education will all contribute to an increase in the investment behaviour of public sector workers in the Ho municipality. However, working experience does not have a significant influence on investment behaviour (β =0.399; p-value=0.000 0.01), which indicates that it does not lead to any substantial rise in the investment behaviour of those who are employed in the public sector.

### 4.3.4 Financial Literacy and Savings Behaviour

The third objective of the study was to examine the relationship between FL and the savings behaviour of public sector workers in the Ho municipality.

The regression equation for savings behaviour is $SaveB = 0.113 + 0.637FL + 0.088Age + 0.031Gender + 0.280Marital + 0.102Income + 0.006Experience + 0.209FinEdu + 0.055Educ + \varepsilon$.

The constant (intercept) indicating the mean for savings behaviour with the value of 0.113 is not statistically significant (Sig 0.835>0.05) as shown in Table 4.5.

The second purpose of the research was to explore the effect that FL has on people's propensity to save money while they are employed in the public sector in the Ho municipality. The findings suggest that an individual's level of financial literacy is associated with a statistically significant increase in their propensity to save money (β =0.637; p-value=0.000 0.01). The results of the investigation provide credence to the theory that was presented. This suggests that FL accounts for a considerable part of the variance in savings behaviour even when other variables are held constant. This shows that a unit rise in FL may be a contributing factor to a 63.7% increase in saving behaviour among those employed in the public sector.

In addition to this, the research investigates the impact that demographic and socioeconomic characteristics have on the savings habits of public sector employees. The findings indicate that a person's marital status, income level, and degree of financial knowledge all have a substantial impact on their propensity to save money (β=0.280; p-value=0.000 <0.01; β=0.102; p-value=0.000 <0.01; β=0.209; p-value=0.014 <0.05). This implies that marital status, income level and financial education account for significant variation in the savings behaviour of public sector workers, suggesting that a unit increase in marital status, income level and financial education will contribute to increases in savings behaviour. However, age, gender, working experience and educational level have no significant effect on savings behaviour (β=0.088; p-value=0.173 >0.05; β=0.031; p-value=0.705 >0.05; β=0.006; p-value=0.898 >0.05; β=0.055; p-value=0.906 >0.05), implying that age, gender, working experience and educational level does not lead to any significant increase in saving behaviour of the public sector workers.

**Table 4. 5 OLS Regression Results**

| | Dependent Variables | | |
|---|---|---|---|
| | **FL** | **InvestB** | **SaveB** |
| | ***Coeffic. (p)*** | ***Coeffic. (p)*** | ***Coeffic. (p)*** |
| Constant | 2.829***(.000) | -1.499***(.001) | 0.113 (.835) |
| Age | .034 (.474) | .147***(.000) | .088 (.173) |
| Gender | .023 (.696) | .270***(.000) | .031 (.705) |
| Marital | .019 (.784) | .181**(.024) | .280***(.000) |
| Income | .026 (.182) | .137***(.000) | .102***(.000) |
| Experience | .050 (.155) | .038 (.349) | .006 (.898) |
| Fin Edu | .399*** (.000) | .256***(.000) | .209**(.014) |
| Edu | .133 (.741) | 1.425***(.000) | .055 (906) |
| FL | | .621***(.000) | .637***(.000) |
| ***Model Summary*** | | | |
| R2 | 0.137 | 0.456 | 0.294 |
| F-test | 8.633 | 39.69 | 19.72 |
| Prob > F | 0.000 | 0.000 | 0.000 |

*** p<.01, ** p<.05, * p<.1

## 4.4 Discussion of Results

The primary aim of this research is to investigate the impact of FL on the savings and investment patterns of public sector employees in the Ho municipality. The study was based on the foundational principles of the theory of planned behaviour. The following parts provide the findings, organised in accordance with the study's objectives.

### 4.4.1 Socioeconomic and Demographic Factors Influencing the Financial Literacy

The initial objective of the study was to investigate the influence of socioeconomic and demographic factors on the prevalence of FL among those working in the public sector in the Ho municipality. According to the research, factors such as age, gender, marital status, income, level of experience, and level of education do not have a significant impact on FL. The data suggest that age, gender, married status, income, experience, and education do not impact FL in the public institutions in the Ho municipality even when other characteristics are held constant. This is the case when other factors are held constant. On the other hand, financial education has a big and beneficial impact on a person's level of financial literacy. This suggests that financial education accounts for substantial variance in the degree of financial literacy of public sector employees. Furthermore, it suggests that an increase of one unit in the level of financial education will contribute to an increase in the level of financial literacy among public sector workers in the Ho municipality.

This study suggests that getting a financial education may lead to increased financial literacy regardless of an individual's history or features. This conclusion emphasises the significance of educational interventions in the process of building financial knowledge and comprehension.

Previous research has frequently shown that there is a positive and large correlation between financial education and financial literacy. This link has been the focus of a great deal of interest as a potential predictor of financial literacy. Those who get financial education have been shown to have higher levels of financial literacy than those who do not (Lusardi, 2019; Kaiser et al., 2022; Jiang et al., 2020), according to a number of studies (Lusardi, 2019; Kaiser et al., 2022; Jiang et al., 2020). As an example, Fernandes et al. (2014) conducted research to determine the impact of a financial education programme on the level of financial literacy possessed by persons with low incomes in the United States. According to the findings, those who participated in the financial education intervention saw substantial improvements in both their financial knowledge and their ability to make decisions about their finances after completing the programme. In a similar vein, Kaiser et al. (2022) conducted a meta-analysis of literature pertaining to financial literacy and found that financial education courses had a positive correlation with increased levels of financial literacy. They stressed the necessity of engaging in activities pertaining to financial education in order to improve financial literacy across a wide range of age groups and demographics.

In contrast to financial education, the research conducted on the effect of socioeconomic and demographic variables on financial literacy has yielded conflicting conclusions. Some research has discovered significant relationships between certain demographics and financial literacy, whilst other studies have found either low or no associations between the two. A meta-analysis conducted by Mitchell and Lusardi (2015), for instance, discovered that education had a positive connection with financial literacy. This finding suggests that higher educational success may be related to a heightened awareness of one's financial situation. They did note, however, that age and income showed less of a correlation with financial literacy than they had expected. In addition, another study has shown that factors such as a person's gender, marital status, and level of experience may have very little to no influence on their level of financial literacy (Sabri & Zakaria, 2015; Karakara et al., 2022). It's possible that the lack of consistent findings in relation to demographics and financial literacy might be explained by the mediating influence that education on financial matters has. Financial education might function as a buffer, reducing the influence of demographics on a person's level of financial literacy. For instance, Khan et al. (2017) stated that financial education may help contribute to bridging the gap in financial literacy that exists across a variety of demographic groups. Regardless of their demographics, those who get financial education may have a higher chance to learn about different types of finances.

### 4.4.2 Financial Literacy and Investment Behaviour

The second objective of the study was to investigate the connection between FL and investing behaviour among those working in the public sector in the municipality of Ho. The data imply that there is a significantly favourable association between financial literacy and investing behaviour and that this relationship is statistically significant. The findings of the research provide credence to the theory that was put up at the beginning of the investigation. This shows that, after accounting for other factors, financial literacy plays a significant role in explaining the variability in investing behaviour. This is the conclusion that can be drawn from the evidence presented here. This suggests that there is a positive association between FL and investment behaviour among those working in the public sector, where an increase in financial literacy is related to an increase in investment activity. Specifically, this suggests that there is a positive relationship between FL and investment behaviour among those employed in the public sector.

According to the results, individuals with higher levels of financial literacy tend to make investment choices that are better informed and more cautious. People who have a solid foundation in FL have a deeper understanding of the many financial principles, as well as the associated risks and possibilities. Because of this heightened awareness, they are able to successfully analyse potential investment opportunities and make decisions that are educated and in line with their financial objectives. This positive correlation suggests that boosting people's financial literacy via education and knowledge-building initiatives could enhance people's ability to navigate the complexities of investment decisions, which might potentially lead to improved investment outcomes and increased financial well-being.

Numerous pieces of empirical research give solid evidence to support the claim that having a strong understanding of finance has a significant and positive influence on investment choices. Individuals with greater levels of FL had a stronger tendency to participate in retirement planning and make educated financial decisions for their retirement portfolios, according to the findings of research on the retirement security of baby boomers that was carried out by Kumari (2020). The study focused on the generation known as baby boomers. A positive association was found between greater levels of financial literacy (FL) and an increased inclination to participate in the stock market and other financial market investments in research that was carried out by Kendzia and Borrero (2022). The data for this study came from a large number of nations and were analysed. This data suggests that there is a connection between FL and the process of making investing choices, which, in turn, pushes individuals to participate actively in financial markets. In addition, the study that was carried out by Ahmed et al. (2021) studied the impact of FL on people's propensity to engage in risk-taking behaviour with regard to their investments. According to the results, those with higher levels of FL demonstrated a propensity to assume appropriate levels of investment risk, suggesting a more thorough knowledge of risk mitigation in the context of investment decisions. This was indicated by the fact that these individuals exhibited a tendency to assume adequate levels of investment risk. In their research, Goyal et al. (2022) did a meta-analysis to confirm these findings by synthesising data from a large number of studies. They were able to show that FL had a substantial and beneficial influence on investing behaviour across a variety of situations and demographics by using this method. The empirical results provide light on the significance of financial literacy in terms of its role in determining investment choices. People who have a greater degree of financial literacy are better able to comprehend investment products, are more skilled at analysing risk and return characteristics, and are able to make choices that are informed and aligned with their financial goals. As a result, this competence has the potential to contribute to better monetary outcomes and general monetary well-being.

### 4.4.3 Financial Literacy and Savings Behaviour

The third objective of the study was to explore the relationship between FL and the level of savings behaviour shown by public sector workers working in the municipality of Ho. The findings of the research suggested that there is a positive association between financial literacy and saving behaviours and that this relationship is statistically significant. The results of the investigation provide credence to the theory that was presented. This suggests that even when other variables are held constant, a considerable part of the difference in saving behaviour may be accounted for by a person's level of financial literacy. This shows that an improvement in financial literacy among public sector employees in the Ho municipality may lead to an increase in the workers' propensity to save money.

According to the findings, those who have greater levels of FL are more likely to engage in financially responsible actions, such as saving money. People who have a solid foundation in FL exhibit a deeper comprehension of the fundamentals of finance, various methods of financial planning, and the value of putting money down for the future. Because of their improved understanding, they are in a better position to make well-informed financial choices that put an emphasis on the practice of saving money and help to ensure financial security over the long term. Because of this positive correlation, improving people's financial literacy via education and programming that enhances knowledge may have a favourable impact on people's saving habits, which in turn leads to greater financial planning and improved long-term financial well-being.

Numerous empirical studies have provided convincing evidence that a person's level of financial literacy has a positive and substantial influence on the amount of money they save. For instance, Paudel (2018) found that individuals with higher levels of FL were more likely to engage in regular saving practices and demonstrated better skills in terms of financial planning. This study was carried out in the United Arab Emirates and found that those with higher levels of FL displayed superior abilities. In a similar vein, Lusardi and Tufano (2015) carried out a study in the United States to investigate the connection between financial literacy and the amount of money saved by households. They came to the conclusion that a higher level of financial literacy was associated with higher rates of savings and a greater likelihood of having access to emergency resources. In addition, Choudhary and Jain (2023) discovered, via a meta-analysis, that FL had a favourable influence on saving behaviour across a variety of countries and locations, highlighting the universality of this relationship. The relevance of people's level of financial understanding in affecting their propensity to save money is highlighted by the findings of this study. People who have a higher FL are more conscious of the benefits of saving, have a greater understanding of their financial goals, and have a better ability to manage their money, all of which contribute to more proactive and careful saving behaviours. As a consequence of this, increasing people's financial literacy via educational and awareness activities may play an essential role in encouraging people to engage in responsible saving behaviours and adding to people's overall financial stability and well-being.

## CHAPTER FIVE

## SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

### 5.1 Introduction

The research concludes with a chapter that effectively summarises its results, draws definitive conclusions, and provides insightful suggestions based on those findings. This chapter comprehensively discusses the significance and limitations of the study. The subsection of the study provides further details on the specific aims of the study, which are derived from its findings. The recommendation section in the chapter provides essential suggestions that are based on the main findings of the study. The last section discusses potential areas for future research.

### 5.2 Summary of Findings

The main objective of the study is to examine the effect of Financial Literacy on the savings and investment behaviour of public sector workers in the Ho municipality. The incorporation of the reviewed material with the current body of literature emphasises the most significant findings. The presented outcomes are considered suitable in accordance with the research objectives.

#### 5.2.1 Socioeconomic and Demographic Factors Influencing the Financial Literacy

The initial objective of the study was to investigate the influence of socioeconomic and demographic factors on the prevalence of FL among those working in the public sector in the Ho municipality. According to the research, factors such as age, gender, marital status, income, experience, and education do not have a substantial impact on one's level of financial literacy. According to the data, there is no correlation between age, gender, marital status, income, experience, or education and financial literacy in the public institutions located in the Ho municipality. This is the case even when controlling for other characteristics. The acquisition of financial education, on the other hand, has been shown to have a considerable favourable influence on an individual's level of FL, and this is something that should be taken into consideration. Based on this study, it seems that there is a substantial association between FL and the amount of financial education held by persons who are engaged in the public sector. This means that an improvement in financial education could be anticipated to lead to a comparable growth in the number of people working in the public sector in the Ho municipality. According to the results, an increase in a person's financial literacy may be connected with the completion of a financial education course, regardless of the individual's history or personality characteristics. This demonstrates the importance of educational interventions in increasing financial literacy and comprehension.

### 5.2.2 Financial Literacy and Investment Behaviour

Investigating the relationship between Financial Literacy and investing behaviour among the public sector employees in the Ho municipality was the third goal of the research. The findings suggested that there is a correlation that is both statistically significant and favourable between an individual's degree of financial literacy and the manner in which they invest their money. This conclusion implies that FL makes a considerable contribution to the understanding of the variability in investing behaviour, even when other variables are taken into account and controlled for. This implies that there is a connection between FL and investment behaviour among the workforce in the public sector, whereby an increase in financial literacy is associated with a rise in investment engagement and a higher level of investment engagement is linked to a higher level of investment engagement. According to the findings, those with greater levels of FL have a tendency to make more educated and responsible decisions about their investments. Individuals with FL exhibit enhanced comprehension of financial concepts, risks, and opportunities, enabling them to effectively evaluate investment prospects and make choices consistent with their financial goals. This positive association implies that increasing financial literacy via education and knowledge-building programmes might improve people's capacity to negotiate the intricacies of investment choices, possibly leading to better investment results and financial well-being.

### 5.2.3 Financial Literacy and Savings Behaviour

The third objective of the study was to explore the relationship between FL and the level of savings behaviour shown by public sector workers working in the municipality of Ho. The findings of the research suggested that there is a positive association between financial literacy and saving behaviours and that this relationship is statistically significant. The results of the investigation provide credence to the theory that was presented. This suggests that even when other variables are held constant, a considerable part of the difference in saving behaviour may be accounted for by a person's level of financial literacy. This shows that an improvement in financial literacy among public sector employees in the Ho municipality may lead to an increase in the workers' propensity to save money. According to the findings, those who have greater levels of FL are more likely to engage in financially responsible actions, such as saving money. People who have a solid foundation in FL exhibit a deeper comprehension of the fundamentals of finance, various methods of financial planning, and the value of putting money down for the future. Because of their improved understanding, they are in a better position to make well-informed financial choices that emphasized the practice of saving money and help to ensure financial security over the long term. This positive correlation demonstrates that boosting people's financial literacy via educational and knowledge-building activities may have a favourable effect on people's propensity to save money, which in turn leads to better financial planning and greater financial well-being over the long run.

## 5.3 Conclusion

The major purpose of the study was to explore the influence of FL on the patterns of savings and investment shown by public sector workers working within the municipality of Ho. Both quantitative and inferential techniques of analysis were used in the investigation. The research design that was employed for this study was a cross-sectional design, and its purpose was to explain something. Everyone who had a job in the Ho Municipality was considered a member of the population, whatever their gender, specific line of work, or rank in the organisational hierarchy. The straightforward random sampling technique was used to choose a total of 388 samples. Version 26 of SPSS was used to analyze the study hypotheses. To provide a detailed description of the data, descriptive statistics were used. An application of regression analysis was used to investigate the research's hypotheses. The results of the research suggested that there is a positive and statistically significant association between FL and financial education. In other words, financial education leads to higher FL. However, it was shown that several socioeconomic and demographic factors do not have a substantial influence on FL. These factors include age, gender, marital status, income, experience, and education. The results of the survey also suggested that there is a substantial correlation between FL and the investing and savings behaviour of public sector workers who reside in the Ho municipality. This link was shown to be beneficial.

### 5.4 Recommendations

The recommendations below are provided based on the findings obtained from the study:

According to the findings of the research, public sector workers may significantly improve their level of financial literacy via the implementation of financial education programmes. Therefore, it is suggested that the creation and execution of comprehensive financial education programmes involving many facets of personal finance, such as budgeting, saving, investing, and debt management, be conducted. These initiatives should be implemented since it is recommended that they be undertaken. To optimise effectiveness, it is essential to tailor these programmes to address the distinct needs and challenges faced by public sector employees.

Secondly, Public-sector organisations should take an active role in encouraging financial literacy among their staff. This may be accomplished via collaboration with financial institutions, non-profit organisations, or government bodies specialising in financial education. Providing financial workshops, seminars, and online resources may provide workers with the information and skills they need to make sound financial choices.

Thirdly, it is possible that improving workers' financial literacy alone will not be sufficient if they do not have access to essential financial products and services. Employers in the public sector should make it a priority to give their employees affordable and easily available financial services to assist them in meeting their individual financial goals. These services can include retirement savings programmes, low-cost banking options, and investment opportunities.

Lastly, it is critical to constantly monitor and assess the effectiveness of financial literacy activities. Follow-up evaluations to monitor changes in financial behaviours and results among public sector employees may assist in identifying areas for improvement and influence the improvement of financial education programmes.

**5.5 Limitations and Future Research Direction**

Cross-sectional studies may demonstrate relationships between variables, but they cannot infer causation. Longitudinal studies monitoring changes in financial literacy and behaviour over time might be used in future research to get a better understanding of how financial education affects financial outcomes. While there are 388 participants in the research, the sample may not completely reflect the varied public sector workforce. Future studies with a bigger and more varied sample might increase the results' generalisability to a wider group of public sector employees. The research may have made use of specialised financial literacy measuring methods that could be improved or compared to other measures. To provide thorough and reliable evaluations, researchers may investigate various methods of measuring financial literacy. External variables or contextual factors that might impact financial literacy and behaviour, such as regional economic situations or changes in financial legislation, may have been overlooked in the research. Future studies might look at how these characteristics affect financial results. The study's results imply that financial education has a good impact on financial literacy and behaviour, but the long-term durability of these benefits is uncertain. Further research might look at whether the gains in financial literacy last and impact long-term financial choices. While quantitative data was used in the study, qualitative research methods such as interviews or focus groups might give deeper insights into public sector employees' attitudes, beliefs, and experiences with financial education and its influence on their financial choices. Intervention research studies that assess the success of certain financial education programmes or efforts, comparing diverse techniques to identify which treatments generate the most substantial beneficial benefits on financial literacy and behaviour, might be part of future studies.

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## APPENDIX

## QUESTIONNAIRE

Dear Respondent,

I am a student of the Kwame Nkrumah University of Science and Technology conducting a research thesis on the topic **"Effect of Financial Literacy on Savings and Investment Behaviour of Public Sector Workers in the Ho Municipality".** The study is for academic purposes towards the fulfillment of the requirements of my program and it will be treated as confidential and used for the purpose intended only.

### SECTION A: SOCIO-DEMOGRAPHIC INFORMATION

1. **Gender:**
   Male [ ]  Female [ ]

2. **Age:**
   Below 21 [ ] 21-30 [ ] 31-40 [ ] 41-50 [ ] 51-60 [ ] Above 60 [ ]

3. **Marital status**
   Married [ ]  Single [ ]

4. **What is your highest level of education attained?**
   Basic Education [ ] Secondary Education [ ] Tertiary Education [ ]

5. **What is your monthly range of earnings?**
   Below Ghc500 [ ] Ghc500-1000 [ ] Ghc1001- 1500[ ] Ghc1501-2000 [ ]
   Ghc 2001-2500 [ ] Ghc2501-3000 [ ] Above Ghc3000 [ ]

6. **How long have you been working in the institution?**
   Below 1 year [ ] 2-7 years [ ] 8-13 years [ ] 14-19 years [ ] 20-25 [ ] 26-31
   Above 31 [ ]

7. **Have you ever attended a financial education course?**
   Yes [ ] No [ ]

**SECTION B: FINANCIAL LITERACY OF PUBLIC SECTOR WORKERS**

Kindly indicate the extent to which you agree or disagree with the following financial literacy statements. Use a scale of 1 to 5 where: 1 = not at all 2 = less extent; 3 = moderate extent; 4 = great extent; 5 = very great extent

| FL | Financial Literacy | 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|---|---|
| **FL1** | I never read the financial pages of my newsletter/newspaper | | | | | |
| **FL2** | I try to keep track of general economic trends | | | | | |
| **FL3** | I am not attracted to the financial part of my life | | | | | |
| **FL4** | I regularly look for interesting investment opportunities for my money | | | | | |
| **FL5** | I am interested in the evolution of currency rates | | | | | |
| **FL6** | I accurately plan my expenses | | | | | |
| **FL7** | I keep track of general economic trends | | | | | |
| **FL8** | I like to plan things | | | | | |

**SECTION C: INVESTMENT AND SAVINGS BEHAVIOUR OF WORKERS**

To what extent do you consider the following when making a decision on the investment of funds and saving of money? 1. Not at all, 2. Small extent, 3. Moderate extent, 4. Great extent, 5, a very great extent

| ID | Investment Behavior | 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|---|---|
| ID1 | I have invested money into at least one portfolio with more risks than a savings account | | | | | |
| ID2 | I use the principle of present and future value in my investment calculations | | | | | |
| ID3 | I use the concept of dollar cost averaging in my investment planning | | | | | |
| ID4 | I use the power of diversification in my investment planning | | | | | |

| | | | | | | |
|---|---|---|---|---|---|---|
| ID5 | I use calculated risks in my investing strategies | | | | | |
| ID6 | I use the principle of risk vs. return | | | | | |
| ID7 | I feel comfortable investing my monies | | | | | |
| ID8 | I have invested money into at least one investment with more risks than a savings account | | | | | |
| ID9 | I use the principle of present and future value in my investment calculations | | | | | |
| **SB** | **Savings Behavior** | | | | | |
| SB1 | I save money before paying my routine expenses such as airtime, food, bills etc. | | | | | |
| SB2 | I use electronic deposits from my income to fund savings account | | | | | |
| SB3 | I normally have at least three months of gross income in an emergency fund | | | | | |
| SB4 | I have a maintenance fund for repairs and other periodic expenses | | | | | |
| SB5 | My average balance in my savings account normally goes up | | | | | |

**THANK YOU**