THESIS ABSTRACT

Master of Business Administration

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Title: FACTORS CONTRIBUTING TO FINANCIAL PREPAREDNESS FOR RETIREMENT AMONG MANUFACTURING INDUSTRY EMPLOYEES IN BLANTYRE, MALAWI

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Financial preparedness for retirement has garnered significant attention in an era marked by increasing life expectancies and shifting economic landscapes. Retirement, once viewed as a period of leisure and relaxation, now necessitates careful financial planning to ensure a secure and comfortable lifestyle in later years. With the decline of traditional pension systems and the rise of self-directed retirement accounts, more employees leave the workplace without properly preparing financially for their retirement (Muhome, 2023).

Against this backdrop, this thesis sought to investigate why Malawi employees do not have enough savings for retirement by looking at contributing factors, which are financial literacy, attitude toward retirement, demographic characteristics, and cultural and societal influences in relation to financial retirement preparedness for employees in the manufacturing industry in Blantyre, Malawi.

The study used a quantitative cross-sectional causal research design, collecting data from 458 participants in the selected manufacturing firms in Chirimba and Makata industrial areas. The data was analyzed using descriptive and inferential statistics, including regression and correlation analyses. The study discovered a moderate positive significant relationship between financial preparedness for retirement and financial literacy ($r = 0.629$, $p = <0.001$), cultural and social influence ($r= .51$; $p<.001$) and attitude toward retirement ($r = 47$; $p = < .001$) among respondents respectively. Additionally, the study found that there are differences among the different age groups ($\chi^2(4) = 3.49$, $p = 0.480$) and gender ($\chi^2(1) = 2.78$, $p = \mathit{0.095}$) when it comes to financial retirement preparation.

The study also discovered that financial literacy (39.6%), attitude toward retirement (22.3%), and cultural and social influences (26.3%) significantly predict financial preparedness for retirement ($p = < .001$). These predictors when combined, account for 46% ($p = < .001$) of financial preparedness for retirement among employees. Lastly, using attitude toward retirement as a mediator showed significant mediating effects on direct and indirect relationships between financial literacy ($p<.001$), cultural and social influences ($p<.001$) respectively and financial preparedness for retirement.

Overall, the study provides valuable insights into the factors that contribute to financial preparedness for retirement among employees in the manufacturing industry in Blantyre, Malawi. The study’s findings can inform targeted interventions and policies to enhance employees’ financial preparedness for retirement in the sector.

Keywords: Financial literacy, Attitude, Retirement, Employees, Malawi

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A thesis

presented in partial fulfillment

of the requirements for the degree

Master of Business Administration

by

Tonny Bonongwe

June 2024

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This thesis is dedicated to my parents, Dafter and Memory Bonongwe; thank you for instilling in me a passion for learning and for always believing in my abilities. Your sacrifices and guidance have shaped me into the person I am today.

I also dedicate this thesis to my mentors, advisors, and all those who have contributed to my intellectual and personal growth. Your guidance, wisdom, and support have been invaluable in shaping my research endeavors and professional development.

TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

ACKNOWLEDGMENTS

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CHAPTER 1

INTRODUCTION

Background of the Study

Retirement elicits a range of responses when it is a conversation topic among individuals. Some employees anticipate retirement with eagerness and happiness, while others desire to postpone it for as long as possible. Regardless of personal inclination, retirement is inevitable for all employees in various professions (Akben-Selcuk & Aydin, 2021; Shabor Rameli & Marimuthu, 2018). If a person is not adequately prepared, retirement can also be a time of uncertainty and financial insecurity (Lusardi & Mitchell, 2014a). The preparation is not only financial but also people must consider whether they are emotionally prepared for retirement and take action to allay their worries and anxiety (Akben-Selcuk & Aydin, 2021).

In recent decades, with an aging population and evolving pension systems, the responsibility for retirement savings and planning has shifted increasingly onto individuals. As a result, the concept of financial preparedness for retirement has gained paramount importance in both academic research and public policy discussions. The traditional model of retirement, characterized by generous employer-provided pension plans and social security benefits, has undergone substantial changes across many countries. As pension schemes become less generous or accessible, in their post-work years, people are expected to assume more responsibility for their financial security. This shifting landscape has led to a rising worry about how much people are saving for retirement and how prepared they are financially.

According to the OECD (Organization for Economic Cooperation and Development, 2021) Pensions Outlook 2021, average gross replacement rate (pre-retirement earnings to pension income) for full-career workers across OECD countries was projected to be only around 63% for men and 55% for women. This means there is a significant number of employees who are not financially prepared for retirement around the world. A study by the (World Economic Forum, 2019) estimated that there was a global retirement savings gap of $400 trillion by 2021, meaning that individuals were not saving enough to maintain their pre-retirement standard of living during retirement.

The study by (World Economic Forum, 2019)also found that the eight most economically developed nations—Australia, Canada, China, India, Japan, the Netherlands, the United Kingdom, and the United States of America—had a shortfall in pension savings of USD 70 trillion in 2015; this figure is projected to increase to USD 400 trillion for the eight nations by 2050. According to the same report, pensioners all across the world will outlive their assets by 10 years, leaving many of them with a bleak future.

According to a report from the National Institute on Retirement Security (NIRS)(Kenneally, 2023), as of 2021, the retirement savings gap in the United States was estimated to be between $6.8 trillion and $14 trillion. This discrepancy suggests that many Americans will not retire with enough funds to sustain their pre-retirement quality of living. (Kenneally, 2023).The African region with the lowest rates of social security coverage is Sub-Saharan Africa. 15.6% of people are covered by social security, compared to an average of 40.2% worldwide. Millions of Africans who worked when they were young and are now elderly are in insecure positions with meager pensions and want greater social security. (The United Nations Department of Social Affairs, n.d.). The lack of a public or national retirement scheme in South Africa, in contrast to many other nations, is now a major weakness in the country's retirement system. Instead, there is a state-sponsored, noncontributory old-age stipend that is means-tested(Reyers, 2018). This grant may not be adequate to maintain the standards of living for the retirees.

In Malawi the problem of lack of financial retirement preparedness is very much present. The retirement of the elderly and active aging are supported by both state and private pension plans(The United Nations Department of Social Affairs, n.d.). It should be emphasized that only a small number of elderly people who may have worked in the official sector of the economy are covered by gratuity, pension systems, and similar rights. These programs do not help small-scale farmers, fishers, artisans, or small-time business owners. Though such is the case, formal sector employees struggle to maintain their standards of living compared to pre-retirement. As these people retire, there is a need for the workforce of Malawi to be educated about the importance of proper financial retirement preparation.

Remarkably, there is a dearth of evidence-based studies on financial literacy and retirement preparedness in Malawi. Chirwa & Mvula, (2014) and Namate (2020) have looked into this matter among Malawians, for instance, the extent of financial literacy was examined. The link between financial literacy, demographic factors, cultural influences on financial retirement preparedness, and the mediating role of employee attitudes about retirement, however, has not been empirically researched in Malawi. Therefore, this study adds to the sparse empirical evidence investigating financial preparedness toward retirement in Malawi.

Statement of the Problem

Transitioning from a worker to a retiree can be a daunting experience for many individuals, particularly those who have not adequately saved or invested for retirement(Janposri, 2020). Isa and Daukin (2023) opine that the “lack of retirement savings for the future lives of many individuals, and pre-retirees in particular, is an example of one of the most critical problems facing many emerging countries” (p. 2). This is especially prevalent in Malawi, where low financial literacy levels and other factors such as cultural and social influences, contribute to a significant proportion of employees approaching retirement without sufficient financial resources(Namate, 2020).

On March 2023, the new Pension Act came into force replacing the old Pension Act, which was passed just some 12 years ago in Malawi. The retirement age range was amended to be between 50 and 70 years, and all civil servants were put on mandatory pension scheme (Muhome, 2023). This amendment means a large group of employees are in the retirement age range, but Malawi still has a 29% financial literacy rate, and the majority of the employees have not saved enough (A2F Consulting & Shawa, 2018).

The manufacturing sector is the second largest sector in Blantyre, Malawi. This means there is a large representation of employees in the retirement age group present in the manufacturing sector. Therefore, the purpose of this study was to investigate why Malawi employees do not have enough savings for retirement by looking at contributing factors, which are financial literacy, attitude toward retirement, demographic characteristics, and cultural and societal influences in relation to financial retirement preparedness for employees in the manufacturing industry in Blantyre, Malawi.

Research Questions

1. Is there a significant relationship between employee financial literacy and financial preparedness for retirement among respondents?
2. Is there a significant difference between the respondents' demographic characteristics and their financial preparedness for retirement?
3. Is there a significant relationship between the respondents' cultural and social influence and their financial preparedness for retirement?
4. Is there a significant relationship between the respondents’ attitude toward retirement and their financial preparedness?
5. Which independent variables significantly predict financial preparedness for retirement?
   a. Financial literacy
   b. Attitude toward retirement
   c. Cultural and social influence
6. Does attitude toward retirement have a significant mediating effect on the relationship between financial preparedness and
   a. Financial literacy
   b. Cultural and social influences

Hypotheses

Based on the research questions, the following null hypothesis was tested:

1. There is no significant relationship between financial literacy and financial preparedness for retirement among respondents.
2. There is no significant difference between the respondents' demographic characteristics and their financial preparedness for retirement.

3. There is no significant relationship between the respondents' cultural and social influence and their financial preparedness for retirement.
4. There is no significant relationship between the respondents' attitude toward retirement and their financial preparedness.
5. The independent variables; financial literacy, attitude toward retirement, and cultural and social influences cannot significantly predict financial preparedness for retirement.
6. Attitude toward retirement does not have a significant mediating effect on the relationship between financial preparedness and financial literacy, and cultural and social influence.

Conceptual Framework of the Study

The conceptual framework of this study comprises of three major variables: the independent variables, the dependent variable, and the mediating variable. The independent variables in this framework include cultural and social influences, demographic characteristics, and financial literacy. Financial literacy is the capacity to comprehend and efficiently manage one's own financial resources. This includes familiarity with financial products and services, computation capability of retirement benefits and knowledge of basic financial concepts. In this study, demographic characteristics refer to details on the respondents' age, gender, level of education, and income. Cultural and societal influences are the different ways in which culture and society as a whole shape the beliefs, values, and behaviors of individuals and groups toward financial matters and retirement. Only two factors will be included in this study and they are parental influences and peer influence.

Retirement financial preparedness is the study's dependent variable. This can be measured in various ways but this study includes government-enforced pension, private pensions, assets or businesses acquired, and insurance coverage. This study also includes a mediating variable that may have an impact on how the independent and dependent variables relate to one another. The attitude toward retirement is the mediating variable. In this vein, Figure 1 shows the conceptual framework for the determinants of financial preparedness.

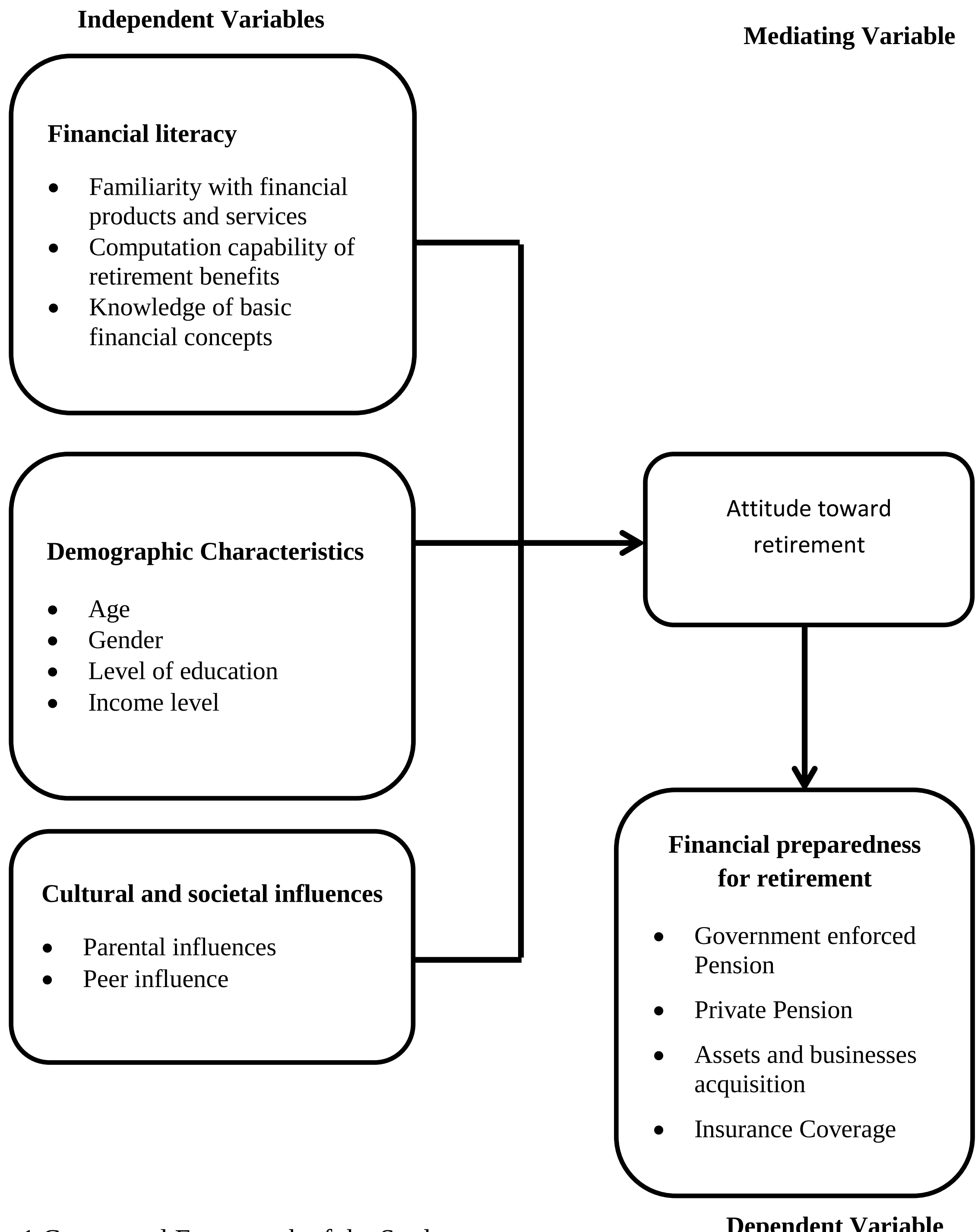


Figure 1 Conceptual Framework of the Study

(Researcher, 2023)

Significance of the Study

This study will help to shed more light on the importance of having high financial literacy for the workforce of Blantyre which can be generalized to the whole country of Malawi. A number of stakeholders will also learn valuable lessons about financial literacy and retirement preparedness.

The study will give decision-makers and financial educators important knowledge about the population's present level of financial literacy and retirement preparedness. This data may be utilized to develop financial literacy and retirement preparedness policies and programs that target certain demographic groups who are more likely to lack the required financial retirement preparedness.

The study will give providers of retirement plans useful knowledge regarding the particular facets of financial literacy that are most crucial for retirement preparedness. This will also assist retirement plan providers in creating and providing retirement savings plans that are customized to the unique requirements of various demographic groups in order to boost those groups' participation and efficacy.

Additionally, the results of this study will also be of interest to individuals who are currently saving and investing for retirement, as well as to those who are nearing retirement and trying to make important financial decisions in regard to retirement.

Scope and Limitations of the Study

Scope

This study aimed to examine the relationship between financial preparedness for retirement, financial literacy, demographic characteristics, and cultural and societal influences, with attitude toward retirement being the mediating variable among workers in the city of Blantyre, Malawi.

Retirement financial preparedness as well as demographic factors including age, gender, level of education, and income level are among the study's key variables. The study also investigated financial literacy, cultural and societal influences including parental and peer influences. Additionally, the study looked at how attitude toward retirement functions as a mediating variable between financial literacy, demographic factors, and societal and cultural effects on financial preparedness for retirement. The participants were surveyed via a questionnaire.

Limitations

Despite the potential insights this study on financial literacy and financial preparedness for retirement could provide, it is important to acknowledge that limitations exist in this research.

The study relied on self-reported data, which may be biased. Participants may have overestimated their financial literacy or retirement preparedness to present a positive self-image. To address this issue, the research used standardized measures of financial literacy and retirement preparedness, taking into account different perspectives and cultural differences. More so, the participants were given a thorough explanation, informing them that the research was academic in nature and that their identities would remain anonymous. The questionnaire did not require any personal information in order to reduce any potential biases. Secondly, the data were collected at a single point in time. Hence, the study may not be able to account for changes in financial literacy and retirement preparedness over time. As a result, the study may not capture the influence of life events like job loss or divorce on financial preparedness for retirement.

This study uses theories from behavioral psychology, but they were not created specifically for retirement or business. For example, Intentional Change Theory focuses on individual agency, but retirement factors like employer benefits or government policies are beyond individual control. Similarly, the Life Cycle Theory categorizes life into distinct stages, but people's financial paths are often more fluid. Regulatory Focus Theory looks at individual behavior but does not consider systemic issues such as economic inequality. The Social Cognitive Theory highlights the role of social networks, but these networks can sometimes reinforce negative behaviors. Despite these limitations, these theories can be applied to other fields that involve human behavior, such as business employment settings.

The conceptual framework of this study focuses on financial literacy, demographic characteristics, and cultural and societal influence, with attitude as a mediating variable in investigating an employee's financial retirement preparedness. It has its merits, but it also has notable limitations. Financial retirement preparedness is a multifaceted concept that extends beyond financial literacy, demographics, and culture. The conceptual framework for this study does not include other significant factors like health, family dynamics, or economic trends that can greatly impact retirement planning. Also, financial literacy encompasses a wide range of skills, from budgeting to investing. Some more advanced concepts like risk management, portfolio diversification, or tax planning, which are critical for retirement, were not included in this framework. Since Malawi operates in a global economy, external factors like economic policy, inflation, or market fluctuations are equally not part of this framework. Furthermore, financial retirement preparedness is often defined in monetary terms, but it should also encompass emotional readiness, social connections, and health considerations. The framework used in this study emphasizes the financial aspects that may neglect these other dimensions of a successful retirement.

The research employed a quantitative study design, which might overlook the nuances and intricacies of the phenomenon being examined. This could limit understanding and potentially overlook vital contextual factors that impact the outcomes being studied. However, utilizing a quantitative approach increased the generalizability of the study results to a larger population.

Operational Definition of Terms

Retirement refers to the point in a person's life when they stop working and begin to receive retirement benefits such as a pension or social security.

Financial literacy is the ability to access and use information required to manage money wisely. This research measures respondents' knowledge of financial services and retirement benefits in Malawi, as well as their understanding of basic financial concepts to determine their level of financial literacy.

Financial products related to retirement are investments and savings products designed to assist employees in saving for retirement and provide income during retirement. These products may include employer-sponsored retirement plans, individual retirement accounts, annuities, mutual funds, and certificates of deposit.

Financial services refer to the variety of services that financial institutions and experts provide to assist people in making plans for and managing their money in retirement. These services include risk management, estate planning, investment management, and retirement planning.

Knowledge of basic financial concepts refers to a fundamental understanding of key principles and terms related to personal finance and money management.

Retirement benefits refer to the monetary compensation an individual receives after retiring from their job or career. The primary objective of these benefits is to provide retirees with a regular income to support their daily expenses during their retirement years.

Demographic characteristics are the measurable attributes of a population or a group of individuals that help describe and analyze its composition. Age, gender, education, and income levels are all general factors that were used to categorize and describe the respondents.

Cultural influences refer to the effects of cultural norms that shape an employee's behavior, beliefs, and values. In this study, cultural influence is measured by parental and peer influences.

Parental influences refer to the impact, guidance, and control that parents exert over their children's development, behaviors, beliefs, and values. It encompasses the ways in which parents shape their children's social, emotional, cognitive, and moral development through their actions, values, and interactions.

Peer influences refers to the extent to which peers or individuals of similar age and social status can impact an individual's beliefs, values, and behavior. Peers can include friends, workmates, colleagues, and others who share common interests or experiences.

Financial preparedness for retirement refers to planning and saving money for retirement years. This includes strategies such as government-enforced pensions, private pensions, acquiring assets, and having insurance coverage to achieve retirement goals.

Government-enforced pension is a legally required retirement savings scheme that obligates companies to put money from employees' paychecks into a retirement fund. In accordance with(The National Pension Scheme, 2023), Employees are required to contribute a minimum of 5% of their pensionable income, and employers are required to match that amount with a minimum of 10%.

Private Pension is a retirement savings plan that employees can establish on their own, besides the government-enforced pension scheme.

Assets refer to the financial resources and investments that employees accumulate during their working years to support their retirement needs and goals. Assets include a range of financial instruments, such as savings accounts, retirement accounts, investment portfolios, and real estate.

Business acquisition refers to purchasing or acquiring a business as part of a retirement plan. It can involve purchasing an existing business, starting a new business, or investing in a franchise.

Insurance coverage refers to the types of insurance policies and plans that employees subscribe to and pay as part of their retirement preparation. This may include healthcare expenses, long-term care, and life insurance.

Attitude toward retirement refers to an employee's thoughts, beliefs, feelings, and overall disposition regarding retirement and the transition from active work to a period of leisure or reduced employment.

Saving refers to setting aside a portion of one's income in a savings account or other savings vehicle, such as a certificate of deposit or investment account, to accumulate funds over time for a specific purpose.

Retirement planning involves determining the goals for retirement income as well as the decisions and activities necessary to achieve those goals

CHAPTER 2

LITERATURE REVIEW

This chapter reviews relevant behavior finance and financial management theories that explain financial decision-making processes by people, financial literacy, and how they relate to retirement preparedness. The second part of the literature discusses the empirical studies on financial literacy, demographic characteristics, cultural and societal influences, financial retirement preparedness, and attitude toward retirement.

Theoretical Framework

This research is anchored on four theories: Intentional Change Theory (ICT), Life Cycle Theory (LCT), Regulatory Focus Theory (RFT), and Social Cognitive Theory (SCT). These theories, which originated in behavioral psychology, provide a deep understanding of human behavior and the factors that influence it.

Intentional Change Theory is a comprehensive framework that describes how people can bring about positive change in their lives. According to the theory, individuals must engage in a systematic and intentional process to effect change in their lives. The process has five stages: awareness, motivation, knowledge, action, and consolidation. The theory also highlights the significance of personal and social elements in the process of change(Boyatzis, 1982, 2018).

Life Cycle Theory is a developmental framework that explains how individuals develop and change throughout their lifespan. According to the notion, people go through many stages of development, each with its own chances and obstacles. The theory strongly emphasizes the value of adjusting to these changes and maximizing each period of life(Modigliani, 1954; Modigliani & Brumberg, 1954). It also highlights the role of social and cultural factors in shaping individual development.

Regulatory Focus Theory is a motivation framework that explains how individuals approach and avoid goals. Higgins's (1997, 1998) theory suggests that individuals have two primary motivational systems: promotion focus, which is focused on achieving positive outcomes, and prevention focus, which is focused on avoiding negative outcomes. The theory emphasizes the importance of aligning an individual's motivational system with their goals to achieve the best outcomes (Higgins, 1997, 1998).

Social cognitive theory is a complete framework that describes how people learn and grow. According to the theory, people pick up new skills through modeling, imitation, and observation (Bandura, 1977, 1986). The theory also emphasizes the necessity of one's belief in one's own ability to achieve self-efficacy and how a person's growth and conduct are influenced by their personal, social, and environmental circumstances (Bandura, 1977, 1986).

Intentional Change Theory

Intentional change theory is a framework for understanding and facilitating personal and organizational change, and it was developed by Richard Boyatzis. This theory states that change is a continuous process that occurs through intentional actions and self-reflection (Boyatzis, 1982, 2018). The theory emphasizes the importance of setting clear goals, developing a plan of action, and engaging in self-reflection to achieve desired changes. The theory has five stages that a person wanting to make changes should go through, namely, discover your ideal self, discover your real self, create your learning agenda, experiment and practice new habits, and get support. With discovering your ideal self, a person should develop a clear understanding of their aims and objectives, as well as their desired outcomes, and then translate these into short- and long-term goals. Then discover your real self. This involves clearly identifying one's strengths and weaknesses. Create the learning agenda is the next step. The learning agenda should align reality of who one is currently with the vision of who one wants to be. Then comes experimenting with new things and practicing new habits that will get the person to the vision they ident to become. Lastly, get support. Friends, family, coworkers, and the community may encourage us and provide support that helps us get through difficult times when one makes conscious change since no man is an island. Figure 2 below is a diagrammatic process of the theory of intentional change.

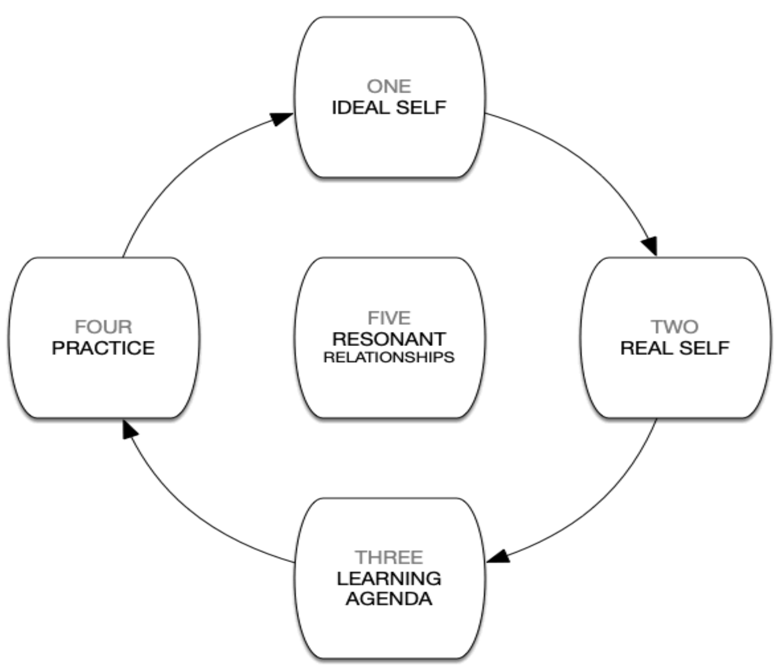


Figure 2. Intentional Change Theory (Seize the Dave, 2021)

The application of Intentional Change Theory to retirement preparedness can aid people in making retirement plans and preparations. The approach emphasizes the importance of creating specific goals, which is essential for retirement preparedness. People must have a clear vision of how they want their retirement to be, including their financial objectives, lifestyle objectives, and plans for continuing to be active and involved in their communities (Boyatzis, 2018).

After definite objectives have been identified, creating a plan of action is the next step. This could entail making a budget, developing a savings strategy, and looking into different retirement possibilities. A realistic strategy must be in place, taking into account things like retirement age, life expectancy, and anticipated expenses (Boyatzis, 1982, 2018). Self-reflection is a key component of the Intentional Change Theory. Self-reflection enables people to evaluate their development and make necessary modifications. Self-reflection in the context of retirement preparedness may entail assessing one's retirement plans and goals, seeing any difficulties or hurdles, and making any necessary adjustments (Boyatzis, 1982, 2018). This can help individuals stay on track and make necessary changes to achieve their desired retirement outcome.

The Life Cycle Theory

The Life Cycle Theory, also known as the Life-cycle hypothesis was developed by Franco Modigliani in 1957. The idea is that individuals borrow during hard times and save during good times in an effort to spread out their consumption throughout their lifetimes. (Pettinger, 2019). The framework describes how people plan and make financial decisions over the course of their lives. According to this idea, people base their financial decisions on their age, income, and expected lifespan (Modigliani, 1954; Modigliani & Brumberg, 1954). The theory can be explained using Figure 2 below. In the first phase of working, which is in the early 20s, the focus of people is to pay off student loans and begin saving. From the late 20's to 65 years, people experience an increase in income, and the focus is on saving for retirement to enable them to maintain the optimum level of living.

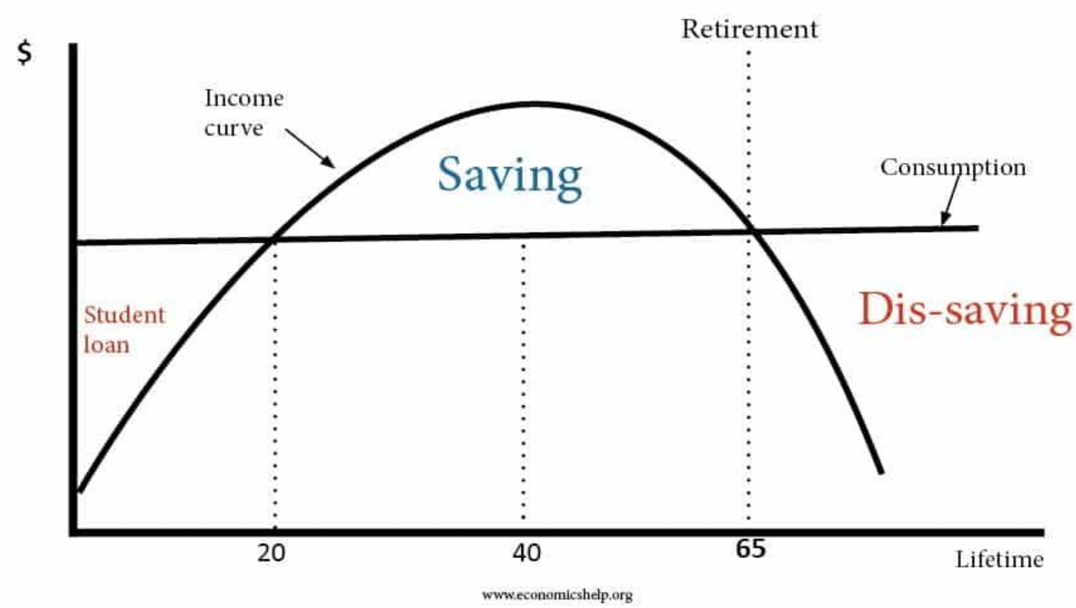


Figure 3 The Life Cycle Theory (Pettinger, 2019)

The theory also states that individuals tend to save more in their working years and spend more in their retirement years. In relation to retirement preparedness, the Life Cycle Theory highlights the importance of financial literacy and saving for retirement during one's working years (Modigliani, 1954; Modigliani & Brumberg, 1954). According to the theory, people should begin saving as soon as possible for retirement because a wider time horizon gives savings more opportunity to develop(Modigliani, 1954; Modigliani & Brumberg, 1954). People may take advantage of compound interest and build a larger nest egg to sustain them in their retirement years by starting to save early.

Financial literacy is also a crucial aspect of the Life Cycle Theory and retirement preparedness. Individuals need to have a fundamental understanding of financial concepts like budgeting, saving, investing, and risk management in order to be able to plan and make wise financial decisions (Modigliani, 1954; Modigliani & Brumberg, 1954). People who are financially educated can decide where to invest their money, how much to save, and how to handle risks.

Regulatory Focus Theory

This Theory was developed by Tory Higgins in 1997. It explains how individuals approach and respond to goals and challenges. The theory proposes that individuals have two motivational orientations: promotion focus and prevention focus (Higgins, 1997, 1998). Promotion focus deals with the pursuit of aspirations, growth, and advancement, while prevention focus deals with the avoidance of threat, safety, and responsibility (Higgins, 1997, 1998).

To comprehend how individuals approach and react to the objective of saving for retirement, regulatory focus theory might be used. The theory postulates that those with a promotion emphasis may be more inclined to set lofty retirement savings objectives, engage in risky investing, and concentrate on maximizing returns(Higgins, 1998). On the other side, people who strongly emphasize prevention may be more inclined to set conservative savings objectives, steer clear of risky investments, and prioritize protecting their funds (Higgins, 1998).

To be financially literate, a person must comprehend basic financial principles and be able to make wise financial decisions. The theory holds that those who are more concerned with promotion may be more inclined to seek out and use financial information to assist them in achieving their goals, while those who are more concerned with prevention may be more inclined to use financial information to assist them in minimizing potential financial risks (Higgins, 1997, 1998).

Social Cognitive Theory

Social Cognitive Theory is a psychological theory that explains how people learn and adopt new behaviors by observing and imitating others (Bandura, 1977, 1986). The theory suggests that individuals learn by seeing the activities and results of others and then changing their own behaviors in response to what they have seen.

The Social Cognitive Theory can be used to examine financial literacy and retirement preparedness. According to the hypothesis, people pick up money management and retirement planning skills by watching and copying the behavior of others, including family members, friends, and financial experts. (Lusardi & Mitchell, 2014) a person is more likely to adopt similar behaviors in their own life if they see their parents consistently saving a portion of their income for retirement.

Furthermore, According to Social Cognitive Theory, conduct is significantly influenced by self-efficacy, or the belief in one's capacity to carry out a task(Bandura, 1977, 1986). Better financial judgment and more benevolent financial actions, including saving for retirement, are connected with higher levels of financial self-efficacy (Lusardi & Mitchell, 2014).

Financial Preparedness for Retirement

Retirement is a significant milestone that marks the transition from work life to a new phase of leisure and personal fulfillment. As societies and lifestyles continue to evolve, the traditional notion of retirement as a static period of rest and boredom has transformed into a dynamic and diverse stage of life. From a psychological standpoint, retirement can be understood as a significant life transition involving the adjustment from a structured work routine to a new phase of personal freedom and self-identity. Retirement frequently gives people the chance to take stock of their successes, reevaluate their values, and look for new opportunities for personal development and fulfillment.

The social aspect of retirement emphasizes the shifting roles and connections that come with this time of life. It entails a change in social networks since people may have different connections with friends, family, and coworkers. Increased social involvement can be facilitated by retirement, giving people the chance to meet new people, give back to their communities, and form lasting bonds outside of the workplace. On the other hand, it can also cause problems with social isolation and the requirement to find new social networks.

Financially, retirement revolves around the ability to maintain a desired lifestyle and meet one's financial goals after leaving the workforce. It involves prudent financial planning, saving, and investment strategies to ensure financial security during retirement. Financial stability during retirement plays a crucial role in providing individuals with peace of mind and the freedom to pursue their desired lifestyle.

The cultural perspectives on retirement vary widely, ranging from societies that emphasize the continued contribution of older adults to those that promote leisure and relaxation. Many authors have provided distinctive viewpoints on retirement throughout history, illuminating its significance, difficulties, and prospects. In his book "Retirement: A Time for Growth or Decline?" Atchley (2019) argues that retirement is not merely a cessation of work but a complex process that requires individuals to adapt to new roles, find meaning, and establish new identities. He highlights the psychological and sociological aspects of retirement and contends that active participation in pursuits that advance one's personal development and wellbeing is necessary for a good retirement.

(Zelinski, 2017) encourages individuals to embrace a non-traditional approach to retirement that goes beyond relaxation and leisure. He promotes a way of life that values exploration, creativity, and self-awareness. Zelinski (2017) motivates seniors to follow their interests, discover new pastimes, and develop a sense of mission during their retirement years.

In his book "The New Retirementality: Planning Your Life and Living Your Dreams...at Any Age You Want" Anthony (2020) focuses on the psychological and economic facets of retirement. In order for people to align their financial resources with their retirement aspirations, he emphasizes the importance of proactive planning, financial literacy, and risk management. Anthony's work highlights the significance of creating a personalized retirement journey that reflects one's values and desired lifestyle. (Danko & Van Ness, 2021) in their book "Richer than a Millionaire: A Pathway to True Prosperity," further concentrated on the monetary components of retirement preparation. They strongly emphasize the value of good money management, saving, and investing for a comfortable retirement. Danko and Van Ness (2021) continued to provide practical advice on wealth accumulation, risk management, and sustainable financial practices. All of which are different way a person can view his or her retirement from a different dimension. Their work highlights the need for individuals to prioritize financial independence and plan for retirement well in advance. They emphasize the benefits of long-term thinking, disciplined saving, and diversification of investments to ensure a comfortable retirement. (Danko & Van Ness, 2021) state, "Retirement should be a time of financial freedom and peace of mind, achieved through careful planning and smart financial choices."

Even though some people view retirement as a time of death or uselessness, (Lawrence-Lightfoot, 2009) challenges the notion that retirement is a period of decline or withdrawal and proposes the idea of the "third chapter" as a time of reinvention, creativity, and exploration. The term "third chapter" refers to the phase of life that begins after an individual has completed their career and entered into retirement. It is a metaphorical way of dividing a person's life into chapters, with the first chapter being childhood and education, the second chapter being the working years and career, and the third chapter representing retirement and the later stages of life.

The "third chapter" of life is often associated with a time of increased freedom, self-discovery, and a shift in priorities. It can involve pursuing new interests, hobbies, and experiences that may have been put on hold during one's working years. It can also be a period of reflection, where individuals think about their life's purpose, relationships, and legacy. This concept emphasizes that retirement is not just a period of winding down or inactivity, but rather a new and potentially fulfilling phase of life that can last for decades. It encourages individuals to make the most of their retirement years by exploring new opportunities and continuing personal growth and development. (Lawrence-Lightfoot, 2009)celebrates the potential for personal growth, social engagement, and the pursuit of new interests during this life stage.

Financial preparedness for retirement is an important aspect of planning for one's future. It involves saving enough money, investing in the right assets, and having a plan in place to ensure a comfortable retirement. According to (Bivens, 2017), half of households with children of working age have no retirement savings at all. Investing in the correct assets is a crucial part of being financially prepared for retirement. This entails diversifying one's investment holdings and selecting long-term growth-oriented investments. Also, having a plan in place for retirement is crucial for financial preparedness. This includes being aware of one's retirement income needs, making a retirement budget, and weighing various retirement income options like Social Security, pensions, and annuities. Many folks haven't given their retirement income plans enough attention or haven't looked into all their choices.

Government Enforced Pension

Government-enforced pension plans, also known as mandatory or compulsory pension systems, are retirement savings programs that require individuals and or employers to contribute a portion of their income to a pension fund established and regulated by the government. These plans aim to ensure that individuals have a source of income during their retirement years.

Under government-enforced pension systems, participation is typically mandatory for certain groups of workers, such as employees in the formal sector or specific industries. Self-employed individuals may also be required to join the pension system or have the option to voluntarily participate. Both employees and employers, and sometimes self-employed individuals, contribute a portion of their earnings to the pension fund. The contribution rate is usually a percentage of income or subject to specific income thresholds.

A pension fund is created by combining the employer and individual contributions. In order to generate returns over time, the money is often invested by a designated body like a government agency or a pension fund manager. The amassed money increase as a result of investment gains. The pension payments that retirees receive are based on a number of variables, including their average salary during their working years, the number of years they contributed, and particular formulas established by the pension system. Other elements like inflation, professional development, or particular risk-sharing arrangements might be considered by some systems.

Each legally mandated pension program establishes a retirement age at which people are qualified to receive pension payments. The retirement age varies between nations and may fluctuate as demographic and economic conditions change. People begin receiving regular pension payments from the accumulated funds in their pension account after they achieve retirement age and satisfy the eligibility requirements. Depending on the pension system's rules, the pension payments may continue for the rest of the recipient's life or for a certain amount of time.

The importance of government-enforced pension cannot be underestimated as almost all governments have implemented this. The Social Security program is a required social insurance system in the United States. To those who qualify, it offers retirement, disability, and survivor benefits. Payroll taxes are used to make contributions, and benefits are determined by a person's earnings history and the age at which they start collecting benefits. 401(k) programs and individual retirement accounts (IRAs): The United States promotes retirement savings through tax-advantaged programs, including Individual Retirement Accounts (IRAs) and employer-sponsored 401(k) plans. However, it is not required. These plans allow individuals to contribute a portion of their earnings to save for retirement, with certain tax benefits (The Social Security Administration, 2022).

The United Kingdom has a state pension system that provides a basic pension income to eligible individuals. The sum is determined by a person's National Insurance contributions made over the course of their working life, and it is subject to specific residence criteria. The UK government implemented automatic enrolment in pension plans for employees. Employers are obligated to sign up and pay into qualified workers' pension plans. Employees also make contributions, and there are certain minimum contribution levels set by the government(The United Kingdom Government, n.d.).

Government-enforced pension plans in Africa also vary across countries and often reflect the unique social, economic, and political contexts of each nation. South Africa has a mandatory pension plan for government employees called the Government Employees Pension Fund. It offers eligible government workers retirement, disability, and survivor benefits. Employees and the government both contribute, and the benefits are determined by the employee's pay and number of years of service. (Nation Government of South Africa, 2020).

Kenya has a mandatory pension scheme called the National Social Security Fund. It applies to workers in the formal sector and mandates a proportion of wages from both employers and employees. The benefits are determined by the total contributions made and the duration of the employee's membership in the plan(National Social Security Fund, 2014).In Malawi, the government implemented a mandatory pension plan known as the National Pension Scheme (NPS). The NPS covers both formal sector employees and self-employed individuals who voluntarily join the scheme. Employees in the formal sector contribute 5% of their monthly earnings, while employers contribute an additional 5% on behalf of their employees. Self-employed people make a set monthly contribution based on their income. The NPS provides retirement, invalidity, and survivor benefits.

The retirement benefit is a lump sum payment made to the member upon reaching the retirement age, which is currently set at 60 years. The invalidity benefit is paid to members who become permanently unable to work due to a physical or mental disability. The survivor benefit is paid to the dependents of a deceased member. The NPS is administered by the Pension Administration Unit (PAU) under the Ministry of Finance. The PAU is responsible for managing the contributions, processing benefit claims, and ensuring compliance with the NPS regulations(The Malawi Legal Information Institute, 2014).

The presence of government-enforced pension plans, such as Social Security in the United States, can indicate a level of financial preparedness for retirement for individuals. These plans enable people to have a more secure financial future by giving them a guaranteed source of income during their retirement years. Government-mandated pensions can be a significant part of a person's financial preparedness for retirement, but they should not be the only thing to take into account. In addition to collecting benefits from mandatory pensions, people still need to have a strategy for investing and saving for retirement. In most countries, enrolment into government pension is part of the labor laws of the nation. This enables people automatically join the pension plan by the government. The government enforced pension have had a lot of influence on a lot of people and has enabled them to contribute even further. (Robertson-Rose, 2019) in his case study on employer voluntarily adopted automatic enrolment which also automatically enrolled new recruits found that the majority of participants believed that their company actively advocated joining a pension plan, and this notion strengthened the idea that joining the plan was a wise move. These employers are mostly mandated by the government to make such kinds of enrolments.

Private Pension

In addition, private pension schemes can supplement mandatory government pensions.(Bauer et al., 2022) noted in their study that even in the well regarded and very well-funded pension system in the Netherlands, underserving is a concern. They continued by saying that although some people may have additional private funds outside of their required pension plan to address this gap, the majority do not. This was demonstrated by the fact that 26.8% of research participants had private retirement savings. Three functions make up the private pension program: an insurance function, a savings function, and a pension function (Rokhman & Surabaya, 2021). The pension plan contains an insurance component that can assist in securing coverage for the possibility of losing income due to death or retirement-related risks.

Using a pension as an insurance instrument involves incorporating features that provide protection against certain risks that retirees may face during their retirement years(Rokhman & Surabaya, 2021). While the primary purpose of a pension is to provide a regular income stream after retirement, certain pension plans can be designed to include insurance elements that offer additional coverage (Shabor Rameli & Marimuthu, 2018). Some pension plans may include a life insurance component, often referred to as a "survivor benefit" or "death benefit." With this feature, if the pension plan participant (the retiree) passes away before exhausting the accumulated pension funds, a portion of the remaining funds is paid out to their designated beneficiaries or heirs as a lump sum or continued income stream. The life insurance component provides financial protection to the retiree's loved ones, ensuring they receive a benefit even if they die prematurely. This can be particularly important if the retiree has dependents or wants to leave behind a legacy for their family.

Many pension plans offer different annuity payout options. A joint and survivor annuity is a popular choice that pays an income to the retiree for the duration of their life and a reduced income to the surviving spouse or partner after their passing(Shabor Rameli & Marimuthu, 2018). This annuity option acts as insurance against the risk of the pensioner outliving their retirement savings, and it ensures that the surviving spouse/partner receives a portion of the pension income, providing continued financial support even after the retiree's passing. The private pension scheme contains a saving component since members are compelled to make payments while enrolled in it, with the benefits to be enjoyed after retirement. With a private pension plan in place, individuals contribute a portion of their earnings regularly throughout their working years often through deductions from their salary into a pension fund. Employers may also contribute to the fund as part of the employee's overall compensation package(Tan, 2015).

Over time, these contributions, along with potential investment returns, grow the pension fund's value. Upon retirement, the accumulated funds are used to provide a stable and predictable income stream for the retiree(Rokhman & Surabaya, 2021). This income serves as a replacement for the regular paycheck the individual received during their working life, enabling them to maintain their standard of living and cover essential expenses such as housing, food, healthcare, and other necessities. The private pension program also performs the role of a pension, enabling it to offer benefits to retirees that they may continue to receive over time as long as they live (Rokhman & Surabaya, 2021). By having a private pension plan, it helps individuals prepare for their retirement years and reduce the risk of poverty or financial instability in old age. Without a private pension, individuals may face the risk of outliving their savings or experiencing financial hardships later in life. Inflation can erode the purchasing power of a fixed government pension income over time. Therefore, even in this well regarded and relatively well-funded pension scheme, under-saving is an issue. Only a small percentage of people choose to make up this shortfall with additional private savings outside of their required pension plan. To address this risk, some private pension plans offer inflation protection, where the pension payments increase periodically to keep pace with rising costs of living(Rokhman & Surabaya, 2021).

Inflation protection acts as insurance against the risk of inflation, ensuring that the retiree's pension income retains its real value and provides adequate financial support for the duration of retirement. Compared to workers with only one type of plan, those with government and private pension plans have a better replacement rate of pre-retirement income in retirement. This highlights the importance of having both private and government-enforced pensions as a way to provide financial security for individuals during their retirement years. Employees in Malaysia who rely on a single pension plan created using EPF money discovered that it was insufficient to cover their retirement years (Tan, 2015). This would have been different if there was a presence of a second private pension. (Shabor Rameli & Marimuthu, 2018) also concurred with (Tan, 2015)by mentioning that even while EPF can be a significant source of retirement income, it might not be enough to cover all retirement expenses. Multiple pension plans are required to supplement the government-enforced pension.

Assets and Businesses Acquisition

The presence of assets and businesses acquired can indicate a level of financial preparedness for retirement for individuals. These assets and businesses provide a source of passive income and financial stability for individuals during their retirement years, allowing them to have a more secure financial future. Furthermore, A source of passive income in retirement might come from holding assets like equities or real estate. Having assets like stocks or real estate can be an essential source of passive income in retirement for several reasons; Stocks and real estate investments have the potential to generate regular income in the form of dividends, rental payments, or capital gains. This income can provide a steady stream of cash flow during retirement, supplementing other sources of income such as pensions or social security.

The good thing about assets like stocks and real estate is that they tend to appreciate in value over the long term. By owning these assets, individuals can preserve and potentially grow their wealth over time. This can be crucial during retirement, as it allows individuals to maintain their standard of living and keep pace with inflation. Real estate and equities can also be utilized as a financial diversification technique. A diverse portfolio of assets, such as stocks and real estate, can help spread investment risk. Different assets are more or less sensitive to economic conditions, market changes, and other factors. Retirees can decrease the impact of any single investment performing poorly by diversifying. This increases the likelihood of a stable income stream. The diversification brings about a sense of control and flexibility. Retirees can choose to sell some of their investments or adjust their portfolio allocation based on their income needs, lifestyle preferences, or changing market conditions. This flexibility allows retirees to adapt to evolving circumstances and make strategic decisions to optimize their income and financial security.

Also, for people who have dependents and a large family, assets such as real estates and stocks can be used to leave a legacy should the retiree die. Stocks and real estate can also serve as a means of leaving a financial legacy for loved ones. By building and managing a portfolio of assets, retirees can pass on wealth to their heirs, providing financial security and opportunities for future generations. However, owning a business or assets comes with its own set of risks and challenges, and not all individuals may have the resources or desire to acquire them. (Mohidin et al., 2015) noted that People are beginning to understand the importance of investments in today's world and how participation in assets like businesses may help them achieve long-term financial success.

Insurance Coverage

In order to give people and their families a more secure financial future, insurance can operate as a safety net for unforeseen circumstances like illness or accidents that could have a big financial impact on them and their family throughout their retirement years. Health insurance is the most common type of insurance coverage that order people should consider before reaching retirement. This is because in order age, human beings are more vulnerable to health issues.

Additionally, Financial security for people and their families during retirement can also be obtained through various insurance policies, such as life, long-term care, and disability insurance. According to (Tan, 2015) some people simply use insurance as a protective measure, not as an investment instrument. The purchasing of insurance plans might serve as a financial safety net against the unexpected situations due to the rise in medical costs. This can be viewed as an investment as it helps to buffer the financial burden in time of illness or death. Although the primary purpose of life insurance is to protect beneficiaries financially in the event that the policyholder passes away, several forms of life insurance contracts can also be used as a tool for investing.

Whole life and universal life insurance plans, both of which are permanent life insurance products, frequently have a cash value element. A part of the policyholder's premium, payments are put into a cash value account, which increases over time while being tax-deferred. Throughout the retiree's lifetime, the cash value may be accessible through withdrawals or policy loans. This cash value accumulation feature allows life insurance to serve as a savings or investment vehicle. A life insurance policy's cash value increase is tax-deferred, which means that as long as the money is still in the policy, policyholders are not obligated to pay taxes on it. Additionally, withdrawals or policy loans can be structured to be tax-free up to the amount of premiums paid. These tax advantages can make life insurance policies an attractive investment option for individuals looking to build tax-efficient savings.

Life insurance is also a useful tool for wealth transfer and estate planning. Life insurance can be used by policyholders to offer a source of funds to pay off debts, cover estate taxes, or distribute inheritances among beneficiaries. People can guarantee their loved ones receive a predetermined sum of money, independent of market conditions or the retiree's investment performance, by structuring their life insurance policies to include the desired death benefit amount. (Mohidin et al., 2015) also explained that people did not perceive insurance as a retirement savings plan or a significant investment. As a result, they were more likely to invest their financial resources in other options instead of insurance. This approach could mean that they were not adequately protected in the event of an accident or death, as insurance can provide a continuous stream of income to their family.

Moreover, the younger generation may not see aging, retirement, or death as immediate concerns, as they believe the future is still far ahead. Consequently, they might not prioritize investing in insurance, leaving them vulnerable in the long run. Overall, the lack of emphasis on insurance as a retirement savings plan or investment option can result in a shortfall of financial security in the future, especially in the face of unforeseen events. It is therefore essential to educate individuals on the importance of insurance as a safety net for their families and as a critical component of their overall financial planning(Mohidin et al., 2015).It's important to note that life insurance as an investment may not be suitable for everyone. Permanent life insurance policies sometimes have greater premiums than term life insurance plans, and the growth of the cash value may be subject to insurance company fees and levies. Additionally, protecting beneficiaries financially should always be the main goal of life insurance. People should carefully assess their financial goals, degree of risk tolerance, and financial adviser recommendations before investing in life insurance to see whether it fits into their entire investment plan.

Financial literacy

Financial literacy is a core topic when people are discussing financial matters. Various people have defined financial literacy in different ways as it relates to the subject. Financial literacy can refer to the skills and knowledge needed to manage one's personal finances effectively(Lusardi & Mitchell, 2014b; Widyaningtya & Suhartono, 2021). (Haron et al., 2019) concurs with (Lusardi & Mitchell, 2014b) by stating that financial literacy also comprises the forming of financial knowledge, abilities, and methods that affluent by transfer of attitudes, motivation, practical skills and values. (Mndzebele & Kwenda, 2020)also defined financial literacy as the ability to use knowledge and skills to manage financial resources effectively for a lifetime of financial wellbeing. Financial literacy education has to start at a young age as (Brown et al., 2018)define financial literacy as the degree to which students have acquired the knowledge and skills to make sound financial decision. Being financially literate involves having a solid grasp of important financial ideas like investing and budgeting. It entails being informed about financial services and products that can support saving and investing on the people who use them(Zhu & Chou, 2018).

Financial literacy and retirement preparedness are interrelated concepts that are crucial for everyone wanting to safeguard their financial future (Financial Industry Regulatory Authority (FINRA), n.d.). The actions a person takes to make sure they have enough money to live comfortably in retirement are referred to as retirement preparation (Social Security Administration (SSA), 2021). Financial literacy, on the other hand, is the ability to understand and use financial concepts and tools to make informed and effective decisions about personal finances(American Bankers Association Foundation, 2019). Together, these two concepts are critical for anyone seeking to achieve long-term financial security and stability (Personal Finance Education Group (PFEG), 2018).

There are significant regional differences in financial literacy, and many people lack the information and abilities necessary to handle money wisely. Generally, global financial literacy around the world is low. Globally, 33% of adults are financially literate, meaning that they can explain at least three of the four financial principles. In other words, almost 3.5 billion adults worldwide—77% of whom are in emerging economies lack a basic comprehension of financial principles(Hasler & Lusardi, 2017). Financial principles involve a fundamental grasp of financial decision-making, including knowledge of inflation, interest rates, compound interest, and risk diversification. The Global Financial Literacy Excellence Center(GFLEC) estimates that just around half of persons worldwide possess fundamental financial knowledge, with basic financial literacy ranging from 95% in Denmark to 9% in Mali. (Hasler & Lusardi, 2017).

According to a study conducted by the (Financial Industry Regulatory Authority (FINRA), n.d.), only 57% of adults in the US are financially literate (Lusardi &Mitchell,

2014b). Only 53% of Canadians exhibit fundamental financial literacy abilities, according to a report by the Financial Consumer Agency of Canada (FCAC)(Duguay & Savoie, 2016). According to research by the Financial Conduct Authority (FCA) in the UK, only 30% of persons there have a solid grasp of financial principles (MacGregor, 2015). Contrary to other parts of the world, Africa has comparatively low levels of financial literacy if compared to other continents. According to a survey conducted by the(World Bank, 2016), only 28% of adults in sub-Saharan Africa have basic financial literacy skills. This is significantly lower than the global average of 48% for the entire world. Lack of access to financial education, financial exclusion, and cultural and societal attitudes toward money and financial matters are some of the factors contributing to Africa's low level of financial literacy.(World Bank, 2016).

Malawi's demography is characterized by a high proportion of individuals aged 0-14 (45.87%) and 15-24 (20.51%) years, with a smaller percentage in the 25-54 (27.96%), 55-64 (2.98%) years, and 65 years and over (2.68%) age groups(Index mundi, 2020). This demographic breakdown indicates that a significant portion of the country's population is relatively young and has time to plan and work toward retirement. However, given the increased life expectancy of 65.5 years in Malawi(Worldometers, 2020), in the next 15 to 20 years, a huge number of people will be old enough to retire. A study conducted by the (World Economic Forum, 2019) found a shortage of pension savings in many developed countries. The report also stated that retirees worldwide will outlive their savings by an average of ten years, potentially leading to an uncertain future for many(World Economic Forum, 2019).This places retirement systems worldwide under pressure, highlighting the importance of educating the Malawian workforce on how to properly prepare for retirement.

The need for employees to be financially aware and prepared for retirement is growing in the modern world (World Bank, 2016).This is due to various factors including the growing complexity of the financial sector (World Bank, 2016), increased living expenses(Bureau of Labor Statistics, 2021), and longer life expectancy. It has become more difficult for people to maneuver the financial environment and make wise financial decisions as financial goods and services proliferate. Organizations can help employees better understand financial concepts and make financial decisions by educating them about financial literacy(World Bank, 2016). By investing in the financial literacy and retirement preparedness of their employees, firms can not only help their employees achieve financial stability and security but also improve their overall performance and productivity. This study aims to examine the relationship between financial literacy and retirement preparedness.

Financial literacy is important in the context of retirement preparedness because it enables people to make wise decisions about their finances, including how much to save, where to invest, and how to manage their money. Financial literacy helps people to have a clear understanding of their retirement goals and how much money they will need to achieve those goals(Widyaningtya & Suhartono, 2021). This can also help them avoid common pitfalls and financial scams that can derail their retirement plans.

People who are employed are given a monthly remuneration which we all refer to as salary. The salary forms part of the income. The Income can be used for consumption or savings or for both. Consumption is used for current needs that sustain life. These include payment of household bills and other day-to-day necessities. Savings is income that is set aside for future needs(Zhu & Chou, 2018). These needs include setting aside the funds to contribute toward retirement as it is a period in life that is guaranteed to happen. The funds must be invested in the selection of the right assets. The risk of investment failure is the driving force behind selecting the appropriate investment assets. Financial planning must be used to support investment choices made as part of retirement planning in order to ensure adequate retirement preparation and financial behavior. (Arifin, 2019).This is where financial literacy comes into play to foster this whole process.

Overall, becoming financially literate takes time and effort, but it is a worthwhile investment in one's future. People may plan their retirement in an educated manner and reach their financial objectives by gaining a thorough grasp of financial ideas and techniques. The good news is that all these skills and knowledge can be learned (Hanson & Olson, 2018). People can learn about personal finance, investing, and retirement planning by reading financial literature such as books, magazines, and Internet resources. This can help them comprehend financial concepts and techniques better(Frank et al., 2023; Gerrans & Hershey, 2017; Zhu & Chou, 2018). Many universities, community colleges, and adult education facilities provide excellent courses on personal finance, as do many other educational institutions. The best option for those who struggle to find the time to attend financial education courses is to seek the assistance of financial specialists, such as financial advisors and planners who can offer insightful guidance and advice on retirement planning and other financial problems. They can assist people with making investment selections, determining their risk tolerance, and developing a retirement plan. A person's financial literacy is greatly influenced by the financial habits they develop (Widyaningtya & Suhartono, 2021). By forming sound financial practices like making a budget, saving money on a regular basis and staying out of debt, people can become financially literate(Gerrans & Hershey, 2017). By putting these habits into action, they may have a greater grasp of how money works and how to handle it. (Hanson & Olson, 2018).

But on the other hand, the gap in financial literacy between workers is still prevalent and is becoming a concern in many countries. (Arifin, 2019) narrated about this concern in his study about how Indonesian government is currently having conversations about changing the retirement payment scheme for a public servant's retirement allowance. This will involve change from a monthly payment until the retiree and their spouse pass away to making a once off payment once when he or she enters their retirement. The majority of the people expressed their disapproval because they believe they cannot manage the money and are concerned that their income would decline as they get older. This has showed that not everyone has the aptitude to handle money in this manner. Understanding finances is important, as (Kiyosaki, 2017), the author of "Rich Dad Poor Dad," argues. He contends that a lack of proper financial direction in schools renders students unprepared to manage their cash wisely. According to (Kiyosaki, 2017), the cycle of financial hardship and inequality is exacerbated by a lack of financial literacy.(Akerlof & Shiller, 2016) also added that the lack of financial literacy leaves individuals vulnerable to manipulation and deception by marketers and financial institutions. They stress the need of safeguarding consumers from predatory business practices and call for more financial literacy to enable people to make wiser financial decisions.

In contrast, experimental analysis was used in their case study called Approaches and Measures in Promoting Elder Saving in accordance with the philosophy of the self-sufficiency economic to determine the impact of a financial education program on elderly savers. Following the training, elderly individuals' financial behavior improved, and their savings levels rose. The training course demonstrated how effective financial education promoted financial literacy and a positive mindset toward retirement investing.(Janposri, 2020) undertook a financial literacy analysis in his research to see if self-employed employees and wage workers had different degrees of financial literacy. The findings showed that financial behavior, financial attitude, and financial knowledge all play a key role in explaining why self-employed employees are more likely to prepare for their retirement. Similarly, wage employees also come to the same conclusion. The study showed financial preparation for retirement requires a high level of financial literacy, and retirement preparedness is unaffected by the nature of one's job situation or source of income.

Financial literacy has numerous indicators that are used to determine literacy levels. Indicators of financial literacy are measures that are used to assess an individual's level of knowledge, understanding, and competence in managing their personal finances. Financial literacy is essential in today's world, as individuals face a complex and ever-changing financial landscape. Various indicators of financial literacy have been developed to help individuals, policymakers, and researchers understand the level of financial literacy in a population, identify areas for improvement, and develop effective financial education programs. This research paper will only include three indicators, namely, familiarity with financial products and services, computation capability of retirement benefits, and knowledge of basic financial concepts.

Familiarity with financial products and services

Familiarity with financial products and services refers to an individual's knowledge plus proper understanding of various products and services in finance that are available in the market. This encompasses a wide variety of products, including retirement plans, credit cards, checking accounts, loans, investments, and insurance. Understanding how to use financial products and services to achieve various financial goals requires familiarity with them as well as awareness of the features, advantages, risks, and costs connected with each.

Several studies and publications have highlighted the significance of knowledge of financial goods and services. To begin with, those who are more knowledgeable about and use financial services and products are at a greater advantage in being financially prepared for retirement (Lusardi & Mitchell, 2014b; Van der List &Yoong, 2018). One explanation for this is that people who are familiar with financial services and products are better able to grasp their options for retirement investing and saving.

One of the primary reasons for developing familiarity with financial products and services is to improve personal finance management. Employees who are aware of different banking products, such as savings accounts, checking accounts, and certificates of deposit, may make intelligent decisions about where to deposit their money, analyze interest rates, and manage their cash flow effectively (Van der List & Yoong, 2018). Furthermore, knowledge about credit cards, loans, and mortgages enables individuals to choose the most suitable options, negotiate terms, and avoid high interest rates or hidden fees. (Bogle, 2017) stresses the need for familiarity with financial products and services when planning for retirement. He promotes becoming knowledgeable about various investing alternatives, including stocks, bonds, and mutual funds, as well as comprehending the advantages and hazards of each.(Bogle, 2017) encourages individuals to seek professional guidance and consider their risk tolerance and investment goals when selecting retirement investments.(Quinn, 2020) also emphasizes the importance of seeking professional advice from financial advisors, estate planners, and tax professionals. She provides guidance on choosing reliable and trustworthy professionals who can assist in making informed retirement decisions.

This leads employees who are preparing to retire to make informed Investment decisions. Employees who possess a thorough understanding of stocks, bonds, mutual funds, and other investment vehicles can analyze the risks, potential returns, and diversification opportunities associated with each option(Hasler & Lusardi, 2017). This knowledge empowers individuals to align their investments with their risk tolerance, financial goals, and time horizons. Additionally, being knowledgeable about financial platforms like brokerage accounts or robo-advisors enables people to effectively traverse the investment environment and choose the best routes for their portfolios (Van der List & Yoong, 2018). (Bogle, 2017), the founder of The Vanguard Group and advocate for index investing, believes that simplicity is key when it comes to financial products and services.(Bogle, 2017) argued that individuals should focus on low-cost, broadly diversified index funds rather than complex financial products like derivatives or actively managed funds. His philosophy revolves around long-term investing, low fees, and a buy-and-hold strategy. This means the simpler to understand the financial product or service; the easier it is for an employee to familiarize himself or herself to the product or services.(Ghilarducci, 2015), author of "How to Retire with Enough Money," explained the significance of understanding various financial products and services to secure a comfortable retirement. She discusses retirement plans, Social Security benefits, and the potential risks associated with relying solely on employer-sponsored plans.(Ghilarducci, 2015)urges people to evaluate their retirement requirements, look at investment possibilities, and think about how long-term inflation may affect retirement savings. In the book "How to Make Your Money Last: The Indispensable Retirement Guide," (Quinn, 2020) also discusses the significance of having a solid grasp of retirement savings vehicles, such as 401(k) plans, IRAs, and annuities, to decide how to produce money throughout retirement using knowledge.

Familiarity with financial products and services can also be used in mitigating financial risk and protecting one's financial well-being(Bogle, 2017). Individuals who are knowledgeable about insurance products, such as life, health, house, and vehicle insurance, are better able to choose appropriate coverage and comprehend policy terms, assuring adequate protection in the case of unanticipated catastrophes(Ghilarducci, 2015). Similarly, knowledge about retirement plans, empowers individuals to make informed decisions regarding contribution amounts, investment options, and tax advantages, laying a foundation for a secure retirement.

A lack of familiarity with financial products and services can lead to falling victim to financial scams, misleading offers, or predatory practices (Bogle, 2017). By staying informed and educated, individuals can recognize red flags, conduct due diligence, and make wise financial choices. Understanding the terms and conditions of financial contracts, such as credit agreements or investment declarations, enables people to steer clear of any unfavorable clauses that could have a negative influence on their financial well-being, such as hidden fees or fines. (Quinn, 2020) explains difference ways as to why scammers usually focus on retirees and make them top targets. Most of the ways are attributed from the lack of knowledge and familiarity to the financial products and services. (Quinn, 2020) emphasizes the importance of staying informed, being cautious, and seeking professional advice when necessary.

Developing familiarity with financial products and services promotes financial empowerment and independence(Ghilarducci, 2015). It lessens reliance on financial consultants or institutions by giving people the information and assurance they need to manage their finances successfully on their own. People can actively participate in financial planning, budgeting, and investing decisions and gain more control over their financial destiny by comprehending the complexities of financial goods.(Kiyosaki, 2017)highlighted the significance of financial education and the need for thorough knowledge of the various financial goods and services. According to(Kiyosaki, 2017), financial literacy is crucial for achieving financial independence and making sound investment decisions. He encourages individuals to educate themselves about various investment options and seek expert advice when necessary. (Bach, 2016) also highlights the importance of becoming familiar with financial products and services that can help build wealth for retirement. He advises taking advantage of company matching contributions and learning about and using retirement plans like 401(k)s and IRAs. (Bach, 2016) also emphasizes the value of automating savings and investing processes to ensure consistent contributions toward retirement. This method helps employees to avoid procrastination and skip on their monthly payments and contributions. (Robbins & Robbins, 2016) in their book "Money: Master the Game," stresses the importance of financial education and familiarity with retirement products and services. They emphasized the need for diversification in retirement investments and highlights the potential benefits of low-cost index funds and tax-efficient strategies. (Robbins & Robbins, 2016) encourages individuals to educate themselves about retirement options and work toward achieving financial independence.

The retirement landscape is constantly evolving, with new financial products and services being introduced. Familiarity with these innovations allows retirees to adapt and take advantage of opportunities that align with their goals. For example, understanding the potential benefits and risks of emerging retirement vehicles, such as target-date funds or Health Savings Accounts (HSAs), helps retirees make informed decisions about incorporating them into their retirement strategy. Because of the changing retirement landscape, it is importance to Understand Retirement Spending.(Quinn, 2020) advises retirees to carefully assess their expenses and create a realistic budget that aligns with their retirement income sources. Understanding retirement spending is crucial for ensuring a financially secure and comfortable retirement. It involves having a clear understanding of the expected expenses during retirement and how income sources will cover those expenses. Knowing your anticipated retirement expenses allows you to plan and save accordingly. It helps you avoid the risk of outliving your savings or facing financial hardships later in life (Ghilarducci, 2015). Retirement spending is closely linked to the lifestyle you want to lead in your retirement years. Understanding your spending patterns helps you align your financial decisions with your desired lifestyle.

Computation capability of retirement benefits

It refers to a person's capacity to comprehend and estimate the sum of money that must be saved in order to sustain their quality of life in retirement. This is because they are more likely to take the necessary actions to make sure they are on pace to fulfill their retirement objectives because they are more aware of how much money they will need to save in order to do so (Ogoi, 2019).

An individual may decide how much to contribute to their retirement savings accounts and how to invest those funds if they have a strong knowledge of how much money they will need to have saved in order to maintain their level of living.(Van der List & Yoong, 2018).The ability to calculate retirement benefits also enables people to calculate the difference between their intended and expected retirement incomes, allowing them to change their saving and investment strategies accordingly.

Literature also supports the importance of understanding the computation of retirement benefits, signaling that people who are adept in math are more likely to start thinking about their retirement. (Anderson et al., 2017) tried to understand the relationship between precautionary savings, retirement preparedness and misperceptions of financial literacy. The team applied the probit model to LinkedIn participants by asking them questions that assessed the level of computation capability, and results indicate a significant correlation between retirement planning and calculation skills, a measure of financial literacy. (Safari et al., 2021), also carried out a study that used Calculation ability and financial knowledge, two financial literacy constructs, were examined, and it was discovered that they had a favorable effect on individual retirement planning. They came to the conclusion that gaining more information about financial products and investment opportunities would enhance one's capacity to calculate the interest on savings, credit, and retirement planning.

Knowledge of basic financial concepts

Having a solid understanding of financial concepts and being able to access appropriate financial services can greatly improve one's chances of achieving a comfortable retirement. Understanding the importance of saving and investing, as well as knowing how to effectively do so, is a key component of retirement preparedness(Ogoi, 2019).Another important financial concept for retirement preparedness is understanding the different types of retirement accounts available. Some of these accounts offer tax advantages and other benefits that can greatly benefit those saving for retirement(IRS, 2019). In addition to understanding financial concepts, being able to access appropriate financial services is also important for retirement preparedness. This can involve using online retirement calculators and tools to assist calculate how much to save and invest, or working with a financial advisor to create a retirement plan.

(Lusardi & Mitchell, 2014a)investigated the relationship between financial literacy and retirement preparedness in the United States of America. The results show that utilizing the American Life Panel financial literacy measures, financial literacy acquired in school prior to joining the employment had a positive influence on retirement planning. Hence, it’s essential to create educational initiatives for children that will provide them with the knowledge of finance necessary to make informed financial decisions later in life, such as in retirement. (Hutabarat & Wijaya, 2020)analyzed the influence of financial literacy on retirement planning using a sample of 120 university professors from Indonesia. To evaluate these relationships, they applied a linear regression model. The study's findings demonstrate the importance of attitudes about retirement products while establishing individual retirement plans. Positive opinions toward retirement products are associated with an increased likelihood of creating pension financial plans.

Demographic Characteristics

Demographic characteristics are traits that describe a population, including age, gender, race, income, education level, occupation, and location. Age is one demographic variable that significantly affects retirement preparedness (Widyaningtya & Suhartono, 2021). Older people are more likely to be more prepared for retirement since they have had more time to save and invest for retirement. Additionally, older individuals may also have access to more retirement-specific financial services, such as pension plans, which can further improve their retirement preparedness (Kimiyagahlam et al., 2019).

Another important demographic factor is income level. People with higher salaries are more likely to have access to financial products and services, including retirement planning calculators and financial counselors. Mndzebele & Kwenda, 2020) noted that even those with high levels of education need to be financially literate because being good at your job does not inevitably mean being skilled in matters of finance. This simply means seeking financial advice is very pertinent.

However, those with lower salaries might have less access to these resources, which would make it more challenging for them to plan for their retirement. That is due to the point that access to information and tools for retirement planning is frequently increased with a higher degree of income(Larisa et al., 2020; Shehu & Molishti, 2022).

Age

As people age, they typically face different financial challenges and opportunities that can impact their retirement preparedness. Age affects retirement preparedness through changes in earning potential(Shehu & Molishti, 2022). People's earning potential may drop as they become older, which may make it more challenging for them to save for retirement(Lusardi & Mitchell, 2014b). But what is the right age to start saving for retirement? According to Mohidin et al., (2015) study findings, which were based on responses from respondents, retirement planning should begin more than 20 years before retirement. With so much time on their side, individuals would have adequate time to save and experiment with various investment vehicles (Ogoi, 2019). Furthermore, as people age, their retirement goals and priorities may change. Older people could be more concerned with protecting their assets and minimizing financial risks(Lusardi & Mitchell, 2014b). Additionally, it's possible that older individuals are more concerned with finding ways to supplement their income in retirement, such as by starting a small business or maintaining part-time work (Van der List & Yoong, 2018).(Keele & Alpert, 2015) highlighted that technological advancements, globalization, and changes in the workforce may lead older workers to opt to retire early since they cannot afford to compete with the younger generation, which causes them stress. Table 1 suggests specific retirement planning targets for people of every age ((Keele & Alpert, 2015). This is organized according to age range and important financial and retirement goals.

Table 1. Retirement Benchmarks for Every Age

Age	What to do
20s	• With each paycheck, deposit a certain amount (between 5% and 10% of your earnings) into a savings account. • Begin setting up an emergency savings account with the goal of accumulating three to six months' worth of wages for unforeseen needs. • Take part in your employer's retirement plan if it is available. Make sure you make enough donations to obtain the full match if your company matches your contributions. Open an IRA and set up regular monthly payments if your company does not provide retirement accounts. • Limit your use of credit cards to one per emergency, and pay off the balance each month to avoid accruing debt. Pay off your credit card debt as soon as you can if you have any.
30s	• Maintain contributions to retirement programs. Aim to donate 10% of your take-home salary. Get advice on how to invest your retirement savings wisely. • When purchasing a property, put down 20% to avoid paying mortgage insurance. In general, your mortgage payment should not exceed 28% of your monthly income. • If you have dependent family members, purchase term life insurance as well as proper health, disability, vehicle, and homeowner's insurance coverage. Get renter's insurance if you rent your house to protect yourself in the event of theft, fire, or other calamities.
50s	• Reevaluate your plan to save for retirement to make sure your requirements have not altered and that you are still on pace to reach your objectives. • Consider boosting your retirement plan contributions if you are falling behind on saving since you now have access to larger contribution caps. • Take into account how well your retirement assets are invested. • Look into long-term care insurance options.
60s	• To keep your tax advantages, roll over your 401(k) amount into an IRA when you retire. • Think about the ideal time to begin receiving Social Security retirement benefits. • If you have a typical pension plan, compare your distribution alternatives (lump sum, scheduled lifetime payments, or a combination of both). Remember that the payout decision is often only made once and might have a significant influence on retirement. For instance, the payment amount may not be updated for inflation if you want to receive recurrent scheduled installments. • Three months before turning 65, submit a Medicare application. • To make sure you obtain the greatest coverage for your prescription requirements, carefully study Medicare Part D prescription drug coverage options.
70s	• Examine your retirement savings. You must begin taking withdrawals from your conventional IRA by the age of 71/2 if you haven't done so before, or you'll pay a hefty tax penalty. • If you chose to postpone receiving benefits, you can begin collecting Social Security at age 70. • Consider buying an instant annuity, depending on your health and money.

The checklist above shows the role age plays in decisions that people make in accordance to their retirement planning. Different ages have different goals that should be given priority. Age-related differences in financial literacy and retirement preparedness have given rise to divergent claims from academics and authors. (Janposri, 2020; Widyaningtya & Suhartono, 2021)created research that included the impact of age on financial literacy. The findings revealed that the demographics of financial literacy followed a "inverted U shape," with middle-aged persons having a greater degree of financial literacy than younger ones. (National Endowment for Financial Education, 2021) also concurred with (Janposri, 2020) by adding that financial literacy is low or nonexistent among young adults (ages 18 to 24), which might result in poor financial judgment. Young adults might not be familiar with fundamental financial ideas like saving money, budgeting, and investing. It went on to expand that a lot of young adults might not have had much experience handling their own funds, which means they might not yet have formed healthy financial habits. (National Endowment for Financial Education, 2021)continued by saying that middle-aged individuals (ages 25 to 54) often have higher levels of financial literacy than young adults (ages 18 to 24).(Foster, 2017)went on to suggest that relative youth is also associated with a lack of interest in pensions, and this may be particularly relevant to young female employees. The middle-aged adults might have had more money management expertise and financial knowledge from their work or other sources. However, some middle-aged persons may still have trouble making financial plans and may require assistance with matters like debt management and retirement planning.

Janposri, (2020) also noted that the old and young had the lowest levels of financial literacy. This included putting the young and the elderly in the same class of lower financial literacy. (National Endowment for Financial Education, 2021) contrasts with this assumption. According to their research, older persons (55 years and above) are the demographic with the greatest levels of financial literacy. This was so that older adults might have had more opportunities to learn about financial planning and may have amassed greater wealth and assets over time. Yet, certain senior citizens might also experience particular financial difficulties connected to estate preparation, healthcare bills, and retirement planning. This research paper tried to determine which of these contrasting views on retirement preparedness applies to the Malawian population, particularly those living in the city of Blantyre.

Gender

The relationship between gender and retirement preparedness is a complex and multifaceted issue that has been the subject of much research in recent years. Men and women have different social roles that are expected of them. Women are more likely to abandon their jobs to care for their children, which contributes significantly to the difference between men and women's retirement preparedness (Quadagno, 2014). As a result, women could have less earning potential and fewer opportunities to save for retirement. Retirement planning is simpler for males since they are more likely than women to earn bigger earnings (Dovie, 2020). These financial disparities may have an impact on how much preparation women do, as well as their predisposition to avoid risk. As a result, while males focus on material possessions, women concentrate on networking opportunities or social interactions.

Dovie (2020) in his research that was trying to find the role of gender on retirement planning found out that in married couples, majority of women respondent strongly agreed that their retirement plans were directly tied to their husbands. This meant that if the husband has a retirement plan, the woman will also have a retirement plan. The study also went further to discover that women would go for retirement earlier than planned if their husbands had retired first in order to be close to their partner. Social and emotional factors were the key drivers of such decision. Nonetheless, both sexes wish to retire about at the same time as their spouse, around half of them. The time of a husband's retirement is unaffected by a wife's plan, while a woman's decision on when to retire will be influenced by her husband's ambitions. This result is true even if the husband earns more money than his wife (Mohidin et al., 2015).

The issue is further complicated as women are frequently paid less than males in some professions. Women are urged to be more emotional and sensitive, while men are urged to be more extroverted, outspoken, and assertive (Jung & Kim, 2020). The differences in gender role socialization between men and women are a significant factor in gender differences in risk tolerance(Dovie, 2020). Researchers have also shown gender disparities in views toward the risk of pension assets, with women seeming to be more risk-averse with market-linked investments (Robertson-Rose, 2019). Women are often socialized to be more risk-averse than men, as they are traditionally expected to be more cautious and protective (Shehu & Molishti, 2022). This could lead to women being more hesitant to take on financial risks, including investments in the stock market. Women may not have the same access to or level of financial education as males, which may leave them feeling less secure about their investment choices(Jung & Kim, 2020). The fact that they may not completely comprehend the risks and benefits of various financial opportunities may also increase their risk aversion. Women often live longer than males, so they require more savings to sustain themselves throughout their retirement years. This is another important consideration. But women are also more likely to get divorced or widowed, which can mean losing retirement funds and becoming more dependent on government assistance (Widyaningtya & Suhartono, 2021). Despite these challenges, there are steps that can be taken to address the retirement preparedness gap between men and women. Promoting laws that facilitate women's access to career advancement opportunities and equitable pay is an essential tactic. As a result, women may be able to make more money and enhance their purchasing power, which may enable them to save more money for retirement.

Occupation

Occupation plays a crucial part in estimating a person's income, benefits, and opportunities for retirement savings. The availability of employer-provided retirement benefits is a significant element in the variance in financial retirement preparedness between different industries (McFall et al., 2015). Higher-paying jobs are more likely to offer retirement benefits such as pension plans, while lower-paying jobs are less likely to offer these types of benefits. This indicates that those in higher-paying professions are more likely to have access to retirement savings programs that will prepare them for retirement. (Robertson-Rose, 2019) in his study also added that the availability of employer-sponsored education programs seems to have a favorable impact on contribution rates and workplace pension scheme participation. This simply means if the employer makes the first step to contribute toward retirement for its employees, the employees are likely to contribute themselves too. (Robertson-Rose, 2019) further observed that a "transactional" approach to work has replaced the "relational" approach, it places a strong emphasis on financial rewards and calls for employees to anticipate a long-term connection with their business. The employer's proactive approach to encouraging employees to join pension plans and the support of coworkers had a favorable impact on membership and contribution levels. The long an employer stays with an employee, the more contribution that employee will make toward their retirement.

The degree of work security and stability is another element that influences the discrepancy in financial retirement preparedness. It may be more difficult for those in less stable or secure jobs to save for retirement since they may be more likely to endure job loss or periods of unemployment. This can make it difficult for them to accumulate savings. (Robertson-Rose, 2019) also discovered that participants in his study mentioned job insecurity and inconsistent employment as excuses for not saving for retirement, and they distinguished between "jobs" and "careers" when considering occupational pensions.

Level of Education

Education plays a crucial role in determining an individual's earning potential and career advancement opportunities, which can affect their ability to save for retirement(Larisa et al., 2020). The earning potential is a significant element in the discrepancy in financial retirement preparedness between people with different degrees of education (Shehu & Molishti, 2022). Employees with higher educational qualifications typically make more money than those with lower education levels. Due to their higher earning potential, people may have more money available to save for their retirement(Jung & Kim, 2020). Additionally, higher-educated workers may have access to better benefit packages and retirement plans that allow them to save more efficiently. But this may not always be the case as financial literacy is more than just academic qualifications. (Janposri, 2020) found that wealth accumulation is more strongly influenced by financial literacy than by academic achievement. This implies that a person's basic education might not be enough to provide them the ability to make wiser financial decisions and accumulate wealth.

Another component of the disparity in financial retirement planning is that those with lower levels of education tend to lack financial understanding (Jung & Kim, 2020; Larisa et al., 2020). Higher educated individuals are more likely to have a fundamental knowledge of personal finance and retirement planning. This knowledge can help them to make more informed decisions about saving for retirement.

Income Level

Higher income earners are typically more likely than lower income earners to be prepared for retirement(Jung & Kim, 2020; Shariff & Isah, 2019). But this link can be influenced by a variety of events, and it is not always clear-cut. The capacity to save money can also have an impact on the relationship between income level and retirement preparedness. Higher income levels are often seen to increase one's ability to save for retirement compared to lower income levels (Shehu & Molishti, 2022). This is brought on by a variety of elements, such as the capacity to invest in different kinds of savings instruments and the capacity to increase retirement plan payments. Research has shown that when people have more income it gives them a chance to explore other investment options and retirement programs. (Mohidin et al., 2015) discovered in their study that there was a substantial link between financial conduct and retirement planning. The respondents had overwhelmingly positive sentiments regarding receiving more money because they believed it offered them a sense of respect and success. This in turn made them plan and start contributing toward their retirement.

Cultural and Societal Influences

Retirement preparedness is a crucial concern for individuals and society as a whole. The ability to prepare financially for retirement is influenced by a variety of factors, including cultural and societal influences. Cultural and societal factors can shape an individual's attitudes toward retirement and their financial behaviors.

Retirement is a universal concept, yet its definition and significance vary extensively across cultures. Culture encompasses a wide range of factors, including social norms, religious beliefs, historical background, and economic structures, all of which contribute to shaping individuals' attitudes toward retirement.

One's perception of retirement is heavily influenced by cultural values and beliefs. In some cultures, retirement is seen as a well-deserved period of rest and relaxation after years of hard work, while in others, it may be viewed as a time to dedicate oneself to community service or continue pursuing personal ambitions(Lam et al., 2018). These perceptions often affect when individuals choose to retire and the activities they engage in during retirement.(Cottier, 2018) attempted to analyze the relationship between cultural impacts and financial restrictions on employees' decisions to retire in Switzerland in his study on culture, financial constraints, and retirement choice. The study examined the impact of culture on the availability of male labor in the years before and after laws that allowed for early access to pension benefits. The study divided the participants into two primary linguistic groups: the Romance speaking group, which includes speakers of French, Italian, and Romansh and covers the South and West of the nation; and the German speaking group, which includes speakers of English and covers the North and East. A key difference was identified between the two groups as the study found that comparing their leisure preferences to their German-speaking counterparts, Romance speakers are more leisure-oriented. This portrayed how culture influences one's perception. Another study compared attitudes on retirement and aging in Sweden and Turkey. In contrast to Swedish individuals, the data showed that Turkish people got more social as they neared retirement. However, compared to their Swedish counterparts, Turkish retirees reported poorer life satisfaction (Koposko et al., 2016).

Cultural norms surrounding the family unit and community support can also significantly impact retirement decisions and financial habits. In collectivist cultures, where family ties are strong, there can be a tendency for people to help their extended family financially after retirement (França & Hershey, 2018). This can influence saving and investment strategies to accommodate such responsibilities. In some cultures, there is a common assumption that children or extended relatives will provide financial support. Because they anticipate family assistance in retirement, people could rely less on their savings or pension plans. In contrast, cultures with a stronger emphasis on individual responsibility may encourage a greater focus on personal financial preparation for retirement(Guiso, 2016). Koposko et al. (2016) determined how societal values influence retirement objectives, researchers studied participants in the United States and Mexico. According to their findings, American students saved more money than Mexican students and had a more positive outlook on the future. The clarity of retirement goals, however, was greater among Mexican students than among US students.

In some cultures, a strong emphasis is placed on saving for the future, leading individuals to adopt conservative financial habits and risk-averse investment approaches. In contrast, cultures with a more adventurous outlook may encourage riskier investment choices, seeking higher returns for retirement(Cottier, 2018; França & Hershey, 2018).

Cultural attitudes toward work ethic influence retirement age decisions. In cultures that prioritize hard work and dedication, individuals may be more likely to work beyond traditional retirement ages, either due to financial necessity or a sense of duty to contribute to society (Park et al., 2020). The age at which individuals retire is also heavily influenced by cultural norms. Some cultures may promote early retirement to enjoy life and spend time with family, while others may encourage later retirement to ensure financial security and societal contributions. For instance, countries with a strong social welfare system and generous pension plans may witness a higher percentage of early retirements. In contrast, societies with limited social safety nets may see individuals working beyond the typical retirement age to maintain financial stability (Alcover et al., 2019; Koposko et al., 2016). A study by (Ghadwan et al., 2022) produced an annual report on retirement in a number of nations to gather information on seniors' retirement and assess workers' attitudes about retirement. The findings showed that retirement differs from nation to nation due to the various traditions and practices of each civilization. In Britain, for instance, working people begin making plans for retirement around age 28, whereas Chinese people do so at age 37 and Europeans do so around age 32. France had monthly retirement savings plans at 13%, Australia at 37%, and Belgium at 25%. Working people in Spain and Germany want to retire at age 63, Americans want to retire at age 64, and Chinese want to retire at age 55, according to the report's results on social retirement views. Furthermore, according to studies, 34%, 80%, 68%, and 65% of retirees in France, Italy, Canada, America, and Australia, respectively, retired before the minimum age required by law (Ghadwan et al., 2022)

Societal influence toward retirement can also shape an individual's financial behaviors. In some societies, there is a strong emphasis on being financially independent in retirement, while in other societies, there is a greater expectation of support from family members. These social ideals may have an impact on a person's choice to save for retirement as well as how much they decide to save. The study conducted by (Robertson-Rose, 2019) explored the impact of societal influence on retirement preparedness. The research revealed that colleagues played a significant role in encouraging individuals to become members of pension schemes. Additionally, the age at which individuals started contributing to the scheme was influenced by the level of encouragement received from more mature colleagues.

The findings indicate that the elderly, who have more experience, can provide valuable guidance and advice to encourage the younger generation to begin saving and making retirement plans as soon as feasible. Planning for an early retirement is crucial since it may have a big influence on how financially secure someone will be in their later years(Lam et al., 2018).By receiving guidance from more experienced colleagues, individuals can learn about the benefits of pension schemes, such as tax relief and employer contributions. Moreover, they can be informed about the potential consequences of not saving for retirement, such as reduced income and financial hardship(Widyaningtya & Suhartono, 2021). Therefore, it is essential to promote a culture of retirement preparedness at work, with more seasoned coworkers actively supporting and advising their younger counterparts. This approach can help to ensure that the younger generation is adequately prepared for retirement and has a secure financial future (Widyaningtya & Suhartono, 2021).

Parental Influences

Parents hold a unique position of influence in their children's lives, serving as the first teachers in various aspects, including financial matters. Early financial education that emphasizes the need for retirement planning, investing, and saving in children increases their likelihood of adopting sound financial habits(LeBaron et al., 2018). The ability to handle the complexity of personal finance is mastered by children when financial literacy is instilled in them at an early age(Harrison et al., 2017). This improves retirement preparedness. One study found that persons who reported having learned about money management from their parents had higher levels of financial literacy and were more likely to save for their retirement(Lusardi & Mitchell, 2014a). This shows that parents have a substantial influence on how their children behave and think about money, which may have a big impact on how well-prepared they are for retirement.

The power of parental role modeling cannot be underestimated. Children often mimic the behaviors they observe in their parents. Parents who demonstrate prudent financial habits, such as consistent saving, living within their means, and contributing to retirement accounts, are more likely to have children who adopt similar practices(Harrison et al., 2017). The attitudes toward retirement planning and knowledge of retirement planning were found to be positively correlated with parental influences by (Gerrans et al., 2018) in their study on individual and peer impacts in retirement savings investment decisions. On the other hand, parents who exhibit poor financial management may inadvertently lead their children down the same path, hindering their retirement preparedness (LeBaron et al., 2018).

In some cases, parents may offer financial support to their adult children through gifts or inheritances(Hanson & Olson, 2018; Koposko et al., 2016; LeBaron et al., 2018). While this assistance can provide short-term relief, it may have implications for retirement preparedness in the long run. If children become overly reliant on parental support and fail to establish their financial independence, they might neglect their retirement savings (LeBaron et al., 2018). Encouraging a balance between supporting children and fostering their financial independence is crucial for sound retirement planning (Koposko et al., 2016). According to results of another study, People with greater levels of retirement savings were more likely to receive gifts or loans in the form of cash from their parents (Zhao & Fang, 2016). This shows that parents who provide their kids financial help may be more likely to teach them valuable financial lessons and abilities.

Cultural norms and expectations can also influence the intergenerational transfer of financial habits. In cultures where it is customary for children to financially support their parents in old age; adult children may prioritize this responsibility over saving for their own retirement (Chan & Au-Yeung, 2021). Understanding and reconciling cultural values with long-term financial goals is necessary to strike a balance between fulfilling familial duties and securing one's financial future.

Open and transparent communication about financial matters within families can be immensely beneficial (Harrison et al., 2017). Parents who engage in discussions about retirement planning, investment strategies, and financial goals provide their children with valuable insights and knowledge (Widyaningtya & Suhartono, 2021). Such open dialogue fosters financial literacy and responsible financial decision-making, which positively impacts retirement preparedness (Hanson & Olson, 2018). Teachers of family life and money management could use this idea to inform parents through their class ideas. Parents should also encourage their kids to discuss their financial issues, save their pocket money, and participate in family financial decisions(Widyaningtya & Suhartono, 2021). Parents should understand that their financial tactics and patterns of saving for the future may be the first financial lessons their children learn (Kimiyaghalam & Mansori dan Meysam Safari, 2017).

In the study by (Robertson-Rose, 2020),several interviewees emphasized the advantages that their parents, particularly their fathers, had obtained as a result of saving for retirement. They made comparisons between such experiences and their own willingness to save in order to get equivalent rewards. Participants appeared to base their retirement objectives and aspirations on their closest relatives.

In unfortunate circumstances where parents experience financial stress or become financially dependent on their adult children, retirement preparedness can be adversely affected(K. K. Chan & Au-Yeung, 2021). Adult children may be burdened with providing financial assistance, which may jeopardize their capacity to prepare properly for their own retirement(Jeong & Kim, 2020). If parents rely on their children for financial assistance when they retire, having more offspring with better earning potential may hasten their retirement. If parents are expected to pay for their children's education, retirement may be delayed. Navigating these situations requires careful financial planning and, in some cases, seeking professional advice to secure both parents' and children's financial well-being(Jeong & Kim, 2020).

Parents' approach to managing debt can significantly impact their children's financial habits. If parents demonstrate responsible debt management, such as avoiding excessive borrowing and paying off debts on time, their children are more likely to emulate this behavior(K. K. Chan & Au-Yeung, 2021). On the other hand, parents who struggle with debt or use credit irresponsibly may unknowingly pass on negative financial practices, hindering their children's ability to save for retirement. Parents' attitudes toward financial risk and investment choices can shape their children's risk tolerance and investment preferences(Bond & Eriksen, 2019). Conservative parents who prioritize low-risk investments might discourage their children from exploring potentially higher-yield investment options, potentially affecting their overall retirement portfolio(Chan & Au-Yeung, 2021). Conversely, parents who embrace moderate risk-taking with a diversified investment strategy can instill a sense of confidence and prudence in their children's investment decisions.

The work ethic instilled by parents can impact their children's career choices and earning potential, thereby influencing retirement preparedness. Parents who value hard work and encourage their children to pursue fulfilling and financially rewarding careers may set the stage for greater earning capacity and better retirement prospects (Bond & Eriksen, 2019).Overreliance on parental financial support can hinder adult children from developing financial independence and taking responsibility for their retirement planning(Hanson & Olson, 2018). If children anticipate their parents to care for them financially in retirement, they may fail to save properly on their own, resulting in future financial difficulties. In accordance with a study by (Palumbo, 2019), overly involved parents may discourage their adult children from learning about personal finance and make it more challenging for them to make their own financial decisions, among other undesirable outcomes. Parents used to feel that as a reward, a kid should be able to take care of, help, and care for their parents when they were no longer in their prime and already sluggish in their activities(Widyaningtya & Suhartono, 2021).

Not all parents are equipped to provide comprehensive financial education to their children. If parents lack financial literacy themselves or avoid discussing financial matters, their children might miss out on essential knowledge and skills required for effective retirement planning. A study by (Robertson-Rose, 2020) found that many of the women expressed anxiety about their moms' retirement financial position. The results of this study provide evidence that some of the female participants' attitudes toward saving for retirement were influenced by their moms' pension situation. Some, for example, attributed their apparent lack of financial preparation or competence to their mothers' errors (Robertson-Rose, 2020).

Parents and adult children might have different financial priorities and objectives. If there are disagreements on how resources should be allocated or used, it could create tension and hinder effective retirement planning for both generations (Palumbo, 2019).If parents face unexpected financial emergencies or require significant financial assistance in their later years, it can impact their adult children's financial stability and their ability to save for retirement. As children grow older, parents can teach them more complex financial concepts, such as budgeting, saving, investing, and the importance of avoiding debt (Robertson-Rose, 2020). These lessons can be incorporated into everyday life, such as involving children in budgeting for family expenses or discussing the significance of delayed gratification. Providing children with allowances or opportunities to earn money through chores can instill a sense of financial responsibility. Parents can encourage their children to allocate their money wisely, save a portion of it, and make thoughtful spending choices, promoting essential financial literacy skills (Widyaningtya & Suhartono, 2021). Parents can actively support and encourage their children's financial education. This can involve helping them understand financial concepts in school, enrolling them in financial literacy workshops, or recommending age-appropriate books or resources on money management (Robertson-Rose, 2020).

Parents who allow their children to make and learn from financial mistakes in a controlled environment provide valuable lessons (Bond & Eriksen, 2019). Such experiences teach children the consequences of financial decisions and encourage them to be more cautious and thoughtful in their future financial choices. According to (Robertson-Rose, 2020)market-linked retirement savings plans don't provide young people many opportunities to make and learn from errors. It is difficult to select the appropriate pension contribution rate, and the benefit of pension savings approaches is rarely apparent until retirement. Although pension financial guidance is accessible, (Gerrans & Hershey, 2017)highlighted that young individuals seeking professional help may be put off by their fear of contacting a financial consultant.

Peer Influences

Individuals are significantly influenced by the financial behaviors and attitudes of those around them, particularly their peers (Curran et al., 2018). A study by Saxe (2018) found that Individuals are more inclined to save for retirement if their peers are doing the same. This shows that social norms and peer pressure have a large influence on an individual's financial conduct. When individuals see their peers saving for retirement, they may feel more motivated to do the same.

Additionally, a study by Agnew (2015)discovered that those with successful friends can start to feel financially secure and have huge amounts of retirement savings. This emphasizes the significance of good peer impacts on financial behavior and attitudes. Robertson-Rose, (2019) also noted that people tend to assume that others are more educated than they are in uncertain situations and deduce conclusions from their behavior; it is feasible that colleagues may have an impact on how people react to enrolling in pension plans. The assumption from these people is that their friends are successful and that will imply that they know what they are doing and the peers will follow suit.

However, Guiso (2016) discovered that people are more inclined to participate in risky financial conduct themselves if they have friends who do so. Examples include excessive borrowing or gambling. This emphasizes how critical it is to be knowledgeable about any potential harm that peer influence may do.

Attitude toward Retirement

Attitude refers to a psychological and emotional disposition or mindset that shapes an individual's way of thinking, feeling, and behaving. It represents a person's overall evaluation, beliefs, and opinions toward people, objects, events, or ideas. Attitudes can be good, negative, or neutral, and they have a tremendous impact on our behaviors and decisions (Jung & Kim, 2020). Attitudes are not fixed and can be influenced and changed through experiences, education, social interactions, and other external factors (Nwankwo & Oghogho, 2022). They can also vary in intensity, ranging from mild preferences to strong convictions. Attitudes can impact various aspects of life, including relationships, work, decision-making, and overall well-being. Because it can impact a person's general wellbeing and financial security during their retirement years, attitude toward retirement is crucial. Retirement-related positive attitudes, such as excitement or anticipation, are associated with better physical and mental results (Chan et al., 2020; Jung & Kim, 2020). Conversely, unfavorable retirement attitudes, such as feeling nervous or melancholy, are associated with worse health results (Rokhman & Surabaya, 2021; Shehu & Molishti, 2022). Planning for retirement and deciding when to retire and how to manage finances during retirement are both influenced by one's attitude toward retirement(Widyaningtya & Suhartono, 2021).

According to the study by Kim (2017), people who perceive retirement as a new stage of life and have a positive attitude toward it can, therefore contribute more to their retirement savings. This shows that those who see retirement as a time of opportunity and progress are more likely to take the required actions to financially prepare for it. (Gustman, 2014) also backed by his study, which found that those who are optimistic about their anticipated retirement income are more likely to feel financially prepared for retirement. This suggests that an individual's attitude toward their future financial security can play a significant role in their ability to prepare for retirement.

However, having an optimistic outlook on retirement does not ensure financial preparation (Nwankwo & Oghogho, 2022). A study (Lusardi & Mitchell, 2014b) found that even Individuals with a poor degree of financial literacy are less likely to be financially prepared for retirement among those who have a good attitude toward retirement. This emphasizes how crucial it is to be financially literate and have a positive outlook when it comes to retirement preparedness. Attitude toward retirement is also shaped by a variety of factors, including demographic characteristics such as age, gender, income, and education level. These factors can influence a person's capacity to save for retirement as well as their opinion of the significance of retirement preparation (M. Chan et al., 2020).

Age is one demographic factor that has been found to affect attitudes toward retirement. While older individuals may view retirement as a time of sorrow and loss, younger people have a more positive attitude toward it and see it as a time of opportunity(Jung & Kim, 2020). This may be due in part to the fact that younger individuals have more time to save for retirement and may have less experience with the financial challenges that can accompany retirement. In the aforementioned connection, only age seemed to have a significant influence on how individuals felt about estate planning. Concerning the lack of interest in estate planning, it was revealed that older employees (those over 40) are more likely than younger workers (those 40 and under) to participate in retirement planning activity. This depicts the difference in attitudes in the two age categories.

Retirement attitudes are also impacted by income and education levels. Higher-income and more educated persons are more likely to have a documented retirement plan and see retirement as a positive life stage(Larisa et al., 2020).This may be partially explained by the fact that those with greater incomes and levels of education have more resources available for retirement planning and are more likely to have access to financial education and guidance(Shariff & Isah, 2019). Attitude toward retirement is shaped not only by individual factors such as demographic characteristics and financial literacy, but also by cultural and societal influences(Widyaningtya & Suhartono, 2021).

Culture plays a significant role in shaping retirement attitudes. Cultural values and beliefs can influence an individual's perceptions of aging and retirement. While aging is seen as a time of decline and dependence in certain cultures, it is also seen as a time of wisdom and respect in others(Shariff & Isah, 2019). These societal expectations can have an impact on a person's attitude about retirement and desire to make plans for it.

Retirement attitudes can also be influenced by societal factors. People could feel less pressure to invest for retirement in nations with robust social safety nets, such as those with publicly funded pensions. People might feel more accountable for their own retirement funds in nations with less of a social safety net, on the other hand(M. Chan et al., 2020).

It has been demonstrated that financial choices like retirement investment and saving options are influenced by a person's risk aversion attitude(Widyaningtya & Suhartono, 2021).The impact of retirement planning and financial literacy in Israel is examined by (Meir et al., 2016)who randomly chose 501 Israelis to be polled online, and the findings were analyzed using multiple ordinary least square regressions. People who are less risk-averse about retirement goods are more likely to develop retirement plans, according to the data.

In the realm of financial literacy and retirement preparedness research, there exist significant gaps that merit thorough exploration. While existing studies have delved into the multifaceted relationship between financial literacy and retirement preparedness, many have often overlooked the nuanced influence of demographic characteristics, cultural diversity, and social factors and attitude toward retirement. All these studies have been done in United states of America, Europe and Asia. Few have been done in Africa and only one has been done in Malawi and it only focused on financial literacy and retirement. This research will consider other factors that were not included in the baseline survey done in Malawi by (Chirwa & Mvula, 2014). Also, no research in Malawi has tried to find the relationship between these factors by focusing on the manufacturing industry sector.

A pronounced research gap lies in understanding how age, income, education levels, and gender interact with an individual's attitude toward retirement, shaping their financial retirement preparedness. Additionally, the interplay between cultural norms, values, and social support systems in different communities remains underexplored, making it crucial to unravel how these sociocultural elements impact an individual's ability to plan for retirement. As is the case, African culture, let alone Malawian culture is difference from that of Europe or Asia. A deeper exploration of these factors would not only enrich our comprehension of the complex web of influences on financial retirement preparedness but also help in devising more targeted and inclusive financial education programs and policies. By addressing these research gaps, we can foster a more comprehensive and equitable approach to ensuring financial security in retirement, ultimately benefiting individuals from diverse backgrounds and socioeconomic situations to adequately prepare financially for their retirement.

CHAPTER 3

METHODOLOGY

Research Design

In this research, a quantitative method was used to find out the relationship between employees' financial literacy, attitude, and financial preparedness for retirement in Blantyre, Malawi. This approach helped the researcher to determine the strength of the association among the variables (Leavy, 2022; Sekaran & Bougie, 2016; Wrench et al., 2019). In order to identify the extent and nature of cause-and-effect relationships between financial preparedness for retirement (dependent variable) and financial literacy, demographic characteristics and cultural and social influences, the research used a causal design to find out the causations(Beach & Pedersen, 2016; Gerring & Christenson, 2017; Huntington-Klein, 2021).

Furthermore, a cross-sectional design allowed the researcher to examine and make inferences about possible relationships in the study at a single point in time. With this design, the research provided information about what was happening in the current population, enabling us to generalize the whole population (Leavy, 2022; Sekaran & Bougie, 2016; Wrench et al., 2019).

Population and Sampling Procedure

Target Population

The research population focused on employees within the manufacturing sector situated in and around the Chirimba industrial area and Makata industrial area in the commercial city of Blantyre, Malawi. The sampled institutions included companies like Premier Puffs, Moto Aluminum Pots, Maine Oil Mills Ltd, Tata Investments, Amani Industry Ltd, Capital Oil Refining Industries Ltd, and several other companies that gave a non-disclosure condition. The specific target of the population was all employees who are on permanent jobs or on annual contracts, excluding casual workers. The population consisted of employees ranging from floor workers, senior supervisors, and management officers with varying levels of experience, educational backgrounds, and tenure with the company.

Sample Size Determination

Since the target population was relatively large, an adequate sample size was crucial. A sample size comprises the number of respondents included in a study. Slovin's formula was used to determine the sample size based on the number of employees in the manufacturing industry and an estimated 5% margin of error (Newbold et al., 2013; Saunders, 2020).

$$n = \frac{N}{1 + Ne\text{^}2}$$

Where n was the sample size

N was the population

E was the margin of error

$n = \frac{17459}{1+17459*0.05^2}$ $\qquad n = 391$

According to the calculation above, the minimum sample size required was 391. However, the study sample size was increased to 450 to account for possible attrition(Institute of Education Sciences, 2023; Swales & Feak, 2012).

Sampling Technique

The study used a multi-stage sampling technique approach to select the study participants and the locations in the selected manufacturing industry. This research combined convenience sampling and random stratified sampling techniques. Blantyre has several industrial areas that are located in different designated parts of the city. But the two biggest industrial areas are Chirimba and Makata industrial areas. Convenience sampling was used to select the location of the two industrial areas as they are adjacent to one another. Random stratified sampling was then used to select the participants in the companies available in these industrial areas. The companies in these areas range from food processing, textiles, plastics, beverages, metal fabrication and much more. The work done by these companies is labor intensive hence there are large numbers of employees at these facilities.

The companies were divided according to company size: small and midsize enterprises and large enterprises. The two industrial areas are dominated by small and midsize enterprises with very few large enterprises that have multinational status. The data was collected from 15 small and midsize enterprises and two large enterprises. The employees were selected using random stratified sampling. These stratums we identified as top level management, supervisors, and ground floor workers. These stratums also corresponded with the education levels and income level.

Within each stratum, the researcher performed random sampling to select a representative sample to ensure that no sampling from one specific segment of the manufacturing industry was favored but rather from each relevant category. This also ensured that each subgroup within the population received proper representation in the sample, enabling the study to produce results that were representative of the whole population.

Instruments for Data Collection

The instrument for the data collection was primarily an adapted questionnaire informed by reviewed literature and previous studies Existing questionnaires (Chirwa & Mvula, 2014; Kabanyana, 2022; Namate, 2020) were adapted to suit the specific context of this study. The adaptation process included rephrasing, reformatting, and adjusting the scaling of questions to align with the current research. By drawing from these, the researcher leveraged the reliability and validity that had already been established for these studies, ensuring that the data that was collected would be robust and trustworthy.

The questionnaire (Appendix C) comprised closed-ended questions, which required the respondents to rate their response on a Likert scale of 1 to 4, with 1 being ‘Strongly Disagree’ and 4 being ‘Strongly Agree’ (Gupta, 2020; Mcleod, 2023; Roy, 2020; Wanjohi & Syokau, 2021). The questionnaire comprised three major sections: Section A was designed to gather information on the general demographic profile of the respondents. Section B used a 4-point scale to examine the financial literacy, cultural and societal influences, attitudes toward retirement, and financial preparedness for retirement of the respondents. Section C sought to find out about the sources of funds that the respondents intended to live on after their retirement. The 4-point Likert scale used to measure the variables was also the basis of the interpretation of the results presented in chapter four. This is presented in Table 2.

Table 2. Verbal interpretation for 4-point Likert Scale

Scale	Responses	Mean Interval	Explanation			
			Financial Literacy	**Cultural/Societal Influences**	**Retirement Attitude**	**Financial Preparedness**
1.	Strongly Disagree	1.00 – 1.74	Very low	not at all influential	Very Poor	Not at all prepared
2.	Disagree	1.75 – 2.49	Low	Slightly influential	Poor	Somehow prepared
3.	Agree	2.50 – 3.24	High	Influential	Good	Prepared
4.	Strongly Agree	3.25 – 4.00	Very high	Very influential	Very good	Very Prepared

Note Adapted from (Rosario et al., 2021).

In addition, Table 3 shows the correlation coefficient range which was used to interpret the strength and direction of the relationships among the research variables. More so, the null hypotheses were tested based on a statistical significance level set at 0.05 (5%) or less (Sekaran & Bougie, 2016). If the p-value was less than or equal to 0.05, the results were considered statistically significant, and the null hypothesis was rejected. Conversely, if the p-value was greater than 0.05, the null hypothesis was accepted.

Table 3. Rules of Thumb about Correlation Coefficient Sizes

Coefficient Range	Strength of Association
± (0.91–1.00)	Very strong
± (0.71–0.90)	High
± (0.41–0.70)	Moderate
± (0.21–0.40)	Small but definite relationship
± (0.10–0.20)	Slight, but may be meaningful
± (0.00–0.10)	Unlikely to be a meaningful relationship

Source: Hair et al. (2023). Essentials of Business Research Methods (5th Ed.), Routledge.

Instrument Validity and Reliability

Instrument Validity

Validity refers to the capability of an instrument to measure what it is supposed to measure and to perform as is designed. Therefore, the researcher established the face and content validity of the questionnaire. Apart from the researcher's advising team, two experts who understand the topic of retirement preparedness were consulted and tasked to assess how well the research instrument covers all relevant parts of the construct it aims to measure. They evaluated whether the question items in the questionnaire effectively addressed the research questions.

Instrument Reliability

The researcher conducted a pilot study to test the internal consistency of the various items in the questionnaire and to identify areas that needed improvement before conducting the actual research. A piloted study was done at the Blantyre Adventist Hospital with 20 working staff whose demographics and characteristics were similar to the study sample. Cronbach's alpha was used to analyze the internal consistency of the instrument. Based on the results observed in the pilot study, the researcher made the necessary adjustments by deleting some question items. The recommended values for the Cronbach Alpha are between 0.60 and 0.70 (Sekaran & Bougie, 2016). Thus, Table 4 shows that Cronbach's alpha coefficients of the variables are consistent and therefore acceptable.

Table 4. Reliability Statistics of Research Variables

Variables	Cronbach's Alpha	N of Items
Financial literacy	.913	18
Cultural and societal influences	.910	12
Attitude	.628	5
Retirement Financial preparedness	.857	15

Data Collection Procedure

After the research proposal was approved by the School of Postgraduate Studies, Adventist University of Africa, permissions were sought from the relevant authorities to conduct the research. The researcher visited the selected companies and had a meeting with the human resources officers or the owner of the company in the case of small firms. During the meeting, the researcher explained the objectives of the research and asked for the participation of the company's staff. The researcher gave printed copies of the questionnaires to the officers in order for them to distribute to their staff. For companies that allowed the researcher to distribute the questionnaires himself, the researcher stationed at the designed place as per the company's roles. The researcher also asked the consent of the study participants prior to the actual data collection. Instructions were provided to the respondents to make sure that they understood how to fill in the questionnaire. The researcher personally collected the completed questionnaires and also used research assistants to help speed up the process of data collection for companies with large numbers of employees. The whole process in the field took two months. The researcher monitored the data collection process to ensure that the response rate was adequate and the responses were of good quality.

Method of Data Analysis

The researcher used the Statistical Package for Social Sciences (SPSS®) and the Jamovi Statistical Software (Gallucci, 2020; The Jamovi software, 2023) for the data analysis. Descriptive statistics such as frequencies and percentages, means and standard deviations, and multiple response frequency distribution were used to present an overview of the research data in a meaningful way. Based on the research questions, the following statistical techniques were used:

1. Research question one. Pearson product-moment correlation coefficient analysis was used to find out whether there was a significant relationship between employee financial literacy and financial preparedness for retirement among respondents. The Pearson correlation measures the linear association

between two continuous variables. It ranges from −1.00 to +1.00, with 0 representing absolutely no association between the two continuous variables. Correlation coefficients can be either positive or negative, depending on the direction of the relationship between the variables (Hair et al., 2023; Muijs, 2022).

2. Research question two. A Kruskal-Wallis H test was performed to determine if there were statistically significant differences in financial preparedness for retirement scores and the respondents' demographic characteristics and their financial preparedness for retirement (Hair et al., 2023; Muijs, 2022).
3. Research question three. Pearson product-moment correlation coefficient analysis was used to examine the relationship between respondents' cultural and social influence and their financial preparedness for retirement.
4. Research question four. Pearson product-moment correlation coefficient analyses was used to examine the relationship between the respondents' attitude toward retirement and their financial preparedness for retirement
5. Research question five. Linear regression analysis was utilized to determine the predictors of financial preparedness for retirement (Fox & Weisberg, 2020; R Core Team, 2022; Rosseel, n.d.; Soetaert, 2019).
6. Research question six. A mediation analysis was conducted with MedModanalysis through Jamovi statistical software (Gallucci, 2022; Jamovi, 2023) to verify attitude (mediation variable) for the present study.

In addition, the null hypotheses was rejected or accepted based on the p-value (confidence level) displayed in Table 5 (Hair et al., 2023; Muijs, 2022; (Peprah, 2024)).

Table 5. Decision Rule for Testing Null Hypothesis

P-value	**Decision**	**Interpretation**
p<0.05, **p<0.01, ***p<0.001	Reject	Statistically significant
p > 0.05	Accept	Not statistically significant

Ethical Considerations

Ethical considerations are an important aspect of any research study, particularly in the field of business. Since this study involved collecting data and information from individuals and organizations, the following steps were taken to ensure ethical compliance.

1. The researcher sought permission and ethical clearance from relevant authorities before data collection (Appendix A).
2. The researcher sought consent from all potential participants (Appendix B). Participants were given information in order to understand the purpose and rationale of the study. This enabled them to make informed decisions as to whether they wanted to participate. The respondents were informed that their participation was voluntary. As such, they could decide to stop participating in the research at any moment.
3. The identity of the respondents was kept anonymous, as no personal information such as participant names, emails, phone numbers, or home addresses was requested. The results were also reported in aggregates.
4. Furthermore, being academic research, the researcher respected other researchers' and organizations' intellectual property rights by properly acknowledging the authors and owners of the intellectual materials used in this research through proper citation and

references. To avoid any accidental use of intellectual material that might not have been properly referenced and cited, Turnitin software was used to check for such mistakes.

5. The sampled institutions have been given the option to receive the research findings' results and recommendations, which could benefit the organizations' employees and the organization itself.

CHAPTER 4

RESULTS AND DISCUSSION

This chapter presents the findings of the study in accordance with the research questions delineated at the onset of the research paper in Chapter 1. It begins with the study area setting, response rate, demographic characteristics of respondents, results, and discussions based on the research questions. In addition, it also provides the basis on which the hypotheses formulated are either accepted or rejected.

Study Area Setting

Blantyre, the commercial capital of Malawi, is home to several industrial zones, among which Chirimba and Makata stand out as significant manufacturing hubs. Situated in close proximity to each other within the city, these industrial areas play a pivotal role in the economic development of the region. The manufacturing sector has more head offices in the city of Blantyre, with 17,459 workers(National Statistical Office, 2022)

Chirimba Industrial Area is located in the northern part of Blantyre, adjacent to Chirimba Township. It is bounded by major roads such as the M1 highway and is approximately 7 kilometers from the central business district of Blantyre. Makata Industrial Area lies to the east of Chirimba, bordered by the M1 highway to the west and residential neighborhoods to the east. Both areas are strategically positioned for transportation and accessibility, facilitating the movement of goods and services within and beyond Blantyre.

Chirimba Industrial Area is characterized by a diverse range of manufacturing activities, including food processing, textiles, plastics, and metal fabrication. The area hosts numerous factories, warehouses, and distribution centers. Similarly, Makata Industrial Area is known for its concentration of manufacturing enterprises, particularly in the production of construction materials, automotive components, and consumer goods. The presence of small-scale industries alongside larger manufacturing units reflects the industrial diversity within the Blantyre.

Response Rate

A total of 480 questionnaires were distributed to respondents, resulting in 465 returned questionnaires. Seven questionnaires were deemed unusable due to incompleteness or damage, leaving us with 458 valid questionnaires for analysis. This sample size exceeded the calculated minimum requirement of 391, which was subsequently increased to 450 to accommodate potential attrition (Institute of Education Sciences, 2023; Swales & Feak, 2012). The study response rate was found to be 95.42%, as shown in Table 6.

Table 6. Response Rate Distribution

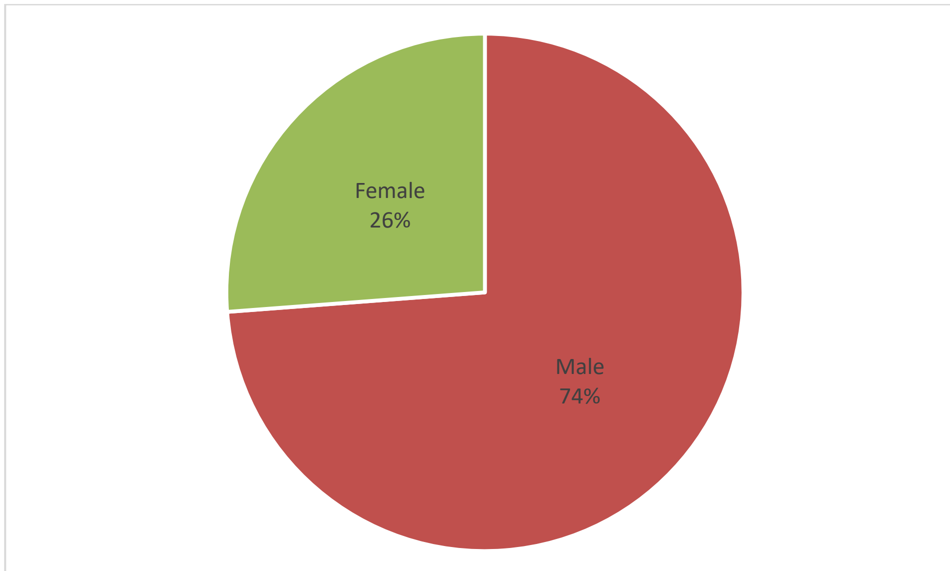
	Questionnaire Distributed	**Questionnaire Retrieved &Used**	**Response Rate**
	480	458	95.42

Source: Field Survey,2024

Demographics Characteristics of Respondents

Demographic information of respondents is presented as useful information about the general characteristics of the respondents. Figures 4 – 8 and Table 7 present the distribution of the respondents according to their gender, age, educational attainment levels, income levels.

Figure 4 Distribution of Respondents according to Gender



The research found that out of the 458 respondents, 120 were female, representing 26%, and 338 were male, representing 74%.

Figure 5 Distribution of Respondents according to Age

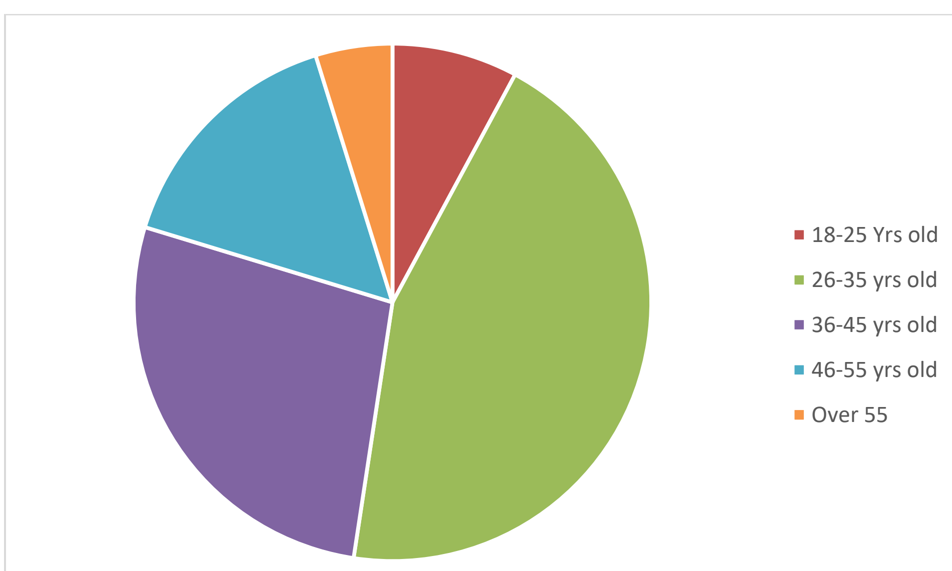


Figure 5 above shows the age group of the respondents that participated in the research. Thirsty-six respondents were between the ages of 18 to 25 representing 8%, 204 respondents were between the ages of 26 to 35 representing 45%, 125 respondents were between the ages of 36 to 45 representing 27%, 71 respondents were between the ages of 46 to 55 representing 16% and 22 were above 55 years old representing 5%. This indicates that the majority of the workers in the manufacturing industry is young. It also indicates that some employees are still working even after attaining the recommended retirement age of 55.

Figure 6 Distribution of Respondents according to Education

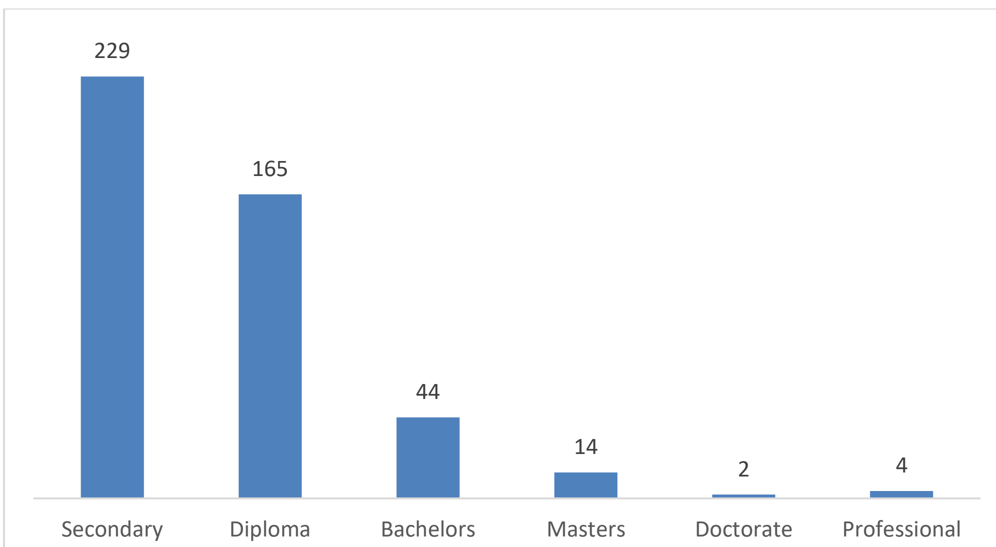


Figure 6 displays the highest level of education by each respondent. Two hundred and twenty-nine respondents representing 50% indicated that they reached secondary school level. 165 respondents representing 36% indicated that they have diplomas. 44 respondents representing 9.61% indicated that they have a bachelor’s degree. 14 respondents presenting 2.62% indicated that they have a master’s degree. 2 respondents representing 0.43% indicated that they have a doctoral degree. Lastly, 4 respondents representing 0.87% indicated that they professional qualifications.

Figure 7Distribution of Respondents according to Income

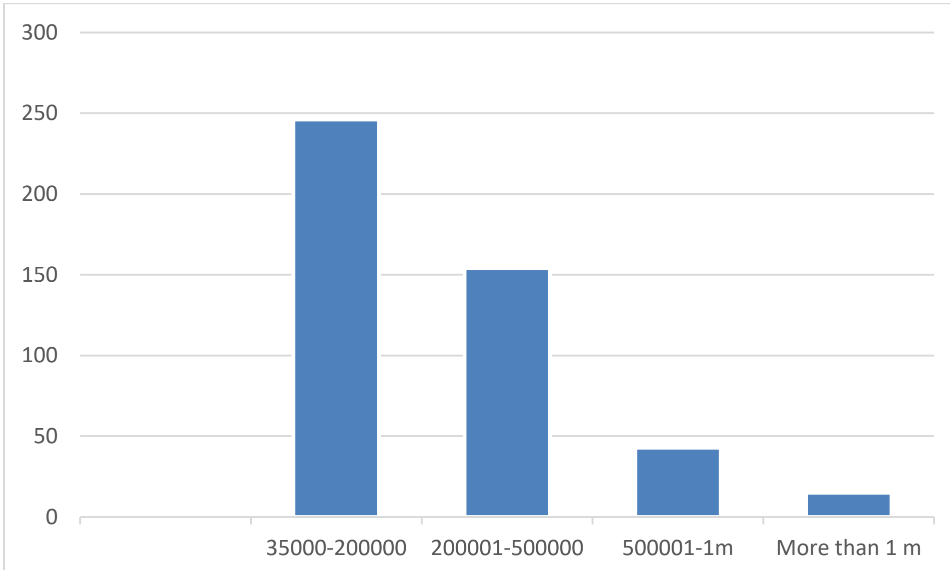


Figure 7 above shows the income levels of the respondents. 246 respondents, representing 53.71%, indicated that their income was between 35,000 and 200,000 Malawian kwacha. 154 respondents, representing 33.62%, indicated that their income was between 200,001 and 500,000 Malawian kwacha. 43 respondents, representing 9.39%, indicated that their income was between 500,001 and 1 million Malawian kwacha. Lastly, 15 respondents, representing 3.28%, indicated that their income is over 1 million Malawian kwacha. Table 7 presents the data on years of service.

Table 7. Distribution of Respondents According to Years of Service

Year of Work	Counts	% of Total	Cumulative %
1-3yrs	275	60.0 %	60.0 %
Above 3yrs	183	40.0 %	100.0 %

The number of years of work for the respondents was categorized in two; 1-3 years and above 3 years. From Table 7, the results indicates that 275 respondents representing 60% had been with their current employer for periods between 1 to 3 years. 183 respondents representing 40% had been with their current employer for more than 3 years.

Figure 8 *Distribution of Respondents according to marital status*

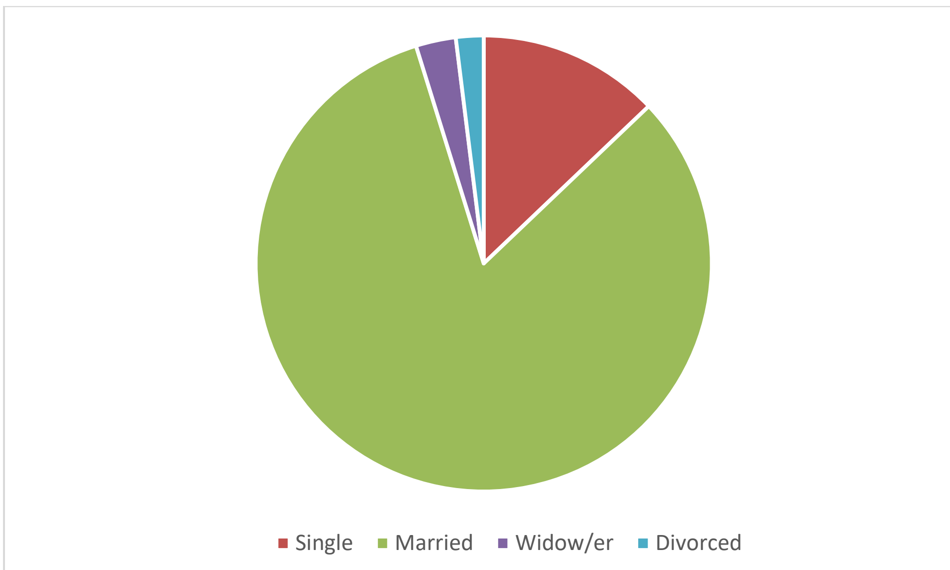


Figure 8 shows 377 respondents, representing 82% of the study sample, as married. 59 respondents, representing 13% of the sample, were single. 13 respondents, representing 3% of the sample, were widows or widowers. Figure 8 also shows 9 respondents, representing 2% of the sample, as divorced.

Descriptive Statistics of Research Variables

This section presents the respondents' perceptions of the key research variables.

Financial Literacy

Table 8 shows the descriptive variables of financial literacy. On average, respondents exhibit a 'high' level of financial literacy (M=2.67; SD=0.57). A 'high' financial literacy suggests that the respondents understand basic financial matters such as such as interest rates, budgeting, saving, investments, and retirement benefits. Individuals with a good literacy level are often able to manage their finances and plan for the future. The standard deviations for the questions were generally close to 1, suggesting a close range of responses.

Table 8. Perceived Financial Literacy of Respondents

Financial Literacy	Mean	Std. Deviation	Explanation
1. I understand how changes in interest rates affect my personal finances.	2.87	0.95	High
2. A budget is a spending and saving plan based on expected income and expenses.	2.86	0.84	High
3. I am aware of my retirement benefits.	2.84	0.83	High
4. I recognize how setting a budget aligns with achieving my financial goals.	2.79	0.74	High
5. I know how to shop around to get the best deal for financial products and services such as loans.	2.79	0.86	High
6. I am able to identify my sources of retirement income.	2.76	0.88	High
7. I can distinguish between a "savings account" and a "checking account."	2.76	0.88	High
8. I am capable of selecting a good pension fund.	2.75	0.87	High
9. I know how to select the appropriate insurance policies for myself	2.73	0.8	High
10. I understand the role of a "financial advisor" in my achieving financial goals	2.71	0.84	High
11. I am comfortable with the idea of "compound interest."	2.64	0.83	High
12. My employer regularly organizes financial literacy programs for employees.	2.63	0.99	High
13. I am knowledgeable about the concept of "diversification" in investing.	2.62	1.02	High
14. I can calculate my retirement benefits.	2.6	0.92	High
15. I have a good understanding of old mutual retirement plans.	2.6	0.92	High
16. When I need to consult about finances, I know exactly where to get the information.	2.55	0.91	High
17. I know how much money I will need to achieve my long-term (2-5 years) financial goals	2.44	0.89	Low
18. I have a written financial plan.	2.31	0.94	Low
Financial Literacy	**2.67**	**0.57**	**High**

Note. n = 458

The highest mean score (2.87) was given to the question "I understand how changes in interest rates affect my personal finances." This shows that most respondents are confident in their comprehension of how interest rates affect their own finances. Additionally, the question "I am aware of my retirement benefits" obtained a high mean score (2.84), showing that the majority of respondents were educated of their retirement benefits.

On the other hand, the question “I have a written financial plan” received the lowest mean score (2.31), suggesting that many respondents do not have a written financial plan. Further to that, the question “I know how much money I will need to achieve my long-term (2-5 years) financial goals” also received a low mean score (2.44), indicating that many respondents are unsure about their long-term financial goals. This implies that although a majority of the respondents have a good understanding of financial matters, there is still more room for improvement.

Cultural and Societal Influences

Another variable of interest was cultural and societal influences. Table 9 shows that generally, cultural and societal influences are ‘slightly influential’ (M=2.47; SD=0.63). This implies that external influence has some bearing on respondents' retirement financial preparedness. Conversations concerning retirement planning with family members, particularly parents and children, tend to be less frequent and less influential. This implies the need for more open talks about financial planning among families in order to increase retirement preparedness (K. K. Chan & Au-Yeung, 2021). Furthermore, the influence of peers shows that workplace or community-based financial education programs might help encourage retirement savings and investments (Saxe, 2018).

Table 9. Respondents' Perception Cultural and Societal Influences

	Mean	Std. Deviation	Explanation
1. My parents have often discussed retirement planning at home	2.34	0.94	Slightly influential
2. I talk about financial affairs and retirement with your children.	2.33	0.98	Slightly influential
3. The financial decisions of my parents have influenced my own retirement planning choices.	2.38	0.92	Slightly influential
4. My parents' retirement choices serve as benchmarks for my own planning.	2.35	0.92	Slightly influential
5. Discussions about retirement planning are common within my family.	2.43	0.88	Slightly influential
6. My peers frequently discuss retirement planning and financial preparedness.	2.55	0.85	Influential
7. I feel motivated to improve my retirement preparedness based on my peers' actions.	2.64	0.83	Influential
8. I often seek advice from my peers about savings and investments for retirement.	2.55	0.91	Influential
9. I am more likely to save for retirement when I observe my peers doing so.	2.55	0.87	Influential
10. I feel societal pressure from my peers to save for retirement.	2.46	0.81	Slightly influential
11. Conversations with my peers have helped improve my financial literacy.	2.53	0.88	Influential
12. I would join a pension scheme if my peers were already enrolled.	2.50	0.94	Influential
Cultural and Societal Influences	**2.47**	**0.63**	**Slightly influential**

Note. n = 458

The highest mean score (2.64) was for the question "I feel motivated to improve my retirement preparedness based on my peers' actions." This suggests that respondents were significantly influenced by their peers when it comes to retirement planning. Also, the question "I would join a pension scheme if my peers were already enrolled" received a high mean score (2.50), indicating that peer influence plays a crucial role in retirement planning decisions.

Many respondents did not frequently discuss retirement planning with their parents as was shown by the question "My parents have often discussed retirement planning at home" which received the lowest mean score of 2.34. The question "I talk about financial affairs and retirement with your children" also received a low mean score of 2.33, indicating that many respondents do not frequently discuss financial matters and retirement with their children (Gerrans & Hershey, 2017; Robertson-Rose, 2020).

Attitude Toward Retirement

Table 10 presents the perceived attitude of the respondents toward retirement.

Table 10. Respondents' Perceived Attitude toward Retirement

		Mean	Std. Deviation	Explanation
1	I am making meaningful contributions to a voluntary retirement.	2.35	0.88	Poor
2	I would take a personal finance course on retirement to better understanding financial preparedness for retirement.	2.71	0.85	Good
3	I am content with the level of financial security I am building for my retirement.	2.53	0.77	Good
4	I actively seek ways to improve my retirement preparedness based on my positive attitude.	2.7	0.82	Good
5	I feel well-informed about various retirement planning strategies and options.	2.53	0.83	Good
	Overall attitude	**2.56**	**0.53**	**Good**

Note. n = 458

As shown in Table 10, the highest mean score of 2.71 was found on the question that asked "I would take a personal finance course on retirement to better understand financial preparedness for retirement." This suggested that the respondents were open to learning and improving their knowledge about retirement planning, which can be seen as good attitude toward retirement. The question "I am content with the level of financial security I am building for my retirement" also received a high mean score (2.7), indicating that most respondents feel somewhat secure about their financial preparations for retirement.

Furthermore, the question, “I am making meaningful contributions to a voluntary retirement” received the lowest mean score of 2.35. This suggested that many respondents do not feel they are making significant contributions to their retirement plans. Also, the question “I actively seek ways to improve my retirement preparedness based on my positive attitude” received a mean score of 2.53, indicating a moderate level of proactive behavior in improving retirement preparedness. The average mean score of 2.56 suggests that the attitude toward retirement of the respondents was good as shown in Table 10. These findings suggest that while respondents are generally content with their retirement preparations and are open to learning more, there is room for improvement in terms of making meaningful contributions to retirement plans and actively seeking ways to improve retirement preparedness. This-indicates a need for more targeted interventions to encourage proactive retirement planning behaviors (Nwankwo & Oghogho, 2022; Kim, 2017).

Sources of Income after Retirement

Table 11 shows that one’s own savings (N= 302, 67%) is the main anticipated source of funds the respondents intend to live on after reaching retirement age. This is followed by intentions to work after retirement to earn an income (N= 236, 52.3%), financial support from children and others (N= 183, 40.6%), and pension (N = 91, 20.2%). Financial support from church and other charitable organizations (N= 28, 6.2%) is the least among the anticipated sources of income at retirement.

Table 11. Multiple Frequency Distribution on Retirement Fund

Anticipated sources of income after retirement		Responses		Percent of Cases
		N	Percent	
Retirement Funds[a]	Pension (public retirement fund)	91	8.60%	20.20%
	Personal earnings from post retirement work.	236	22.20%	52.30%
	Income from leasing and selling property	79	7.40%	17.50%
	Support from children, relatives, acquaintances	183	17.20%	40.60%
	Additional pension or financial aid from an enterprise	33	3.10%	7.30%
	Savings	302	28.40%	67.00%
	Support from church and charitable organizations	28	2.60%	6.20%
	Pension (private retirement fund)	35	3.30%	7.80%
	Do not know	75	7.10%	16.60%
Total		**1062**	**100.00%**	**235.50%**
a. Dichotomy group tabulated at value 1.				

Testing Hypotheses

Research Question 1

Is there a significant relationship between employee financial literacy and financial preparedness for retirement among respondents? The first question of the research was to find if there was a significant correlation between employees' financial literacy and financial preparedness for retirement among respondents. For this research question that aimed to establish a relationship between financial literacy and financial preparedness for retirement, as both variables are quantitative and the sample size is greater than 30, it is permissible to violate the normality test assumptions (Kristof, 1967;

Pallant, 2020; Peprah, 2024; Sullivan & Artino Jr, n.d.). Therefore, the Pearson correlation test was used to analyze the data and the results are displayed in Table 12. According to Hair et al. (2023), Pearson's correlation could be appropriate when the data is measured using an interval or ratio scale and the sample size is large.

Table 12. Relationship between employee financial literacy and financial preparedness for retirement among respondents

		Financial literacy	
Financial Preparedness for Retirement	Pearson's r	0.629	***
	p-value	< .001	
	N	458	

Note. * p < .05, ** p < .01, *** p < .001

The result from the test showed that there is a moderate positive significant relationship between financial literacy and financial preparedness for retirement among respondents (r = 0.629, p = <0.001) as shown in Table 12.

This means that when financial literacy increases, financial preparedness for retirement also increases. The more employees are well-versed in financial matters and concepts, the better they prepare financially for their retirement. This agrees with the study by (Angsuchoti & Kangwanpornsiri, 2015) who found that participating in financial literacy training courses promotes financial literacy and a positive mindset toward retirement investment. Also, the findings of Janposri (2020)indicated that financial knowledge, financial behavior, and financial attitude are strongly and positively significant in explaining the increase in retirement planning probability among self-employed workers his study.

Based on the results displayed in Table 12, the study rejected the null hypothesis suggesting that there is no relationship between financial literacy and financial preparedness for retirement. Thus, financial literacy is an important indicator of the extent to which employees financially prepare for their imminent retirement.

Research Question Two

Is there a significant difference between the respondents' demographic characteristics and their financial preparedness for retirement? A Kruskal-Wallis H test was performed to determine if there were statistically significant differences in financial preparedness for retirement scores and the respondents' demographics. The Kruskal-Wallis H test is a rank-based nonparametric test that can be used to determine if there are statistically significant differences between two or more groups of an independent variable on a continuous or ordinal dependent variable. In this case, the study measured the financial preparedness for retirement as the dependent variable, using a 4-point Likert scale ranging from "Strongly agree" to "Strongly disagree". The independent variable (demographic variables), consisted of categorical and independent groups such as age, gender, education level, and income level. The data collected was found to be not normally distributed, which made it necessary to use the Kruskal-Wallis H test (MacFarland & Yates, 2016; Mahmoud et al., 2022; Weaver et al., 2017).

Table 13 show that distributions of financial preparedness for retirement scores were similar for all the age groups ($\chi^2(4) = 3.49$, $p = 0.480$) and Gender ($\chi^2(1) = 2.78$, $p = 0.095$), indicating that there is no significant difference among the different age groups and gender when it comes to retirement preparation. However, the results of the Kruskal-Wallis test show significant differences based on an alpha value of .05, for educational level ($\chi^2(5) = 49.0$, $p <.001$); and income level ($\chi^2(3) = 33.5$, $p <.001$).

Table 13. Kruskal-Wallis Test for financial preparedness for retirement and demographics

	χ^2	df	p	ε^2
Age	3.49	4	0.480	0.00763
Gender	2.78	1	0.095	0.00609
Education	49.0	5	< .001	0.107
Income level	33.5	3	< .001	0.0734

This means that whether a person is between the age ranges of 18-25 years old, 26-35 years old, 36-45 years old, or Over 55 years old, there is no difference in how they prepare financially for retirement. The findings contradict the checklist by (Keele & Alpert, 2015), which suggested that people at different ages prepare for retirement differently. The same can be said about the results of the study by Janposri (2020) which incorporated the effects of age on the level of financial literacy. The results showed that demographically, the financial literacy pattern followed an 'inverted U shape,' with a higher level of financial literacy observed in middle-aged people. This implied that the middle-aged were better prepared for retirement which is not the case with the findings of this study. Also, the results indicate that there is no apparent difference between the retirement preparations of males and females. This contradicts the findings of Quadagno (2014) and Robertson-Rose (2019), who concluded the social roles assigned to men and women create differences in the way they prepare for retirement.

Based on the research findings, the null hypothesis which stated that there is no significant difference between the respondents' demographic characteristics (age and gender) and their financial preparedness for retirement, is accepted.

In many studies, age is expected to influence financial preparation for retirement, typically because older individuals are closer to retirement age and might prioritize saving or investing so that their retirement years are peaceful (Janposri, 2020; Shehu & Molishti, 2022). However, such is not the case in the Malawian context. From the data collected, the majority of the employees in Blantyre are young, and the retirement age might not differ substantially across age groups. This means that both younger and older employees anticipate a similar timeline for retirement, leading to similar financial behaviors. This is more true since the retirement age was amended and reduced in March 2023 by the Malawian government(Muhome, 2023). Since the boom in social media and internet resources available to everyone, all people of different age groups are now exposed to similar information about life and retirement preparedness. Due to this fact, financial preparation does not follow a linear progression with age. For instance, younger employees are now aggressively saving due to early exposure to financial education, while older employees may focus on other priorities like supporting the family.

The same observation can be seen from the study when it comes to gender, which also found no significant difference. This is partly due to gender equality laws that have been enforced by the Malawian government. There has been enforcement of robust gender equality laws that promote equal pay and non-discrimination in the workplace, and it has led to a more level playing field, reducing gender-based disparities in financial behaviors. Also, both men and women have equal access to retirement planning products, financial education, and workplace benefits, which has contributed to similar financial retirement preparation habits.

Also, according to Table 13, individuals financially plan for retirement differently depending on their level of education. The assumption is that those with higher academic qualifications tend to be better prepared financially for retirement. In other words, individuals with a stronger academic foundation are more likely to plan and prepare for their retirement once they start working.

Since the Kruskal–Wallis test is significant for educational level, the Dwass-Steel-Critchlow-Fligner (DSCF) test was conducted to identify which specific groups differ significantly from each other. Table 14 presents the results of the pairwise comparisons of education.

Table 14. Pairwise comparisons - education level

		W	**p**
Secondary	Diploma	4.258	0.031
Secondary	Bachelors	6.327	< .001
Secondary	Masters	6.777	< .001
Secondary	Doctorate	3.259	0.192
Secondary	Professional	-0.472	0.999
Diploma	Bachelors	4.111	0.043
Diploma	Masters	6.113	< .001
Diploma	Doctorate	2.961	0.291
Diploma	Professional	-1.480	0.902
Bachelors	Masters	3.722	0.090
Bachelors	Doctorate	1.604	0.867
Bachelors	Professional	-2.011	0.714
Masters	Doctorate	-0.792	0.994
Masters	Professional	-2.485	0.494
Doctorate	Professional	-1.309	0.940

The Dwass-Steel-Critchlow-Fligner test in Table 14 showed a significant difference in values between the following: secondary and diploma; secondary and bachelors; secondary and masters; diploma and bachelors ($p = 0.013, p = < .001, p = < .001, p = 0.043$ *and* $p = < .001$) respectively. The other comparisons showed no significant differences.

Income level

The level of income of the respondents was also assessed to check if respondent with different income level financially prepare for retirement the same way or in a different way. The results show that there is significant difference ($p = < 0.001$) as per Table 15. From the results we can see that the more income a person has, the better they prepare financially for retirement. This could be because those who earn more have more finances to put into their retirement. As such, the null hypothesis which stated that there is no significant difference between the respondents' demographic characteristics (income level) and their financial preparedness for retirement is rejected. This finding confirms the results of previous studies by (Jung & Kim, 2020; Shariff & Isah, 2019) which concluded that higher income earners are typically more likely than lower income earners to be prepared for retirement. Subsequently, pairwise comparisons were performed on income levels of the respondents. This post hoc analysis revealed statistically significant differences in all the income groups, except from 200,000 – 500,000.

Table 15. Pairwise comparisons - income

		W	P
35000-200000	200001-500000	0.673	0.964
35000-200000	500001-1000000	4.306	0.012
35000-200000	Above1000000	7.146	< .001
200001-500000	500001-1000000	3.781	0.038
200001-500000	Above1000000	6.885	< .001
500001-1000000	Above1000000	4.064	0.021

Research Question Three

Is there a significant relationship between the respondents' cultural and social influence and their financial preparedness for retirement? The third research question sought to find out if there was a significant relationship between the respondents' cultural and social influence and their financial preparedness for retirement. Both variables are treated as continuous and the sample size is greater than 30, it is permissible to violate the normality test assumptions (Kristof, 1967; Pallant, 2020; Peprah, 2024; Sullivan & Artino Jr, n.d.). In this case, the Pearson correlation test was used to analyze the data, and the results are displayed in Table 12. As per Hair et al. (2023), when the data is measured using an interval or ratio scale, and the sample size is large, Pearson's correlation could be appropriate.

The results show that there is a moderate positive significant relationship between the respondents' cultural and social influence and their financial preparedness for retirement *(r*= .51; *p*<.001), as shown in Table 16.

Table 16. Relationship between the respondents' cultural and social influence and their financial preparedness for retirement

		Cultural and Societal Influences
Financial Preparedness for Retirement	Pearson's r	0.513***
	p-value	< .001
	N	458

Note. * p < .05, ** p < .01, *** p < .001

The findings displayed in Table 16 mean that sociocultural factors play a significant role in financial preparedness for retirement. A study conducted by Robertson-Rose (2019) revealed that colleagues played a significant role in encouraging individuals to become members of pension schemes hence, preparing for retirement financially. Also, Zhao and Fang (2016) found that people who got financial presents or loans from their parents were more likely to have higher levels of retirement savings. This suggests that parents who provide financial support to their children may be more likely to also teach them important financial skills and values. Additionally, individuals are more likely to save for retirement if their peers are also saving(Gerrans et al., 2018; Saxe, 2018).

Consequently, the null hypothesis, which stated that there is no significant relationship between the respondents' cultural and social influence and their financial preparedness for retirement, is rejected.

Research Question Four

Is there a significant relationship between the respondents' attitude toward retirement and their financial preparedness for retirement? According to Hair et al. (2023), Pearson's correlation could be appropriate when the data is measured using an interval or ratio scale and the sample size is large.

The results show that there is a moderate positive significant relationship between the respondents' attitude toward retirement and their financial preparedness for retirement (*r = 47; p = < .001*) as shown in Table 17.

Table 17. Correlation between employees' attitude toward retirement and their financial preparedness for retirement

		Attitude Toward Retirement
Financial Preparedness for Retirement	Pearson's r	0.471***
	p-value	< .001
	N	458

Note. * p < .05, ** p < .01, *** p < .001

This means that when the attitude of the person is good, their financial preparedness for retirement is also good. This is in agreement with (Hutabarat & Wijaya, 2020) whose study findings demonstrate the importance of attitudes about retirement products while establishing individual retirement plans. Positive opinions toward retirement products were associated with an increased likelihood of creating pension financial plans.

Therefore, the null hypothesis, which claimed that there is no significant relationship between the respondents' attitude toward retirement and their financial preparedness, is rejected. This means that the attitude of the person can make one prepare well or not.

Research Question Five

Which independent variables significantly predict financial preparedness for retirement? Research question five sought to find out to what extent financial literacy, attitude toward retirement, and cultural and social influences predict the financial preparedness for retirement of the respondents. Three linear regression tests were run for each independent variable.

a. Financial literacy

After conducting a simple linear regression test on financial literacy, it was found that it can predict 39.6% of a person's preparedness for retirement. This was statistically significant ($p = < .001$) as per Tables 18 - 20. This means that financial literacy can be used to predict an employee’s financial preparedness for retirement.

Table 18. Linear Regression-Financial Literacy

Model Fit Measures								
					Overall Model Test			
Model	**R**	**R^2**	**Adjusted R^2**	**RMSE**	**F**	**df1**	**df2**	**p**
1	0.629	0.396	0.395	0.404	299	1	456	< .001

Table 19. Omnibus ANOVA Test

	Sum of Squares	**df**	**Mean Square**	**F**	**p**
Financial literacy	49.0	1	48.954	299	< .001
Residuals	74.6	456	0.164		

Note. Type 3 sum of squares

Table 20. Model Coefficients - Financial Preparedness for Retirement and Financial literacy

Model Coefficients - Financial Preparedness for Retirement							
						95% Confidence Interval	
Predictor	**Estimate**	**SE**	**t**	**p**	**Stand. Estimate**	**Lower**	**Upper**
Intercept	0.843	0.0908	9.29	< .001			
Financial literacy	0.576	0.0333	17.30	< .001	0.629	0.558	0.701

Normality Test (Shapiro-Wilk)	
Statistic	**p**
0.993	0.038

b. Attitude toward retirement

According to the test results, a person's attitude toward retirement can predict 22.3% of their financial preparedness for retirement. This prediction is statistically significant (p = < .001), as per Tables 21- 23. It means that a person's attitude toward retirement can be used to predict their financial preparedness for retirement to a good degree (Gustman, 2014; Nwankwo & Oghogho, 2022).

Table 21. Model Fit Measures-Attitude toward Retirement

					Overall Model Test			
Model	**R**	**R^2**	**Adjusted R^2**	**RMSE**	**F**	**df1**	**df2**	**p**
1	0.471	0.222	0.220	0.458	130	1	456	< .001

Table 22. Omnibus ANOVA Test

	Sum of Squares	**df**	**Mean Square**	**F**	**p**
Attitude Toward Retirement	27.4	1	27.428	130	< .001
Residuals	96.1	456	0.211		

Note. Type 3 sum of squares

Table 23. Model Coefficients - Financial Preparedness for Retirement and Attitude toward retirement

						95% Confidence Interval	
Predictor	**Estimate**	**SE**	**t**	**p**	**Stand. Estimate**	**Lower**	**Upper**
Intercept	1.187	0.1068	11.1	< .001			
Attitude Toward Retirement	0.465	0.0408	11.4	< .001	0.471	0.390	0.552

Normality Test (Shapiro-Wilk)

Statistic	**p**
0.978	< .001

c. Cultural and social influences

After the simple linear regression was done, the results show that cultural and social influences can predict 26.3% of a person's financial preparedness for retirement. This was statistically significant (p = < .001) as illustrated in Tables 24-26. This means that Cultural and social influences can be used to predict an employee's financial preparedness for retirement to a good degree.

Table 24. Model Fit Measures-Cultural and social influences

					Overall Model Test			
Model	**R**	**R^2**	**Adjusted R^2**	**RMSE**	**F**	**df1**	**df2**	**p**
1	0.513	0.263	0.261	0.446	163	1	456	< .001

Table 25. Omnibus ANOVA Test

	Sum of Squares	**df**	**Mean Square**	**F**	**p**
Cultural and Societal Influences	32.5	1	32.498	163	< .001
Residuals	91.1	456	0.200		

Note. Type 3 sum of squares

Table 26. Model Coefficients - Financial Preparedness for Retirement and Cultural and societal Influences

Predictor	**Estimate**	**SE**	**t**	**p**	**Stand. Estimate**	**Lower**	**Upper**
Intercept	1.343	0.0840	16.0	< .001			
Cultural and Societal Influences	0.421	0.0330	12.8	< .001	0.513	0.434	0.592

The last part of this question required finding how much all three independent variables (cultural and social influences, financial literacy, and attitude toward retirement) can predict financial preparedness for retirement. Therefore, a multiple linear regression was conducted (Chatterjee & Simonoff, 2013; Fox, 2015; Montgomery et al., 2013; Olive, 2017).

On combining financial literacy, cultural and social influences and attitude toward retirement to find out if combining all three variables can predict financial preparedness for retirement of an employee, the results showed that combining all three variables can predict an employee's financial preparedness for retirement by 46% and that was also statistically significant ($p = < .001$) as shown in Table 27.

Table 27. Linear regression-all variables

Model Fit Measures

				Overall Model Test			
Model	**R**	**R^2**	**Rmse**	**F**	**Df1**	**Df2**	**P**
1	0.678	0.460	0.382	129	3	454	< .001

Table 28 presents the results of an Omnibus ANOVA test conducted to examine whether financial literacy, attitude toward retirement, and cultural and social influences significantly predict financial preparedness for retirement. The ANOVA table summarizes variance components, including between-group and within-group variance, along with degrees of freedom, F-value, and p-value for each component. The ANOVA results show that all three independent variables- financial literacy, attitude toward retirement, and cultural and social influences- predict financial preparedness for retirement. Financial literacy has an F-value of 99.9 with a p-value of p = < .001; attitude toward retirement has an F-value of 15.8 with a p-value of p = < .001; and cultural and social influences have an F-value of 26.5 with a p-value of p = < .001.

Table 28. Omnibus ANOVA Test

	Sum of Squares	df	Mean Square	F	p
Financial literacy	14.58	1	14.582	99.2	< .001
Cultural and Societal Influences	3.90	1	3.902	26.5	< .001
Attitude Toward Retirement	2.32	1	2.319	15.8	< .001
Residuals	66.75	454	0.147		

Note. Type 3 sum of squares

Table 29 displays the regression model coefficients for each predictor variable, along with their standard errors, t-values, and p-values, indicating the statistical significance of each predictor. The coefficient for financial literacy is 0.397, indicating that for each additional in financial literacy, the expected financial preparedness for retirement increases by 0.397. The coefficient for attitude toward retirement is 0.176, indicating that for each additional in attitude toward retirement, the expected financial preparedness for retirement increases by 0.176. The coefficient for cultural and social influences is 0.160, indicating that for each additional in cultural and social influences, the expected financial preparedness for retirement increases by 0.160. The p-value of the independent values; financial literacy, attitude toward retirement and cultural and social influences were (*p = < .001, p = < .001 and p = < .001*) respectively.

Table 29. Model Coefficients - Financial Preparedness for Retirement, Financial Literacy and Cultural and Societal Influences

Predictor	Estimate	SE	t	p	Stand. Estimate	95% Confidence Interval Lower	Upper
Intercept	0.47	0.10	4.6	< .001			
Finan. literacy	0.39	0.04	9.9	< .001	0.44	0.35	0.50
Cultural and Societal Influen-ces	0.16	0.03	5.5	< .001	0.24	0.14	0.29 6
Attitude Toward Retire-ment	0.10	0.03	3.7	< .001	0.12	0.09	0.22

From these results, the null hypothesis which stated that financial literacy, attitude toward retirement, and cultural and social influences do not significantly predict financial preparedness for retirement is rejected. That is so because financial literacy, attitude toward retirement, and cultural and social influences are specific predictors of an employee's financial preparedness for retirement (Robertson-Rose, 2019). This also means that each individual independent variable can be used to predict financial preparedness for retirement separately, and all three can be put together to predict an employee's financial preparedness for retirement (Lusardi & Mitchell, 2014b).

This means that financial literacy is the largest predictor of financial preparedness. The saying that knowledge is power holds in this setting and literacy deals with information and knowledge. Financially literate employees are better equipped to make informed decisions about their retirement planning. They understand concepts which directly impact their financial security during retirement. Knowledge about retirement accounts empowers employees to make choices that align with their long-term goals. This enables the employees not to fall prey to scams, high-fee investment products, or inappropriate insurance policies which can be costly mistakes. This explains why financial literacy is the highest predictor of financial preparedness for retirement.

Cultural and social influences were the second largest predictors of financial retirement preparedness in this study. Employees live in a community that also influences their choices, including retirement decisions. Employee attitudes also play a role in determining their behavior, although this was found to be the least significant predictor of financial preparedness for retirement. Employees who have positive attitudes toward retirement tend to be more motivated to learn about financial matters, including retirement planning. This motivation leads them to attend financial literacy workshops, read relevant materials, and actively participate in shaping their long-term vision for retirement.

Research Question Six

Does attitude toward retirement have a significant mediating effect on the relationship between financial preparedness and (a) financial literacy and (b) cultural and social influence? Research question six examined the mediation effect of attitude toward retirement on the relationship between financial preparedness for retirement and financial literacy.

Mediating Effect of Attitude on Financial Preparedness and Financial Literacy

Table 30 shows that the total effect of financial literacy on financial preparedness for retirement is significant ($p<.001$). With the inclusion of the mediating variable attitude, the direct effect of financial literacy on financial preparedness for retirement is also significant ($p<.001$). The indirect effect of financial literacy on financial preparedness for retirement through attitude was also found to be significant (*p=.001*). This demonstrates that employees' attitude toward retirement partially mediates the relationship between financial literacy and financial preparedness for retirement. Thus, not only is there a significant relationship between employees' attitudes toward retirement and financial preparedness for retirement, but there is also a direct relationship between financial literacy and financial preparedness for retirement (Bogle, 2017; Pallant, 2020; Peprah, 2024).

Table 30. Mediating Effects of Attitude on financial preparedness and financial literacy

				95% C.I. (a)				
Type	**Effect**	**Estimate**	**SE**	**Lower**	**Upper**	**β**	**z**	**p**
Indirect	FL⇒ AT⇒FP	0.0952	0.0203	0.0555	0.135	0.104	4.69	< .001
Component	FL⇒AT	0.4655	0.0374	0.3921	0.539	0.503	12.44	< .001
	AT⇒FP	0.2046	0.0404	0.1255	0.284	0.207	5.07	< .001
Direct	FL⇒FP	0.4806	0.0374	0.4073	0.554	0.525	12.85	< .001
Total	FL⇒FP	0.5758	0.0333	0.5107	0.641	0.629	17.32	< .001

Note. Confidence intervals computed with method: Standard (Delta method). Betas are completely standardized effect sizes
Legend: FL = Financial literacy; AT = Attitude Toward Retirement; FP = Financial Preparedness for Retirement

Path estimates for employee financial literacy, attitude, and retirement preparation are shown in Table 31. Further, figure 9 below provides a visual representation of the various pathways of the mediation model.

Table 31. Path Estimates of employee financial literacy, attitude and financial preparation for retirement

			Label	Estimate	SE	Z	p
Financial literacy	→	Attitude Toward Retirement	a	0.465	0.0374	12.44	< .001
Attitude Toward Retirement	→	Financial Preparedness for Retirement	b	0.205	0.0404	5.07	< .001
Financial literacy	→	Financial Preparedness for Retirement	c	0.481	0.0374	12.85	< .001

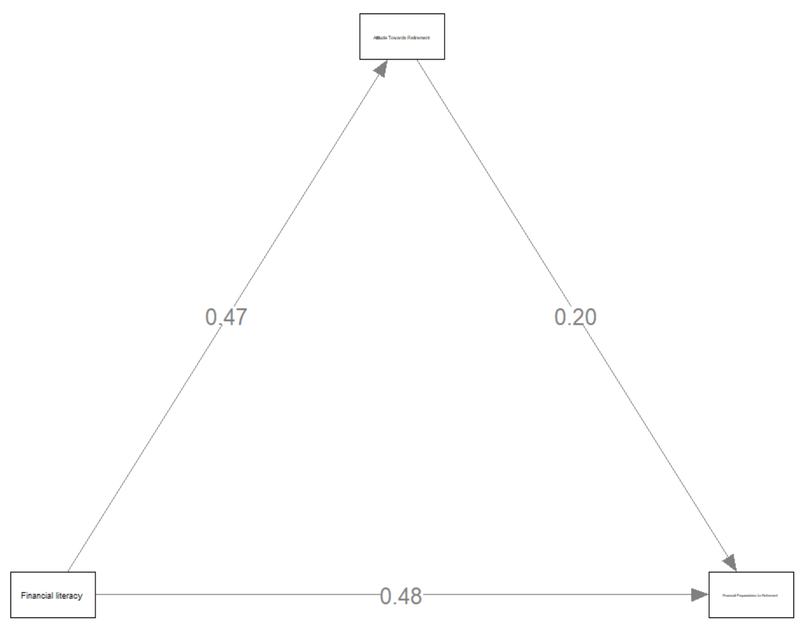


Figure 9 The Mediation Model Diagram of Attitude Toward Retirement on Financial Preparedness for Retirement and Financial Literacy

Mediating Effect of Attitude on Financial Preparedness and Cultural and Social Influences

The second part of research question six examined the mediating effect of attitude toward retirement on the relationship between financial preparedness for retirement and cultural and social influences. Table 32 shows that the total effect of cultural and social influences on financial preparedness for retirement is significant ($p<.001$). With the inclusion of the mediating variable attitude, the direct effect of cultural and social influences on financial preparedness for retirement is also significant ($p<.001$). The indirect effect of cultural and social influences on financial preparedness for retirement through attitude was also found to be significant ($p=.001$).

Table 32. Mediating Effects of Attitude on financial preparedness for retirement and cultural and social influences

				95% C.I. (a)				
Type	**Effect**	**Estimate**	**SE**	**Lower**	**Upper**	**β**	**z**	**p**
Indirect	CSL⇒AT⇒FP	0.107	0.0180	0.0720	0.143	0.131	5.95	< .001
Component	CSL⇒AT	0.351	0.0352	0.2819	0.420	0.423	9.98	< .001
	AT⇒FP	0.306	0.0413	0.2250	0.387	0.310	7.41	< .001
Direct	CSL⇒FP	0.313	0.0343	0.2460	0.380	0.382	9.13	< .001
Total	CSL⇒FP	0.421	0.0329	0.3560	0.485	0.513	12.77	< .001

Note. Confidence intervals computed with method: Standard (Delta method). Betas are completely standardized effect sizes
Legend: CSL = cultural and social factors; AT = Attitude Toward Retirement; FP = Financial Preparedness for Retirement

This demonstrates that employees’ attitude toward retirement partially mediates the relationship between cultural and social influences and financial preparedness for retirement. This means we can improve the relationship between financial preparedness and cultural and social influences through attitude toward retirement as a mediator (Bogle, 2017; Pallant, 2020; Peprah, 2024). Path estimates for employee financial literacy, attitude, and retirement preparation are shown in Table 33. Figure 10 below provides a visual representation of the various pathways of the mediation model.

Table 33. Path Estimates

			Label	**Estimate**	**SE**	**Lower**	**Upper**	**Z**	**p**
Cultural and Societal Influences	—	Attitude Toward Retirement	a	0.351	0.0352	0.282	0.420	9.98	< .001
Attitude Toward Retirement	—	Financial Preparedness for Retirement	b	0.306	0.0413	0.225	0.387	7.41	< .001
Cultural and Societal Influences	—	Financial Preparedness for Retirement	c	0.313	0.0343	0.246	0.380	9.13	< .001

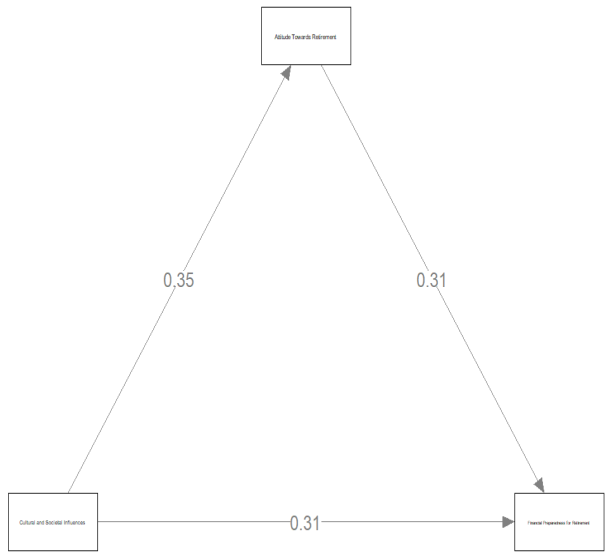


Figure 10. Mediating Effect of Attitude Toward Retirement on Financial Preparedness for Retirement and cultural and social influences

These findings suggest that attitude toward retirement has a significant partial mediating effect on the relationship between financial preparedness, financial literacy, and cultural and social influences. This means that we can improve the relationship between both independent and dependent variables if we use attitude toward retirement as a mediator (Bogle, 2017; Pallant, 2020; Peprah, 2024). Thus, the null hypothesis which posited that attitude toward retirement has no significant mediating effect on the relationship between financial preparedness for retirement and (a) financial literacy and (b) cultural and social influences is rejected.

CHAPTER 5

SUMMARY, CONCLUSION AND RECOMMENDATION

Summary

The purpose of this study was to investigate why Malawi employees do not have enough savings for retirement by looking at contributing factors which are; financial literacy, attitude toward retirement, demographic characteristics, and cultural and societal influences in relation to financial retirement preparedness for employees in the manufacturing industry in Blantyre, Malawi. Accordingly, the following research questions were posed:

1. Is there a significant relationship between employee financial literacy and financial preparedness for retirement among respondents?
2. Is there a significant difference between the respondents' demographic characteristics and their financial preparedness for retirement?
3. Is there a significant relationship between the respondents' cultural and social influence and their financial preparedness for retirement?
4. Is there a significant relationship between the respondents’ attitude toward retirement and their financial preparedness?
5. Which independent variables significantly predict financial preparedness for retirement?
    a. Financial literacy
    b. Attitude toward retirement

c. Cultural and social factors

6. Does attitude toward retirement have a significant mediating effect on the relationship between financial preparedness and

   a. Financial literacy

   b. Cultural and social factors

The study adopted a quantitative cross-sectional causal research design to collect data from employees in the manufacturing sector in the commercial city of Blantyre, Malawi. The research mainly focused on the employees of companies located in and around Chirimba and Makata industrial areas. 458 employees participated in the study from the selected firms in the area. The instrument for data collection was mainly an adapted questionnaire. This was analyzed using both descriptive statistics such as mean and standard deviation, frequencies and percentages, as well as inferential statistics (multiple regression and correlations) to answer the research questions.

Findings

In this study, the statistical analyses revealed several points. To begin with, the results from the study showed that there is a moderate positive significant relationship between financial literacy and financial preparedness for retirement among respondents ($r = 0.629$, $p = <0.001$). The more financial literacy increases, financial preparedness for retirement also increases.

Additionally, the study revealed that there is no significant difference among the different age groups and gender when it comes to financial retirement preparation. With similar scores of ($\chi^2(4) = 3.49, p = 0.480$) for age groups and ($\chi^2(1) = 2.78, p = 0.095$) gender.

On the other hand, the study showed significant differences based on an alpha value of .05, for educational level ($\chi^2(5) = 49.0, p <.001$); and income level ($\chi^2(3) = 33.5, p <.001$). This meant employees with different educational achievements and income levels plan for their retirement differently.

The results also showed that there is a moderate positive significant relationship between the respondents' cultural and social influence and their financial preparedness for retirement, ($r= .51; p<.001$). The society and culture an employee live in do affect the way they financially prepare for their retirement.

Furthermore, the study went on to reveal that there is a moderate positive significant relationship between the respondents' attitude toward retirement and their financial preparedness for retirement ($r = 47; p = < .001$). When the attitude of an employee is good and open to new ideas, their financial preparedness for retirement becomes also good. Attitudes toward retirement play a key role in financial decisions. Individuals with positive retirement attitudes may be more willing to take calculated risks to secure their future. Financial advisors can consider clients' attitudes when recommending investment strategies. A positive attitude toward retirement may lead to better long-term planning. Individuals who view retirement positively may start planning earlier, save more, and make informed decisions (Mao et al., 2021). Positive retirement attitudes contribute to overall well-being. Individuals who feel optimistic about retirement may experience less stress and anxiety related to financial security.

In trying to find the significant predictors for financial preparedness for retirement, the correlation results showed that financial literacy can predict 39.6%, attitude toward retirement can predict 22.3%, and cultural and social influences can predict 26.3% of an employee’s financial preparedness for retirement. All of which was statistically significant (p = < *.001*), (p = < *.001*) and (p = < *.001*) respectively. Additionally, combining all three variables can predict an employee's financial preparedness for retirement by 46% and that was also statistically significant (p = < *.001*). Each variance on its own can predict an employee's financial preparedness for retirement but combining all three will enhance the prediction.

The mediating effect of attitude toward retirement on the relationship between financial preparedness for retirement and financial literacy was a major part of the study. The results showed that the total effect of financial literacy on financial preparedness for retirement is significant ($p<.001$). With the inclusion of the mediating variable attitude, the direct effect of financial literacy on financial preparedness for retirement is also significant ($p<.001$). The indirect effect of financial literacy on financial preparedness for retirement through attitude was also found to be significant ($p=.001$). Further to that, mediating effect of attitude toward retirement on the relationship between financial preparedness for retirement and cultural and social influences revealed that the total effect of Cultural and Social influences on financial preparedness for retirement is significant ($p<.001$). With the inclusion of the mediating variable attitude, the direct effect of Cultural and Social influences on financial preparedness for retirement is also significant ($p<.001$). The indirect effect of Cultural and Social influences on financial preparedness for retirement through attitude was also found to be significant ($p=.001$). These results imply that attitude toward retirement partially mediated the relationships between financial preparedness for retirement, financial literacy, cultural and social influences.

Overall, the findings of this study should help other researchers to follow individuals over time to see how financial literacy, attitude toward retirement, demographics, and cultural and societal influences impact retirement outcomes as these factors have been shown to relate to financial preparedness for retirement. This could provide deeper insights into the long-term benefits of financial education and identify other factors and long-term strategies that are equally important to good financial retirement preparedness.

Conclusion

For an employee to be financially prepared for retirement, there are a lot factors at play that contribute to the preparedness. We cannot point at one variable to be the sole indicator or predictor of an employee's preparedness. This study sought to investigate why the Malawi employees do not have enough savings for retirement by looking at contributing factors, and it has managed to shed light on the complexities surrounding financial preparedness for retirement among employees in the manufacturing industry in Blantyre, Malawi.

Based on the findings of this study, we conclude that all variables; financial literacy, demographic characteristics, cultural and societal influences, and attitude toward retirement contribute to an employee making the proper savings for retirement or not. All of these variables have to be balanced if an employee is to be optimally prepared for retirement.

As the results indicate that enhancing financial literacy can positively impact financial preparedness for retirement, policymakers might see this as a call to implement and expand financial education programs in schools, workplaces, and community centers. The government of Malawi and some of the non-governmental organizations should use this finding to justify targeted financial literacy campaigns, focusing on key areas like budgeting, saving, investing, and retirement planning. The same can be said to employers who should consider offering financial literacy programs as part of their employee benefits. This could improve overall financial preparedness and contribute to a more secure retirement for employees. And as financial literacy is associated with better financial preparedness, enhancing financial literacy could help reduce poverty among the elderly. This can contribute to a healthier economy with less strain on social support systems.

More so, the results have implications for organizations and communities to encourage the formation of employee resource groups that focus on financial planning. These groups can help employees from similar cultural backgrounds share knowledge and experiences, fostering a supportive environment for retirement planning. The strong social networks from these groups can contribute to overall community resilience. When individuals are financially prepared for retirement, they are less likely to need public assistance, reducing the burden on social services. Also, strong family ties between parent and their children can be enhanced based on these findings.

Recommendations

Based on the results of the study, the employees in the manufacturing industry in Blantyre, Malawi are aware of financial preparedness for retirement. However, putting the knowledge that they have about retirement into action seems to be a major problem. As such, some interventions are needed and the following recommendations should be considered;

1. Employers should make more efforts to provide access to financial education resources such as workshops, seminars, or online courses to help employees improve their financial retirement planning skills. This study revealed that savings (N= 302, 67%) and working after retirement to earn an income (N= 236, 52.3%) are

the main option for the population in the study. This has shown the lack of diverse knowledge about other retirement investment vehicles.

2. Employees should take advantage of employer matching system for pension contribution. Since every company in Malawi is mandated to pay a contribution toward its workers, employees should take advantage of this mandate and make significant contributions toward their retirement which will be matched by their employer.
3. The data from this research has also shown that the majority of the population is young. It is and will be a good practice for the employees to start savings for retirement early. This can help employees take advantage of the power of compound interest. This means that the earlier they start, the more their money can grow over time.
4. Employees show seek professional advice on how to have actionable retirement plans. They should learn to consult with qualified financial advisors or planners who can provide personalized guidance based on their individual financial situation, goals, and risk tolerance. The results of this study have shown that employees have the knowledge on how to financially prepare for retirement but lack execution of this knowledge and financial advisors would help in this case.

Suggestions for Future Research

This study was focused on the manufacturing industry in Blantyre, Malawi particularly Chirimba and Makata industrial areas. However, there are several industrial areas in Blantyre yet alone Malawi that were not included in this study. Further research is needed that would include more companies in other industrial areas. This would enable the result to be more generalized to the whole manufacturing industry in Malawi.

Also, there are more variables that affect an employee’s financial preparedness for retirement and they were not part of this study. Further research is needed to be done which should include more variables that were not included in this study.

The manufacturing industry is the second biggest employer after agriculture in Malawi. Further research that would focus on the employees in the agriculture industry would be beneficial as retirement also affect employees in this sector.

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APPENDIXES

APPENDIX A

Letters

AUA
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Location:
Advent Hill, Magadi Road, Ongata Rongai

November 14, 2023

Tonny Bonongwe
School of Postgraduate Studies
Adventist University of Africa

Reference: AUA/ISERC/27/10/2023

Dear Tonny Bonongwe,

RE: **Mediating Effects of Employee Attitude towards Retirement on Financial Literacy, Demographics, Sociocultural Influences, and Retirement Financial Preparedness: Manufacturing Sector in Blantyre, Malawi**

This is to inform you that the Adventist University of Africa Institutional Scientific Ethics Review Committee (AUA-ISERC) has reviewed and approved your above research proposal. Your application approval number is AUA/ISERC/2023/011. The approval period is **14th November 2023 – 13th November 2024.**

This approval is subject to compliance with the following requirements;

i. Only approved documents (including informed consent and study instruments) will be used.

ii. All changes including (amendments, deviations, and violations) are submitted for review and approval by AUA-ISERC.

iii. Death and life-threatening problems and serious adverse events or unexpected adverse events whether related or unrelated to the study must be reported to AUA-ISERC within 72 hours of notification.

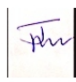
iv. Any changes, anticipated or otherwise that may increase the risks or affect the safety or welfare of study participants and others, or affect the integrity of the research must be reported to AUA-ISERC within 72 hours.

v. Submission of a request for renewal of approval at least 60 days prior to the expiry of the approval period. Attach a comprehensive progress report to support the renewal.

vi. Submission of an executive summary report within 90 days upon completion of the study to AUA-ISERC.

Prior to commencing your study, you are expected to obtain permissions or any other clearances needed.

Yours sincerely



Josephine Ganu, Ph.D.
Chair, Institutional Scientific Ethics Review C'ttee
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November 15, 2023

ATTESTATION

To whom it may concern:

This is to attest that TONNY BONONGWE is a regular student admitted to the Master of Business Administration program, Department of Social Sciences, Adventist University of Africa.

The student has completed his coursework and has successfully defended his thesis proposal entitled: *"Mediating effects of employee attitude on financial literacy, demographics, sociocultural influences, and retirement financial preparedness: Manufacturing sector in Blantyre, Malawi."*

He is now at the final phase of the thesis writing. Any assistance that can be given to him to facilitate the completion of this last milestone will be greatly appreciated.

Sincerely,

Marie-Anne Razafiarivony, PhD
Associate Professor of Management
MBA Program Coordinator
Email: razafiarivonym@aua.ac.ke

APPENDIX B

Informed Consent

Dear Employee,

You are being asked to participate in a research study entitled: mediating effects of employee attitude on financial literacy, demographics, sociocultural influences, and retirement financial preparedness: manufacturing sector in Blantyre, Malawi.

The purpose of this study: This study aims to ascertain the determinants of financial preparedness for retirement. It endeavors to explore the correlation between financial literacy, encompassing familiarity with financial products and services, computation capability of retirement benefits, knowledge of basic financial concepts, and demographic variables such as age, gender, occupation, educational attainment, and income level and cultural and societal influences that include parental and peer influence. Furthermore, the study will investigate how individuals' attitudes toward retirement impact the abovementioned factors.

Participation: To participate in the study, you will be asked to complete a questionnaire with 69 items. Finishing the questionnaire should take approximately 15-25 minutes.

Voluntary Nature of Participation: Your participation in this study is voluntary. If you sign the bottom of this Form, it means that you are giving your consent to be in the study. If you do not want to participate in the study, do not begin to fill out the questionnaire or participate in other research activities. If you start to fill out the questionnaire and decide you do not want to participate, stop filling it out and give it to the researcher. There is no penalty for not participating, and your questionnaire will not be used.

Benefits and Risks: If you participate, you will contribute to knowledge about factors that affect employee's financial preparedness for retirement, which may help institutions, policymakers, and individuals currently saving and investing for retirement. There are no identifiable risks in participation.

Confidentiality: Your personal information will be kept confidential. You will NOT write your name on the questionnaire. This Form is separate from the questionnaire—this ensures that your identity will not be revealed. No one other than the researcher will have access to the data, and all data will be stored on a password-protected computer.

Questions about the Study: The researcher will answer any questions you have about the study, and you should ask them now.

Thank you
Tonny Bonongwe, MBA Finance Student
bonogwet@aua.ac.ke

If you have any ethical concerns about your participation in this research, contact the Institutional Scientific Ethics Review Committee, Adventist University of Africa<ethics@aua.ac.ke>

By signing below, I voluntarily agree to participate in this research.
Signature ________________________________ Date _______________________

APPENDIX C

Questionnaire

Instructions: As an employee, you are the one who can give us a correct picture of retirement preparation. Therefore, please read each question carefully and respond to the questions frankly and honestly.

There are no right or wrong answers. Your answers will be kept strictly confidential.

SECTIONA

Instruction: tick (√) where appropriate

1. What is your age? 18-25 [ ] 26-35 [ ] 36-45 [ ] 46-55 [ ] Over 56 [ ]

2. What is your gender? Male [ ] Female [ ]

3. What is your Occupation? ……………………………….

4. What is the highest degree or level of school you have completed? Secondary [ ] Diploma [ ] Bachelors [ ] Masters [ ] Doctorate [ ] Professional [ ]

5. Marital Status: Single [ ] Married [ ] Widow/er [ ] Divorced [ ]

6. How many years have you been with your current organization? _________ years.

7. Income Level: k35,000-k200,000 **[ ]** K200,001-k500,000 **[ ]** K500,001-k1,000,000 **[ ]** Over K1,000,000**[ ]**

SECTION: B

Instruction: Think in terms of your everyday experiences and accomplishments on the job and put the most appropriate response number for you beside each item, using the scale below.

Scale: Tick 1 if you Strongly Disagree with the statement

Tick 2 if you Disagree with the statement

Tick 3 if you are Agree with the statement

Tick 4 if you Strongly Agree with the statement

	Financial literacy	4	3	2	1
	Familiarity with financial products and services				
1	I can distinguish between a "savings account" and a "checking account."	4	3	2	1
2	I know how to shop around to get the best deal for financial products and services such as loans.	4	3	2	1
3	I have a good understanding of old mutual retirement plans.	4	3	2	1
4	I am able to identify my sources of retirement income.	4	3	2	1
5	When I need to consult about finances, I know exactly where to get the information.	4	3	2	1
	Computation capability of retirement benefits				
6	I have a written financial plan.	4	3	2	1
7	I know how much money I will need to achieve my long-term (2-5 years) financial goals	4	3	2	1
8	I can calculate my retirement benefits.	4	3	2	1
9	I am capable of selecting a good pension fund.	4	3	2	1
10	I am aware of my retirement benefits.	4	3	2	1
11	I know how to select the appropriate insurance policies for myself	4	3	2	1
	Knowledge of basic financial concepts				
12	I am comfortable with the idea of "compound interest."	4	3	2	1
13	I understand the role of a "financial advisor" in my achieving financial goals.	4	3	2	1
14	I recognize how setting a budget aligns with achieving my financial goals.	4	3	2	1
15	A budget is a spending and saving plan based on expected income and expenses.	4	3	2	1
16	My employer regularly organizes financial literacy programs for employees.	4	3	2	1
17	I am knowledgeable about the concept of "diversification" in investing.	4	3	2	1
18	I understand how changes in interest rates affect my personal finances.	4	3	2	1
	Cultural and societal influences				
	Parental influence				
19	My parents have often discussed retirement planning at home.	4	3	2	1
20	I talk about financial affairs and retirement with my children.	4	3	2	1
21	The financial decisions of my parents have influenced my own retirement planning choices.	4	3	2	1
22	My parents’ retirement choices serve as benchmarks for my own planning.	4	3	2	1
23	Discussions about retirement planning are common within my family.	4	3	2	1
	Peer Influence				

24	My peers frequently discuss retirement planning and financial preparedness.	4	3	2	1
25	I feel motivated to improve my retirement preparedness based on my peers' actions.	4	3	2	1
26	I often seek advice from my peers about savings and investments for retirement.	4	3	2	1
27	I am more likely to save for retirement when I observe my peers doing so.	4	3	2	1
28	I feel societal pressure from my peers to save for retirement.	4	3	2	1
29	Conversations with my peers have helped improve my financial literacy.	4	3	2	1
30	I would join a pension scheme if my peers were already enrolled.	4	3	2	1
	Attitude toward retirement				
31	I am making meaningful contributions to a voluntary retirement.	4	3	2	1
32	I would take a personal finance course on retirement to better understanding financial preparedness for retirement.	4	3	2	1
33	I am content with the level of financial security I am building for my retirement.	4	3	2	1
34	I actively seek ways to improve my retirement preparedness based on my positive attitude.	4	3	2	1
35	I feel well-informed about various retirement planning strategies and options.	4	3	2	1
	Financial preparedness for retirement				
	Government enforced pension				
36	I have a government enforced pension plan.	4	3	2	1
37	I make additional contributions toward my retirement plan on top of the recommended amount of 15% of my salary.	4	3	2	1
	Private pension				
38	I have private pension plan in addition to the company enforced one.	4	3	2	1
39	If I retired today, I would have enough money to cope with my retirement	4	3	2	1
	Assets and business acquisition				
40	I have acquired land to build for my retirement.	4	3	2	1
41	I already have a retirement house built.	4	3	2	1
42	I have a business venture (Side hustle) other than my day job.	4	3	2	1
43	I will not continue working after I reach the retirement age of 55.	4	3	2	1
44	I have several income generating saving to provide income for me in my retirement.	4	3	2	1
45	I have assessed my future lifestyle and considered its financial implications in retirement.	4	3	2	1
	Insurance coverage				

46	I am confident in my ability to manage healthcare expenses without compromising my retirement goals.	4	3	2	1
47	I have reviewed my life insurance policies to ensure they are adequate for my retirement needs.	4	3	2	1
48	I have subscribed to a life insurance policy to assist me in my retirement.	4	3	2	1
49	I have set up an emergency fund to cover unexpected expenses during retirement.	4	3	2	1
50	I am confident in my ability to manage healthcare expenses without compromising my retirement goals.	4	3	2	1

SECTION: C

Instruction: tick (√) where appropriate

1. What funds will you live on after you reach retirement age?" (You can tick as many as apply)
    a) Pension that you will receive from a publicly owned retirement fund **[ ]**
    b) Your own earnings (I will continue work after retirement) **[ ]**
    c) Income from leasing and selling property **[ ]**
    d) Support from children, relatives, acquaintances **[ ]**
    e) Additional pension or financial aid from an enterprise where you have been working **[ ]**
    f) Your own savings **[ ]**
    g) Support from church and charitable organizations **[ ]**
    h) Pension that you will receive from a privately owned retirement fund **[ ]**
    i) Don't know **[ ]**

Your contribution to this study is greatly appreciated! Thank you!

APPENDIX C

Statistical Analysis

RELIABILITY STATISTICS

Reliability Statistics

Cronbach's Alpha	N of Items
.913	18

Item Statistics

	Mean	Std. Deviation	N
FINLIT1	2.7576	.88025	458
FINLIT2	2.7860	.85877	458
FINLIT3	2.5983	.91914	458
FINLIT4	2.7642	.87830	458
FINLIT5	2.5524	.90856	458
FINLIT6	2.3079	.93975	458
FINLIT7	2.4367	.89083	458
FINLIT10	2.6004	.91652	458
FINLIT11	2.7489	.86776	458
FINLIT12	2.8406	.82807	458
FINLIT13	2.7271	.80055	458
FINLIT15	2.6419	.82795	458
FINLIT16	2.7052	.83837	458
FINLIT17	2.7904	.73944	458
FINLIT18	2.8581	.84171	458
FINLIT19	2.6288	.99330	458
FINLIT20	2.6201	1.02474	458
FINLIT21	2.8712	.94649	458

Reliability Statistics

Cronbach's Alpha	N of Items
.910	12

Item Statistics

	Mean	Std. Deviation	N
CULTSOC22	2.3428	.93694	458
CULTSOC23	2.3253	.98404	458
CULTSOC24	2.3821	.91682	458
CULTSOC25	2.3450	.92082	458
CULTSOC26	2.4345	.88079	458

CULTSOC27	2.5459	.85431	458
CULTSOC29	2.6397	.83096	458
CULTSOC30	2.5459	.90650	458
CULTSOC31	2.5546	.87406	458
CULTSOC32	2.4607	.80994	458
CULTSOC33	2.5262	.88035	458
CULTSOC34	2.5000	.93615	458

Reliability Statistics

Cronbach's Alpha	N of Items
.628	5

Item Statistics

	Mean	Std. Deviation	N
ATTIDRET40	2.3515	.88063	458
ATTIDRET41	2.7096	.84767	458
ATTIDRET43	2.5262	.77175	458
ATTIDRET44	2.6965	.81669	458
ATTIDRET45	2.5349	.83147	458

Reliability Statistics

Cronbach's Alpha	N of Items
.857	15

Item Statistics

	Mean	Std. Deviation	N
FINPREP46	2.2926	.93180	458
FINPREP48	2.2969	.86964	458
FINPREP49	2.2511	.95194	458
FINPREP50	2.3210	.95617	458
FINPREP51	2.2969	.93042	458
FINPREP52	2.6157	.95680	458
FINPREP54	2.5349	1.01190	458
FINPREP55	2.5087	.83478	458
FINPREP56	2.4738	.86531	458
FINPREP57	2.5764	.86232	458
FINPREP59	2.2926	.85592	458
FINPREP60	2.2817	.85830	458
FINPREP61	2.2533	.87341	458
FINPREP62	2.3079	.85693	458
FINPREP63	2.3974	.86213	458

Age

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	18-25 Yrs old	36	7.9	7.9	7.9
	26-35 yrs old	204	44.5	44.5	52.4
	36-45 yrs old	125	27.3	27.3	79.7
	46-55 yrs old	71	15.5	15.5	95.2
	Over 55	22	4.8	4.8	100.0
	Total	458	100.0	100.0	

Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	338	73.8	73.8	73.8
	Female	120	26.2	26.2	100.0
	Total	458	100.0	100.0	

Education

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Secondary	229	50.0	50.0	50.0
	Diploma	165	36.0	36.0	86.0
	Bachelors	44	9.6	9.6	95.6
	Masters	14	3.1	3.1	98.7
	Doctorate	2	.4	.4	99.1
	Professional	4	.9	.9	100.0
	Total	458	100.0	100.0	

Marital

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Single	59	12.9	12.9	12.9
	Married	377	82.3	82.3	95.2
	Widow/er	13	2.8	2.8	98.0
	Divorced	9	2.0	2.0	100.0
	Total	458	100.0	100.0	

Yrs worked

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	69	15.1	15.1	15.1
	2	95	20.7	20.7	35.8
	3	111	24.2	24.2	60.0

	4	59	12.9	12.9	72.9
	5	52	11.4	11.4	84.3
	6	30	6.6	6.6	90.8
	7	10	2.2	2.2	93.0
	8	11	2.4	2.4	95.4
	9	4	.9	.9	96.3
	10	1	.2	.2	96.5
	11	1	.2	.2	96.7
	12	4	.9	.9	97.6
	14	1	.2	.2	97.8
	15	2	.4	.4	98.3
	16	1	.2	.2	98.5
	17	1	.2	.2	98.7
	20	1	.2	.2	98.9
	23	2	.4	.4	99.3
	24	1	.2	.2	99.6
	35	1	.2	.2	99.8
	38	1	.2	.2	100.0
	Total	458	100.0	100.0	

Income

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	35000-200000	246	53.7	53.7	53.7
	200001-500000	154	33.6	33.6	87.3
	500001-1m	43	9.4	9.4	96.7
	More than 1 m	15	3.3	3.3	100.0
	Total	458	100.0	100.0	

Descriptives
Test for normality-Demographics

	Age	**Gender**	**Occupation**	**Level of Education**	**Marital Status**	**Year of Work**	**Income Level**
N	458	458	458	458	458	458	458
Mean	2.65	1.26		1.71	1.94	1.40	1.62

Income

Standard deviation	0.993	0.440	0.901	0.482	0.490	0.788
Skewness	0.561	1.09	1.73	0.893	0.411	1.18
Std. error skewness	0.114	0.114	0.114	0.114	0.114	0.114
Kurtosis	-0.250	-0.824	4.26	6.19	-1.84	0.861
Std. error kurtosis	0.228	0.228	0.228	0.228	0.228	0.228
Shapiro-Wilk W	0.874	0.548	0.734	0.552	0.622	0.742
Shapiro-Wilk p	< .001	< .001	< .001	< .001	< .001	< .001

Descriptives

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
FINLIT21	458	1.00	4.00	2.8712	.94649
FINLIT18	458	1.00	4.00	2.8581	.84171
FINLIT12	458	1.00	4.00	2.8406	.82807
FINLIT17	458	1.00	4.00	2.7904	.73944
FINLIT2	458	1.00	4.00	2.7860	.85877
FINLIT4	458	1.00	4.00	2.7642	.87830
FINLIT1	458	1.00	4.00	2.7576	.88025
FINLIT11	458	1.00	4.00	2.7489	.86776
FINLIT13	458	1.00	4.00	2.7271	.80055
FINLIT16	458	1.00	4.00	2.7052	.83837
FINLIT15	458	1.00	4.00	2.6419	.82795

FINLIT19	458	1.00	4.00	2.6288	.99330
FINLIT20	458	1.00	4.00	2.6201	1.02474
FINLIT10	458	1.00	4.00	2.6004	.91652
FINLIT3	458	1.00	4.00	2.5983	.91914
FINLIT5	458	1.00	4.00	2.5524	.90856
FINLIT7	458	1.00	4.00	2.4367	.89083
FINLIT6	458	1.00	4.00	2.3079	.93975
Fin_Literacy	458	1.18	3.82	2.6685	.56839
Valid N (listwise)	458				

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
CULTSOC22	458	1.00	4.00	2.3428	.93694
CULTSOC23	458	1.00	4.00	2.3253	.98404
CULTSOC24	458	1.00	4.00	2.3821	.91682
CULTSOC25	458	1.00	4.00	2.3450	.92082
CULTSOC26	458	1.00	4.00	2.4345	.88079
CULTSOC27	458	1.00	4.00	2.5459	.85431
CULTSOC29	458	1.00	4.00	2.6397	.83096
CULTSOC30	458	1.00	4.00	2.5459	.90650
CULTSOC31	458	1.00	4.00	2.5546	.87406
CULTSOC32	458	1.00	4.00	2.4607	.80994
CULTSOC33	458	1.00	4.00	2.5262	.88035
CULTSOC34	458	1.00	4.00	2.5000	.93615
Cultural_Socio	458	1.00	3.75	2.4669	.63414
Valid N (listwise)	458				

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
ATTIDRET40	458	1.00	4.00	2.3515	.88063
ATTIDRET41	458	1.00	4.00	2.7096	.84767
ATTIDRET43	458	1.00	4.00	2.5262	.77175
ATTIDRET44	458	1.00	4.00	2.6965	.81669
ATTIDRET45	458	1.00	4.00	2.5349	.83147
Valid N (listwise)	458				

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
FINPREP46	458	1.00	4.00	2.2926	.93180
FINPREP48	458	1.00	4.00	2.2969	.86964

FINPREP49	458	1.00	4.00	2.2511	.95194
FINPREP50	458	1.00	4.00	2.3210	.95617
FINPREP51	458	1.00	4.00	2.2969	.93042
FINPREP52	458	1.00	4.00	2.6157	.95680
FINPREP54	458	1.00	4.00	2.5349	1.01190
FINPREP55	458	1.00	4.00	2.5087	.83478
FINPREP56	458	1.00	4.00	2.4738	.86531
FINPREP57	458	1.00	4.00	2.5764	.86232
FINPREP59	458	1.00	4.00	2.2926	.85592
FINPREP60	458	1.00	4.00	2.2817	.85830
FINPREP61	458	1.00	4.00	2.2533	.87341
FINPREP62	458	1.00	4.00	2.3079	.85693
FINPREP63	458	1.00	4.00	2.3974	.86213
Preparedness	458	1.00	3.67	2.3801	.51998
Valid N (listwise)	458				

Multiple Response
Case Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
$Funds_Retirement[a]	451	98.5%	7	1.5%	458	100.0%

a. Dichotomy group tabulated at value 1.

$Funds_Retirement Frequencies

		Responses		
		N	Percent	Percent of Cases
Retirement Funds[a]	Govtpension	91	8.6%	20.2%
	Workpostretir	236	22.2%	52.3%
	Incfromproperty	79	7.4%	17.5%
	Familysupport	183	17.2%	40.6%
	Employmtpension	33	3.1%	7.3%
	Ownsavings	302	28.4%	67.0%
	Churchsupport	28	2.6%	6.2%
	Privatepension	35	3.3%	7.8%
	Donotknow	75	7.1%	16.6%
Total		1062	100.0%	235.5%

a. Dichotomy group tabulated at value 1.

Test for normality-Variables

	Financial literacy	**Cultural and Societal Influences**	**Attitude Toward Retirement**	**Financial Preparedness for Retirement**
N	458	458	458	458

Mean	2.67	2.47	2.56	2.38
Standard deviation	0.568	0.634	0.526	0.520
Skewness	-0.0891	-0.375	-0.147	-0.184
Std. error skewness	0.114	0.114	0.114	0.114
Kurtosis	-0.376	-0.329	0.267	-0.0117
Std. error kurtosis	0.228	0.228	0.228	0.228
Shapiro-Wilk W	0.981	0.970	0.981	0.984
Shapiro-Wilk p	< .001	< .001	< .001	< .001

Correlation Matrix

Correlation Matrix

		Financial literacy		**Financial Preparedness for Retirement**
Financial literacy	Pearson's r	—		
	df	—		
	p-value	—		
	95% CI Upper	—		
	95% CI Lower	—		
	N	—		
Financial Preparedness for Retirement	Pearson's r	0.629	***	—
	df	456		—
	p-value	< .001		—

Correlation Matrix

		Financial literacy	**Financial Preparedness for Retirement**
	95% CI Upper	0.682	—
	95% CI Lower	0.571	—
	N	458	—

Note. * p < .05, ** p < .01, *** p < .001

One-Way ANOVA (Nonparametric)

Kruskal-Wallis

	χ^2	**df**	**p**	**ε^2**
Financial Preparedness for Retirement	3.49	4	0.480	0.00763

Dwass-Steel-Critchlow-Fligner pairwise comparisons

Pairwise comparisons - Financial Preparedness for Retirement

		W	**p**
18-25 Yrs old	26-35 yrs old	2.3450	0.460
18-25 Yrs old	36-45 yrs old	0.5782	0.994
18-25 Yrs old	46-55 yrs old	0.5415	0.995
18-25 Yrs old	Over 55	0.3183	0.999
26-35 yrs old	36-45 yrs old	-2.2670	0.496

Pairwise comparisons - Financial Preparedness for Retirement

		W	p
26-35 yrs old	46-55 yrs old	-0.1129	1.000
26-35 yrs old	Over 55	-0.2432	1.000
36-45 yrs old	46-55 yrs old	1.0551	0.946
36-45 yrs old	Over 55	0.5922	0.994
46-55 yrs old	Over 55	0.0256	1.000

One-Way ANOVA (Nonparametric)

Kruskal-Wallis

	χ^2	df	p	ε^2
Financial Preparedness for Retirement	2.78	1	0.095	0.00609

Dwass-Steel-Critchlow-Fligner pairwise comparisons

Pairwise comparisons - Financial Preparedness for Retirement

		W	p
Male	Female	2.36	0.095

One-Way ANOVA (Nonparametric)

Kruskal-Wallis

	χ^2	df	p	ε^2
Financial Preparedness for Retirement	49.0	5	< .001	0.107

Dwass-Steel-Critchlow-Fligner pairwise comparisons

Pairwise comparisons - Financial Preparedness for Retirement

		W	p
Secondary	Diploma	4.258	0.031
Secondary	Bachelors	6.327	< .001
Secondary	Masters	6.777	< .001
Secondary	Doctorate	3.259	0.192
Secondary	Professional	-0.472	0.999
Diploma	Bachelors	4.111	0.043
Diploma	Masters	6.113	< .001
Diploma	Doctorate	2.961	0.291
Diploma	Professional	-1.480	0.902
Bachelors	Masters	3.722	0.090
Bachelors	Doctorate	1.604	0.867
Bachelors	Professional	-2.011	0.714
Masters	Doctorate	-0.792	0.994
Masters	Professional	-2.485	0.494

Pairwise comparisons - Financial Preparedness for Retirement

		W	p
Doctorate	Professional	-1.309	0.940

One-Way ANOVA (Nonparametric)

Kruskal-Wallis

	χ^2	df	p	ε^2
Financial Preparedness for Retirement	33.5	3	< .001	0.0734

Dwass-Steel-Critchlow-Fligner pairwise comparisons

Pairwise comparisons - Financial Preparedness for Retirement

		W	p
35000-200000	200001-500000	0.673	0.964
35000-200000	500001-1000000	4.306	0.012
35000-200000	Above1000000	7.146	< .001
200001-500000	500001-1000000	3.781	0.038
200001-500000	Above1000000	6.885	< .001
500001-1000000	Above1000000	4.064	0.021

Pairwise comparisons - Financial Preparedness for Retirement

	W	p

Correlation Matrix

Correlation Matrix

		Cultural and Societal Influences		Financial Preparedness for Retirement
Cultural and Societal Influences	Pearson's r	—		
	df	—		
	p-value	—		
	95% CI Upper	—		
	95% CI Lower	—		
	N	—		
Financial Preparedness for Retirement	Pearson's r	0.513	***	—
	df	456		—
	p-value	< .001		—
	95% CI Upper	0.577		—
	95% CI Lower	0.442		—

Correlation Matrix

		Cultural and Societal Influences	Financial Preparedness for Retirement
	N	458	—

Note. * p < .05, ** p < .01, *** p < .001

Correlation Matrix

Correlation Matrix

		Attitude Toward Retirement	Financial Preparedness for Retirement
Attitude Toward Retirement	Pearson's r	—	
	df	—	
	p-value	—	
	95% CI Upper	—	
	95% CI Lower	—	
	N	—	

Correlation Matrix

		Attitude Toward Retirement		Financial Preparedness for Retirement
Financial Preparedness for Retirement	Pearson's r	0.471	***	—
	df	456		—
	p-value	< .001		—
	95% CI Upper	0.539		—
	95% CI Lower	0.397		—
	N	458		—

Note. * p < .05, ** p < .01, *** p < .001

Linear Regression

Model Fit Measures

					Overall Model Test			
Model	**R**	**R^2**	**Adjusted R^2**	**RMSE**	**F**	**df1**	**df2**	**p**
1	0.629	0.396	0.395	0.404	299	1	456	< .001

Omnibus ANOVA Test

Model Fit Measures

					Overall Model Test			
Model	**R**	**R^2**	**Adjusted R^2**	**RMSE**	**F**	**df1**	**df2**	**p**

	Sum of Squares	df	Mean Square	F	p
Financial literacy	49.0	1	48.954	299	< .001
Residuals	74.6	456	0.164		

Note. Type 3 sum of squares

Model Coefficients - Financial Preparedness for Retirement

						95% Confidence Interval	
Predictor	**Estimate**	**SE**	**t**	**p**	**Stand. Estimate**	**Lower**	**Upper**
Intercept	0.843	0.0908	9.29	< .001			
Financial literacy	0.576	0.0333	17.30	< .001	0.629	0.558	0.701

Assumption Checks

Normality Test (Shapiro-Wilk)

Statistic	**p**
0.993	0.038

Linear Regression

Model Fit Measures

					Overall Model Test			
Model	**R**	**R^2**	**Adjusted R^2**	**RMSE**	**F**	**df1**	**df2**	**p**
1	0.471	0.222	0.220	0.458	130	1	456	< .001

Omnibus ANOVA Test

	Sum of Squares	**df**	**Mean Square**	**F**	**p**
Attitude Toward Retirement	27.4	1	27.428	130	< .001
Residuals	96.1	456	0.211		

Note. Type 3 sum of squares

Model Coefficients - Financial Preparedness for Retirement

						95% Confidence Interval	
Predictor	**Estimate**	**SE**	**t**	**p**	**Stand. Estimate**	**Lower**	**Upper**
Intercept	1.187	0.1068	11.1	< .001			
Attitude Toward Retirement	0.465	0.0408	11.4	< .001	0.471	0.390	0.552

Assumption Checks

Normality Test (Shapiro-Wilk)

Statistic	p
0.978	< .001

Linear Regression

Model Fit Measures

					Overall Model Test			
Model	**R**	**R^2**	**Adjusted R^2**	**RMSE**	**F**	**df1**	**df2**	**p**
1	0.513	0.263	0.261	0.446	163	1	456	< .001

Omnibus ANOVA Test

	Sum of Squares	df	Mean Square	F	p
Cultural and Societal Influences	32.5	1	32.498	163	< .001
Residuals	91.1	456	0.200		

Note. Type 3 sum of squares

Model Coefficients - Financial Preparedness for Retirement

						95% Confidence Interval	
Predictor	**Estimate**	**SE**	**t**	**p**	**Stand. Estimate**	**Lower**	**Upper**
Intercept	1.343	0.0840	16.0	< .001			
Cultural and Societal Influences	0.421	0.0330	12.8	< .001	0.513	0.434	0.592

Assumption Checks

Normality Test (Shapiro-Wilk)

Statistic	p
0.991	0.009

Linear Regression

Model Fit Measures

				Overall Model Test			
Model	**R**	**R^2**	**RMSE**	**F**	**df1**	**df2**	**p**
1	0.678	0.460	0.382	129	3	454	< .001

Omnibus ANOVA Test

	Sum of Squares	df	Mean Square	F	p
Financial literacy	14.58	1	14.582	99.2	< .001
Cultural and Societal Influences	3.90	1	3.902	26.5	< .001
Attitude Toward Retirement	2.32	1	2.319	15.8	< .001
Residuals	66.75	454	0.147		

Note. Type 3 sum of squares

Model Coefficients - Financial Preparedness for Retirement

						95% Confidence Interval	
Predictor	**Estimate**	**SE**	**t**	**p**	**Stand. Estimate**	**Lower**	**Upper**
Intercept	0.475	0.1024	4.64	< .001			
Financial literacy	0.397	0.0399	9.96	< .001	0.434	0.3487	0.520
Cultural and Societal Influences	0.176	0.0341	5.15	< .001	0.214	0.1326	0.296
Attitude Toward Retirement	0.160	0.0403	3.97	< .001	0.162	0.0819	0.242

Assumption Checks

Normality Test (Shapiro-Wilk)

Statistic	**p**
0.988	< .001

Mediation

Mediation Estimates

Effect	**Label**	**Estimate**	**SE**	**Z**	**p**	**% Mediation**
Indirect	a × b	0.0952	0.0203	4.69	< .001	16.5
Direct	c	0.4806	0.0374	12.85	< .001	83.5

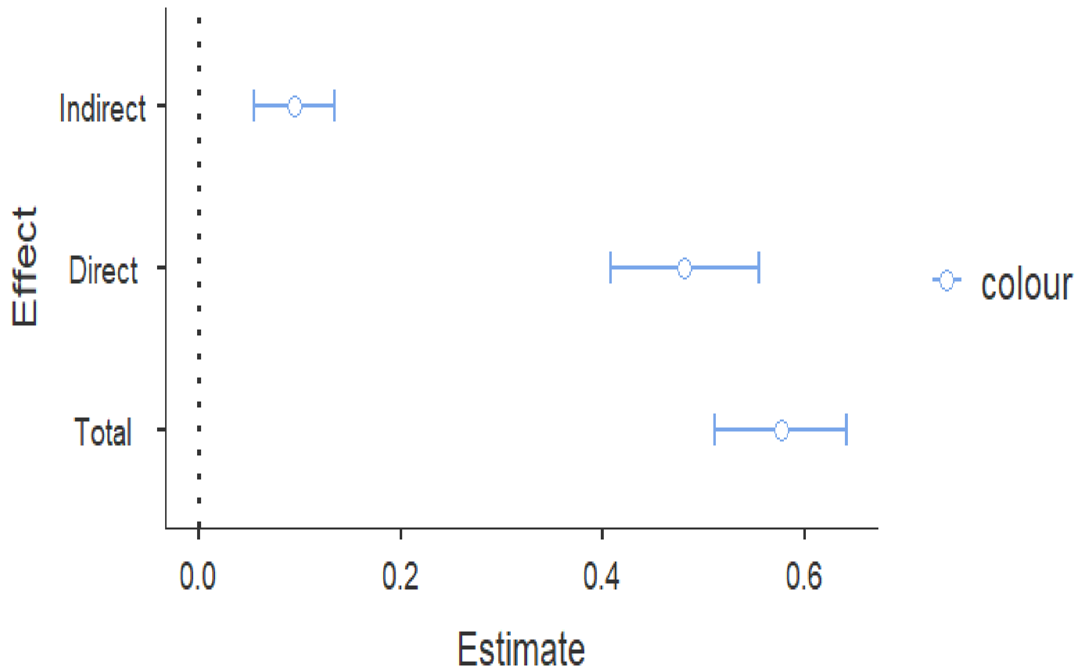
Mediation Estimates

Effect	Label	Estimate	SE	Z	p	% Mediation
Total	c + a × b	0.5758	0.0332	17.34	< .001	100.0

Path Estimates

			Label	Estimate	SE	Z	p
Financial literacy	→	Attitude Toward Retirement	a	0.465	0.0374	12.44	< .001
Attitude Toward Retirement	→	Financial Preparedness for Retirement	b	0.205	0.0404	5.07	< .001
Financial literacy	→	Financial Preparedness for Retirement	c	0.481	0.0374	12.85	< .001

Estimate Plot



GLM Mediation Model

Models Info

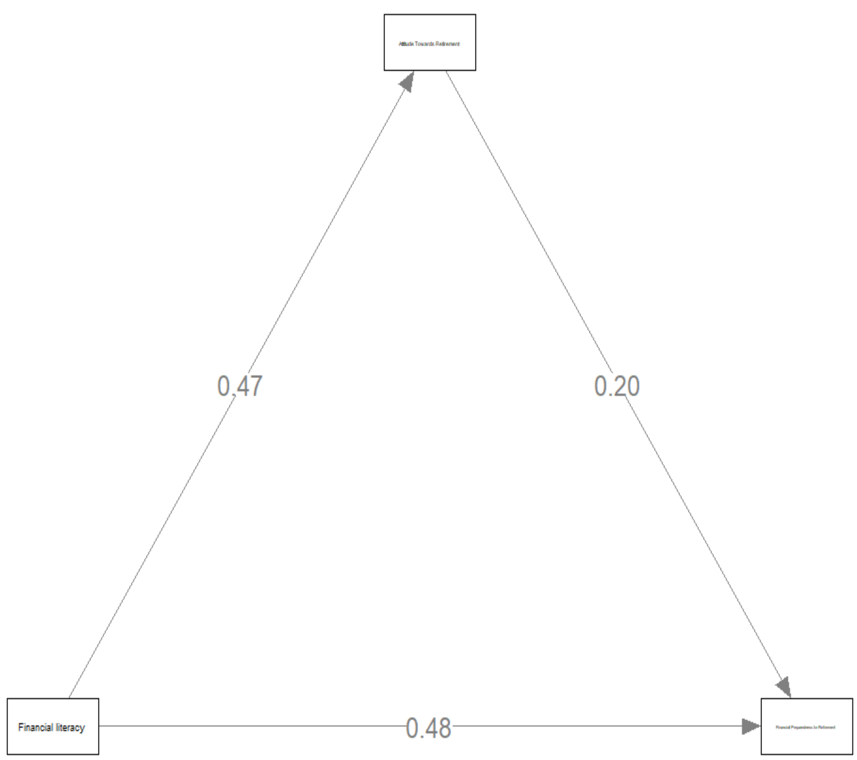
Mediators Models		
	m1	Attitude Toward Retirement ~ Financial literacy
Full Model		
	m2	Financial Preparedness for Retirement ~ Attitude Toward Retirement + Financial literacy
Indirect Effects		
	IE 1	Financial literacy ⇒ Attitude Toward Retirement ⇒ Financial Preparedness for Retirement

Models Info

Sample size	N	458

Path Model

Statistical Diagram



Mediation

Indirect and Total Effects

				95% C.I. (a)				
Type	**Effect**	**Estimate**	**SE**	**Lower**	**Upper**	**β**	**z**	**p**
Indirect	Financial literacy ⇒ Attitude Toward Retirement ⇒ Financial Preparedness for Retirement	0.0952	0.0203	0.0555	0.135	0.104	4.69	< .001
Component	Financial literacy ⇒ Attitude Toward Retirement	0.4655	0.0374	0.3921	0.539	0.503	12.44	< .001
	Attitude Toward Retirement ⇒ Financial Preparedness for Retirement	0.2046	0.0404	0.1255	0.284	0.207	5.07	< .001

Indirect and Total Effects

				95% C.I. (a)				
Type	**Effect**	**Estimate**	**SE**	**Lower**	**Upper**	**β**	**z**	**p**
Direct	Financial literacy ⇒ Financial Preparedness for Retirement	0.4806	0.0374	0.4073	0.554	0.525	12.85	< .001
Total	Financial literacy ⇒ Financial Preparedness for Retirement	0.5758	0.0333	0.5107	0.641	0.629	17.32	< .001

Note. Confidence intervals computed with method: Standard (Delta method)

Note. Betas are completely standardized effect sizes

Mediation

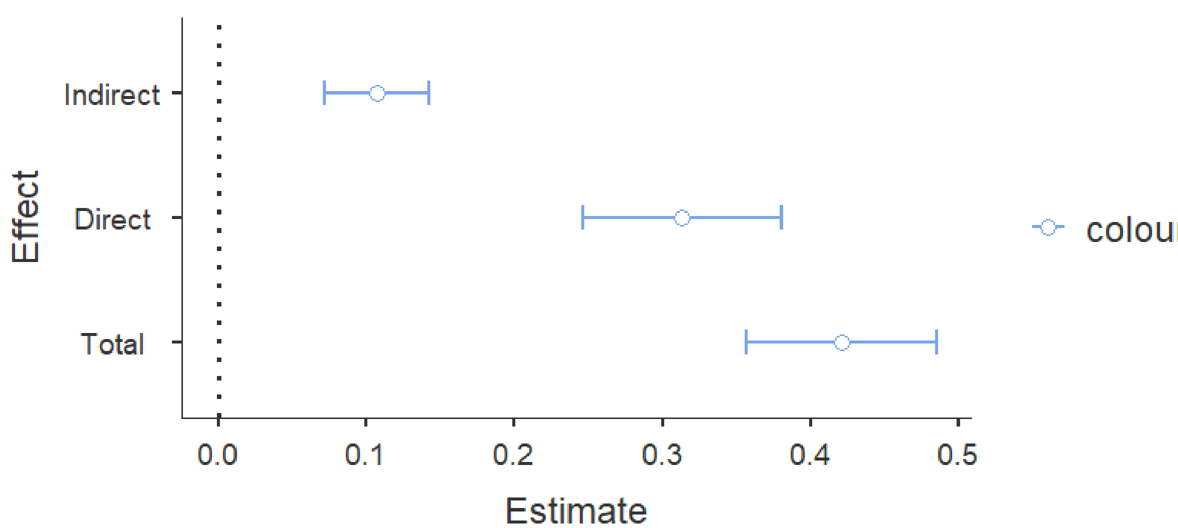
Mediation Estimates

Effect	**Label**	**Estimate**	**SE**	**Z**	**p**	**% Mediation**
Indirect	a × b	0.107	0.0180	5.95	< .001	25.5
Direct	c	0.313	0.0343	9.13	< .001	74.5
Total	c + a × b	0.421	0.0329	12.78	< .001	100.0

Path Estimates

			Label	Estimate	SE	Z	p
Cultural and Societal Influences	→	Attitude Toward Retirement	a	0.351	0.0352	9.98	< .001
Attitude Toward Retirement	→	Financial Preparedness for Retirement	b	0.306	0.0413	7.41	< .001
Cultural and Societal Influences	→	Financial Preparedness for Retirement	c	0.313	0.0343	9.13	< .001

Estimate Plot



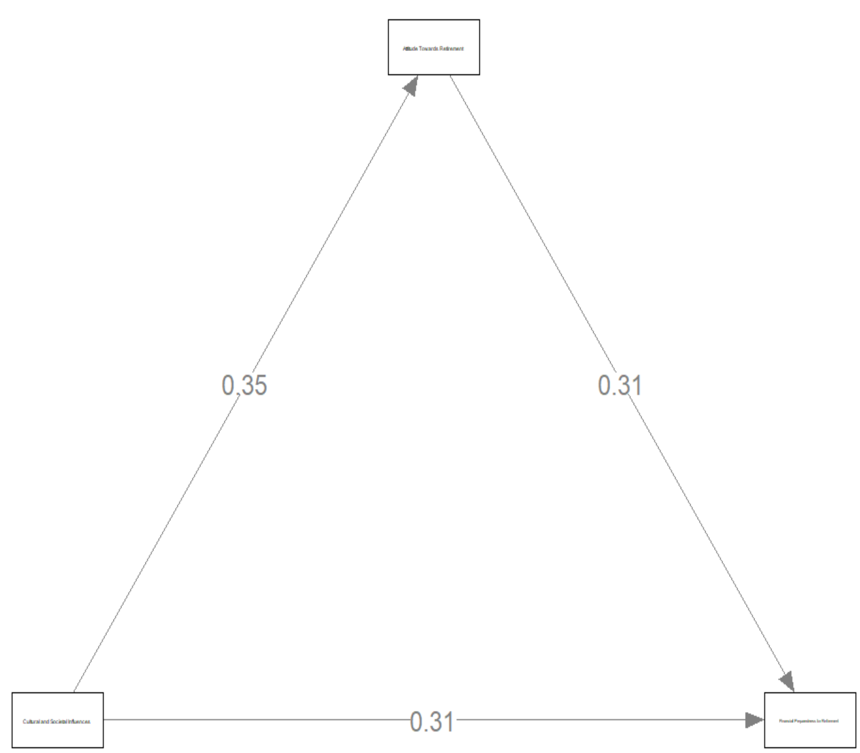
GLM Mediation Analysis

Models Info

Mediators Models		
	m1	Attitude Toward Retirement ~ Cultural and Societal Influences
Full Model		
	m2	Financial Preparedness for Retirement ~ Attitude Toward Retirement + Cultural and Societal Influences
Indirect Effects		
	IE 1	Cultural and Societal Influences ⇒ Attitude Toward Retirement ⇒ Financial Preparedness for Retirement
Sample size	N	458

Path Model

Statistical Diagram



Mediation

Indirect and Total Effects

Type	Effect	Estimate	SE	95% C.I. (a) Lower	95% C.I. (a) Upper	β	z	p
Indirect	Cultural and Societal Influences ⇒ Attitude Toward Retirement ⇒ Financial Preparedness for Retirement	0.107	0.0180	0.0720	0.143	0.131	5.95	< .001
Component	Cultural and Societal Influences ⇒ Attitude Toward Retirement	0.351	0.0352	0.2819	0.420	0.423	9.98	< .001

Indirect and Total Effects

Type	Effect	Estimate	SE	95% C.I. (a) Lower	Upper	β	z	p
	Attitude Toward Retirement ⇒ Financial Preparedness for Retirement	0.306	0.0413	0.2250	0.387	0.310	7.41	< .001
Direct	Cultural and Societal Influences ⇒ Financial Preparedness for Retirement	0.313	0.0343	0.2460	0.380	0.382	9.13	< .001
Total	Cultural and Societal Influences ⇒ Financial Preparedness for Retirement	0.421	0.0329	0.3560	0.485	0.513	12.77	< .001

Note. Confidence intervals computed with method: Standard (Delta method)

Note. Betas are completely standardized effect sizes