



**UNIVERSITY OF
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SCHOOL OF MANAGEMENT, IT AND GOVERNANCE

Factors influencing retirement financial planning of KwaZulu-Natal Joint Municipal Pension/Provident Funds employees

By

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204001203

A dissertation submitted in partial fulfilment of the requirements for the degree of Master of Commerce – Coursework in Management

**School of Management, IT and Governance
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2025

DECLARATION

I, Zama Win-Frida Dube, declare that:

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- (ii) This dissertation/thesis has not been submitted for any degree or examination at any other university.
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ACKNOWLEDGEMENTS

I am sincerely grateful for the support, love and guidance that I have received from my family, friends and colleagues throughout this journey. Of course, I wouldn't have done this without the guidance of the Almighty God. I would also like to extend my sincere gratitude to my supervisor, Dr Vangeli Gamede, for all the advice, assistance, and academic support throughout this journey. To all my friends, thank you for your unwavering support and love and may the Lord bless you.

DEDICATIONS

To my Late Mom Zuzani Welisiwe Dube -Khuzwayo, my late brother Banele Babsie Khuzwayo to uMaNgidi and to family and friends.

ABSTRACT

Globally, the importance of retirement financial planning can never be over-emphasised. As established by many studies, retirement planning enables individuals to maintain their lives post-retirement. However, there is a growing concern that employees are not adequately planning for retirement as well as saving their earnings for life after work. As such, governments across the world are dealing with a retirement savings crisis as the level of savings among employees is increasingly worrisome. For example, South Africa is reported to be witnessing one of the lowest retirement pension funds participations among employees in comparison to other developing nations. Research data provided by the Statistics SA (2022) on retirement planning and savings landscape in the country indicate that only 6% of South African citizens will successfully maintain their lifestyle after retirement. Furthermore, this figure has remained critically low and even worse as it is predicated by Sanlam (2021) that in the next 20 years less than 9% of South Africans will retire financially independent.

Various studies conducted on retirement planning and savings in some African countries like Botswana, Zimbabwe, Ghana and Nigeria have mainly focused on pension policies, mismanagement of provident funds and the impact of poverty. Despite growing efforts by African governments to improve and promote the efficiency of their pension and provident funds management systems, there is still a growing concern on the decline of retirement savings plans among citizens. Also, despite the growing interests in this topic, there is still very little understanding of retirement planning and savings within the municipalities, especially among local municipalities across Africa. This quantitative study sought to investigate and explore factors influencing retirement planning and savings among municipal employees in KwaZulu-Natal. Furthermore, this study aimed to explore factors influencing retirement financial planning of KwaZulu-Natal Joint Municipal Pension/Provident Funds employees. The study population consisted of 18 545 municipal employees in KwaZulu-Natal. A simple random selection method was applied to get a sample size of 391 participant, and the respondents were 223 individuals employed across public municipal entities in KZN. The study adopted a quantitative nature, and descriptive statistics was used for data analysis. Self-developed structured questionnaires were used to collect primary data, and the response rate was 57%. Research findings revealed that 62% of the respondents were female and 38% were males. Also, the largest age demographic came from individual between the ages of 36-50 years at 55, 61%. Most respondents were of black Africa ethnicity followed by Indians and coloured, with only 6% whites. 51% of the respondents were married, while 41% were single individual and

only 7% were divorced. Educational levels varied between respondents, with 37% having tertiary qualification and 17% reported to have no formal education. Also, the income levels among respondents varied as indicated by data that 37% earned a monthly salary between R10 000-R20 000, on 7% reported to be earning above R60 000. Descriptive statistics were conducted on the study variables such as retirement planning and savings, and the results indicated that many respondents had an existing retirement plan as indicated by a mean of 3,91. financial literate and having appropriate financial advice significant factors influencing retirement financial planning and savings of employees. Study indicated that maintain the same lifestyle after retirement was the major influential factor towards one's ability to plan for retirement and savings. A Pearson correlation analysis was conducted to test and analyse the relationship and significance between financial literacy and retirement planning savings. Results from the Pearson correlation analysis indicated that there is a strong and significant relation between financial literacy and retirement planning savings as indicated by correlation significance score at $r=0,861$, $p<0,831$. In conclusion, the study established that most of KwaZulu-Natal Joint Municipal Pension/Provident Funds employees in KZN are likely to plan for retirement based on their education level, gender, financial literacy, and source of retirement planning advice. Also, study results revealed that most respondents have a retirement plan. However, 78% of the respondents also depends on the government old age pension, and their family to support them post-retirement. Also, research findings revealed that above 60% of respondents were unsure and not confident in their retirement plans and savings. The study revealed that retirement planning, and savings odds are higher for individuals who are financially literate and have reliable advisory services than those without in South Africa. The study findings will play a significant and important role in addressing a missing empirical knowledge gap and will serve as a platform for future studies to expand from. Furthermore, data findings will assist policy makers to develop better policies that will improve and motivate municipal employees to plan efficiently for their retirement savings.

KEYWORDS

Retirement Planning, Retirement Savings, Financial Literacy, KwaZulu-Natal, Municipal Employees, Influential Factors

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ACRONYMS

AIH	Absolute Income Hypothesis
BLCH	Behavioural Life Cycle Hypothesis
CHFW	Centre for Household Well-being
DB	Defined Benefits
DC	Defined Contribution Fund
FSCA	Financial Sector Conduct Authority
IRFA	Institute of Retirement fund Africa
KZN	KwaZulu-Natal
LCH	Life Cycle Hypothesis
MSE	Micro and Small Enterprises
NJMPPF	KwaZulu-Natal Joint Municipal Pension/Provident Funds
OECD	Organisation for Economic Co-operation and Development
PIH	Permanent Income Hypothesis
RP	Retirement planning
RS	Retirement savings
SA	South Africa
TPB	Theory of Planned Behaviour
UKZN	University of KwaZulu-Natal

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CHAPTER ONE

INTRODUCTION AND STUDY BACKGROUND

1.1. Introduction

The importance of retirement financial planning cannot be overemphasised as it enables individuals to maintain their standard of living when they retire (Gouws, 2021). Over the past two decades there has been a growing concern that people are not adequately planning for retirement as well as saving their earnings for life after work worldwide (Zhou, 2020). Academics across research fields concur on this phenomenon and have termed this global occurrence a retirement savings crisis (Zhou, 2020). The level of savings among South African citizens has been dimmed one of the lowest in comparison to other developing countries at the same industrial population capacity globally (Gouws, 2019). Research conducted on both the public and private sector employees concerning retirement planning and savings indicated that only 6% of South African citizens will successfully maintain their lifestyle after retirement (Sanlam, 2021). This figure has remained critically low and even worse it is predicated by Sanlam (2021) that in the next 20 years that, less than 9% of South Africans will retire financially independent. According to a national study conducted by Visser (2021) on Covid-19 socio-economic effects, they discovered that several people from both the private and public sector in South Africa who are confident and sure that their retirement savings will maintain their life and expenses after retirement has decreased from 15% to 8.5% because of the pandemic and a dwindling economic (Visser, 2021).

Most studies on retirement financial has mainly focused on pension policies, mismanagement of provident funds and the impact of poverty. Despite developing interest on retirement financial planning in broad, very little studies have been conducted on factors that influence retirement financial planning within the public municipalities and especially in KwaZulu-Natal.

This study sought to investigate factors influencing retirement financial planning of KwaZulu-Natal Joint Municipal Pension/Provident Funds employees. This chapter introduces the reader to the background of the study and the problem being investigated. Thereafter, the reader is introduced to the key objectives of the study and the related research question. Furthermore, the significance of the study is highlighted, and then the research structure is outlined.

1.2. Background

Research studies throughout the world have established that many employees do not plan for their retirement savings efficiently during their working lives and hence are unable to maintain similar lifestyles post-retirement (Shariff and Ishak, 2021). As such, the complicated and troublesome retirement savings challenges facing governments and individuals globally are similar regardless of social, political and economic differences across the globe. However, many governments have prioritised the creation and monitoring of efficient employee pension systems to gain trust and individual confidence in their respective countries. For example, in most developing countries like Kenya, Botswana, Nigeria and Ghana, governments retirement and pension systems have been predominantly focused on formal sectors, hence; excluding individual operating in the informal sector. Despite better economic and financial systems in comparison to the developing nations, countries in the developed world like Britain, China, Japan and the United States of America have also been concerned about the low levels of retirement savings and preparedness for later years. It is still a major concern that most developing countries are still not giving this problem the attention it deserves, amidst a growing retirement saving crisis (Shariff and Ishak, 2021).

Despite various influential factors such as financial literacy, income level, social class and prevailing social economic conditions, retirement savings remain a critical challenge for most governments to deal with (Mahlanza, 2015). Retirement savings are critical for the country and for individuals together with their families, mainly because, people who save for retirement are unlikely to be a burden neither to their families nor to the state when retired (Discovery, 2021). Increasing South Africa's national savings rate is essential for sustained Gross Domestic Product (GDP) growth at levels that can reduce unemployment and inequality. The National Development Plan (NDP) stipulates that South Africa must achieve an investment rate of 25% of GDP to surpass the targeted GDP growth rate of 5.4% and retirement saving are a key role player in achieving this (Chennels and Kistan, 2016). Furthermore, retirement planning is another critical component of long-term financial security for households and has become increasingly important globally because of numerous structural changes that have shifted the responsibility for retirement planning and savings from employers to individuals via the transition from Defined Benefit structures to Defined Contribution structure (Anderson, Baker and Robinson, 2015).

As brought forward by Chennels and Kistan (2016), retirement financial planning entails determining how much money an individual will need to maintain the desired standard of living after retirement. It is generally accepted that the ideal Net Replacement Ratio (NRR) is approximately 75% of an individual's final salary. However, National Treasury, statistics reveals that only 6% of the South African citizens can retire with financial security and be able secure a decent lifestyle post pension, that means only 6% of individuals are able to attain an NRR of at least 75%. This low percentage demonstrates that there is a crisis at hand and solutions to address the situation are urgently required (Mathe, 2020).

The primary concerns in retirement financial planning in SA are in two folds: firstly, on average people are living longer (more years until they die) and secondly , only a few of the younger generation save and majority do not plan for their old age because they cannot envision it ever a reality but live for the moment (Mathe, 2019). Furthermore, Mathe (2019) establish that, as individuals get old and close to their retirement age, they feel scared and feel that they are not ready to retire because they have not saved enough for their retirement. Without a saving goal it is unlikely for someone to retire comfortably (Koning and Harbor, 2013). People need to understand that it is never too early to start planning for retirement, the sooner they start saving the more choices are open for them to reach their goals (Willows, Burgers & West, 2018). It is against this background that the retirement savings industry is effectively managed. Everyone who is empowered to make better savings decisions affects their own lives and their family's lives possibly for generations. Moreover, the accumulation of better savings decisions by many individuals has the potential to alter the country's development course. There is therefore an urgent need to investigate and perhaps assist members of retirement funds in municipalities within KwaZulu-Natal, to review their current retirement savings and determine if there are any interventions needed to improve their future retirement outcomes.

1.3. Problem statement

Research studies across the world have shown that financial literacy and socio-economic background plays a key motivational and influential factors in individuals decision to plan for their retirement savings. Furthermore, most studies are concerned about the retirement savings plan of individuals operating in the formal sector, hence those in the informal sector are neglected. As much as, various authors from across an array of disciplines such as health, leisure and interpersonal relations have conducted research on retirement, very few studies

have managed to paint a holistic view on the factors that influence retirement savings among municipal employees especially in South Africa. It was against this background that this study sought to address this empirical gap in knowledge. The importance of finding out the factors that influence retirement savings plan among individual employees in municipalities will enhance local knowledge and create a platform for knowledge sharing among future scholars and policy makers for better understanding of this phenomenon.

Many studies have established that individuals in South Africa lack relevant knowledge about the importance of retirement saving as well as saving for retirement (National Treasury, 2021, p.6). As such, many South Africans find themselves re-joining the work force due to the lack of planning and saving for retirement (Zeka, 2016). According to a December 2021 report by the National Treasury, South African households do not save enough for retirement or their short- to medium-term needs. The report revealed that household savings average just around 2% of GDP every year, with the majority being contractual retirement savings (BusinessTech, 2022). In addition to the low level of retirement savings, members have a tendency not to preserve their funds and frequently withdraw from them upon leaving their jobs. As a result, replacement values at retirement are undesirably low (Treasury, 2021).

According to Sanlam's 2021 Benchmark Survey, the average replacement ratio is between 25 and 30 percent, leading retirees to conclude that they cannot sustain on the initial pension provided by a guaranteed annuity. Furthermore, Old Mutual Savings and Investment 2021 study, reveals that, discretionary savings are also low, and approximately 34% of individuals do not have enough savings to last more than a month (at most) in case of a job loss/income.

Unplanned retirement financial planning remains a significant contributor to insufficient retirement savings during retirement period of an individual's life (Willows, Burgers & West, 2018). Globally, people are not preparing for retirement, and an aging population in many wealthy nations exacerbates the problem. Sanlam benchmark surveys estimates and project that by 2050, almost 80% of the world's over-60 population will live in emerging nations like South Africa (Reyers, 2018). Furthermore, it is anticipated that this trend among the elderly population will lead to a rise in the total rate of poverty, unless measures are adopted to provide financial help for those who are senior citizens (Abels and Guven, 2016).

Notably, over the last decade, role players such as the South African National Treasury, Financial Sector Conduct Authority (FSCA), Institute of Retirement fund Africa (IRFA) have been instrumental in ensuring that the retirement fund industry is reformed and that those

reforms are implemented. Whether the reforms have assisted members of retirement funds to have better retirement outcomes, is yet to be explored, particularly in the municipal sector space. Whilst reforms are taking place, most retirement funds have shifted from being the Defined Benefit funds (DB) (which provided guaranteed pension benefits to members) to Defined Contribution fund (DC) where the investment risks are transferred to the members. The adverse effect of this transition is that members of retirement funds bear all the risks imbedded in the DC option. Like other developing countries in Africa, the market related DC funds, in a highly volatile world economy, and poses a high threat to a steady income in retirement (Morton 2014).

Foster (2015) asserts that today's younger generation take planning for retirement as burdensome and in most cases are of a notion that it is too early to make retirement decisions. The global phenomena is that, there is an increasing concern about both young and old people not planning and saving enough for retirement yet opportunities are available to do so (Foster L. , 2015). It is common practise among municipal employees across the country that when they move to a new job they tend to resign from the Fund and cash their retirement savings instead of preserving it in a preservation fund to reap the benefit when the retirement age is attained. This action will reduce the chances of leaving a legacy for the children and grandchildren and increase the number of people who put reliance onto their children and grandchildren to look after them and increase the number of people who rely on government pension. Statistics and data provided publicly by the Revenue Service of SA SARS (2022-23) indicate that a significant number of people withdraw at least some of the money from their pension or provident fund, particularly during resignation (Treasury, 2021). This practice has drawn National treasury's attention and has thus released a paper Titled "*Process and approach to preservation and access to retirement saving*" to try and mitigate the lack of preservation that will exacerbate the issue of inadequate retirement saving in the future if no measures are put in place urgently (Treasury, 2021).

According to Koning and Harbor (2013), living longer has surprised a lot of people and they find themselves needing because of proper planning for retirement considering the possibility of living longer. Given that the life expectancy of individuals has drastically increased over the past three decades, lack of appropriate retirement savings plans has become a major concern for many as they struggle to maintain the same lifestyle post-retirement. As such, government effort towards enrolling all its employees on pension funds, is directed towards minimizing the risk of individuals struggling to provide for themselves post-retirement. The purpose of this

study, therefore, is to investigate the factors influencing retirement financial planning of KwaZulu-Natal Joint Municipal Pension/Provident Funds employees.

1.4. Research Objectives

The primary objective of the study was to investigate and explore factors that influence retirement financial planning for KwaZulu-Natal Joint Municipal Pension/Provident Funds employees.

1. To identify some of the socio-economic factors that influence retirement financial planning and savings within municipal workers in KwaZulu-Natal.
2. To explore challenges that impact retirement financial planning and savings ability of KwaZulu-Natal Joint Municipal Pension/Provident Funds employees.
3. To determine whether financial literacy plays a significant role in influencing retirement financial planning and saving of KwaZulu-Natal Joint Municipal Pension/Provident Funds employees.
4. To find out the implications of these socio-economic and financial literacy factors and make recommendations to assist municipal employees with better retirement financial planning and savings.

1.5. Research questions

1. What socio-economic factors influence retirement financial planning and savings for KwaZulu-Natal Joint Municipal Pension/Provident Funds employees?
2. What challenges impact the retirement financial planning and savings for KwaZulu-Natal Joint Municipal Pension/Provident Funds employees?
3. How significant is financial literacy in influencing retirement planning and saving among municipal employees in KwaZulu-Natal?
4. What are the implications of socio-economic factors and financial illiteracy concerning retirement financial planning and savings for KwaZulu-Natal Joint Municipal Pension/Provident Funds employees?

1.6. Significance of the Study

This study sought to investigate and explore the socio-economic factors that influence retirement planning and saving among municipal employees in KwaZulu-Natal. The ability for one to effectively plan and save for their retirement after they leave permanent employment is critical towards assuring a stable and well look after life when one is no longer able to work.

The outcome and recommendations made in this study will contribute immensely to increasing municipal workers' knowledge concerning the importance of retirement financial planning when saving as well as the mitigation or management of the socio-economic factors that influence or impact one's ability to effectively plan their retirement and savings. Moreover, study results and recommendations will assist policy makers, providence fund managers to craft policies that motivate and enable municipal employees as well as general workers to engage in early retirement planning and saving. Also, this study will be able to be used for future studies that are like this one, hence, enabling other researchers and studies to broaden the research phenomenon to other provinces.

Lastly, the expected outcome of this study will critically contribute to the existing body of academic work as well as in the subject and will assist various stakeholders as well as policy makers both provincial and national to better craft and adopt favourable policies that enables the municipal or government sector to use the findings and encourage a live and new culture of savings and early retirement planning.

1.7. Chosen Research Methodology and Design.

The study adopted and applied a quantitative research method, which emphasised on the objectives measurements and used statistical, numerical and mathematical analysis of research data that was collected from the structured questionnaires. This researcher sent questionnaires to the study participants for primary data collection, with the intention to generalise from the sample to population as supported by (Creswell, 2018).

The chosen research design was descriptive as it used surveys research design, which provided a quantitative and numeric description of the respondents' attitudes, perception, trends and opinions through studying the sample within the targeted population of municipal workers in the province of KwaZulu-Natal.

1.8. Delimitations of the Study

This research specifically targeted the municipal employees that are members of the KwaZulu-Natal Joint Municipal Pension/ Provident Funds (NJMPF); therefore, conclusions and results from this study might not fully represent the entire population of municipal workers in South Africa. Although the study sought to investigate and explore the socio-economic factors that influence retirement financial planning among municipal employees in KwaZulu-Natal, there may be also, other factors such as psychological, technological just to mention a few that were not addressed in this study. However, this study was not exhaustive due to time and

circumstantial limitation, however; the study sought to stimulate research on the phenomenon and serve as a background for future studies like this one in South Africa as well as Africa in broad.

1.9. Research Limitations

Beside time constraints given to complete this research paper within the master's degree program, the study was limited by budget as well as other circumstantial constraints that did not allow the researcher to cover the scope that is required for a comprehensive conclusion for a study of this nature. However, the research was able to collect enough research data to cover the minimum acceptable to accomplish the objectives of the study as well as address the research questions. Also, the sample used presented another limitation, as the study only use a fraction of the entire population as a sample, hence; the results from the study might not be a true reflection of the views and perceptions of the entire KwaZulu-Natal municipal employee population.

Table 1.1: Dissertation Structure

Chapters	Description
<u>Chapter One</u> Introduction	An introduction to the study topic is outlined in chapter one. Also, chapter one outlines the background of the study, problem statement, research questions, research objectives, research significance, brief research design & methodology, as well as the limitations and delimitations of the study
<u>Chapter Two</u> Literature review	Existing literature as well as visited empirical data and information review relating to the phenomenon on study was discussed in chapter two. Chapter two also gave and highlighted the definitions and discussions to key terms, analysis and review of the socio-economic factors that influence retirement planning as well as the significance of financial literacy in saving. Furthermore, a breakdown and discussion of the theoretical framework such as the LCH was discussed in trying to gain understanding on the phenomenon.
<u>Chapter Three</u>	A comprehensive description and discussions about the chosen research methodology and design was outlined in chapter three. This discussion included, research philosophies, approach,

Research Methodology	strategies, data sources, study population, applied methods, sampling, data collection and analysis method used. Also, imprint aspects such as, pilot study, sample size, reliability & validity as well as the critical data analysis were covered in this section
<u>Chapter Four</u> Results presentation and discussions	Result presentation from the primary data collected was outlined in chapter four. Also, various discussions to justify and give meaning to presented data in graphs and tables were outlined in this section. The discussions include overview of the survey, sample size, response rate, and demographic information of the participants and more critically the overview of the respondent's perceptions and responses to the questionnaires.
<u>Chapter Five</u> Data analysis and results interpretations	Data analysis and results interpretation with reference to the literature review as well as the theoretical framework discussed in chapter two were outlined in this chapter five.
<u>Chapter Six</u> Recommendations and conclusions	Recommendations and Conclusions to the study were presented & outlined in chapter six. Importantly recommendations for future and further studies like this one was discussed in this section.

Source: compiled by author (2023)

1.10. Conclusion

Chapter one outlined the research topic and the introduction to the study. Also, chapter one described the background of the study, problem statement and the research problem to be addressed by the study. The main research objectives outlined in this chapter sought to investigate and explore the influence of socio-economic factors on retirement financial planning among municipal employees in the province of KwaZulu-Natal. Other elements such as the significance of the study, limitations and delimitation of the study, research question and the structure of the research paper are all outlined in this chapter. The next chapter of this research study examines the theoretical and empirical literature.

CHAPTER TWO

LITERATURE REVIEW

2.1. Introduction

As suggested by Snyder (2019), the primary goal of literature review in research studies, among others, is to discover and address what has been done and critically choose what needs to be addressed. Literature review enables research studies to gain new insights and an understanding of the origins and structure of the phenomenon under study (Snyder, 2019). Snyder (2019) further elaborate that a literature review assists the researcher in forming an in-depth relationship with the ideas and theory of the research problem. According to Young, Ong, Alimuddin, Low and Tan (2020) a theoretical framework is basically the foundation on which knowledge is developed in research. Also, Young *et al.* (2020) put forward that a theoretical framework plays a significant role in guiding the entire research study. In the following order, this chapter begins by presenting the theoretical framework guiding the research and lastly presents the review of empirical literature.

2.2. Theoretical Framework

There are several major theories that underpin retirement savings that need to be addressed. This section seeks to address, the Permanent Income Hypothesis developed by Friedman (1957), the Life Cycle Theory of Savings (Modigliani and Brumberg, 1954) and the Theory of planned behaviour. These theories were developed because of disagreements over how individuals allocate their resources between saving and consumption, each with its own set of advantages and disadvantages, detailed are outlined and addressed hereunder (Willows, Burgers and Darron, 2018).

2.2.1 Permanent income hypothesis

Milton Friedman came up with the term "permanent income hypothesis," believing that consumer spending is determined by estimated future income rather than current after-tax income (Friedman, 1957). Willows D *et al.* (2018) asserts that consumption is a function of permanent income (anticipated income) according to the permanent income hypothesis, and thus saving is a residual. This means that any temporary ('transitory') changes in income are unlikely to result in significant changes in consumption, but rather in asset additions. According

to this theory individuals will spend money at a level consistent with their expected long-term average income. According to the theory, increased income does not always translate into increased consumer spending. Liquidity is a factor in how an individual manages their income and spending. According to the hypothesis, changes in consumption behaviour are unpredictable because they are influenced by individual expectations. This has far-reaching implications for economic policy (Friedman, 1957).

According to this theory, even if economic policies succeed in increasing economic output, they may fail to generate a multiplier effect in terms of increased consumer spending. Rather than that, the theory predicts that consumer spending will remain stagnant until workers' expectations about future incomes are revised upward. (Friedman, 1957). Milton believed that contrary to what Keynesian economics proposed, people will consume based on their current after-tax income. Milton's argument was that individuals prefer to smooth their consumption rather than have it fluctuate in response to short-term income fluctuations. (Friedman, 1957)

2.2.2 Consumption Patterns in the Presumed Permanent Income Hypothesis

According to Kagan (2020), if a worker is aware that they are likely to receive an income bonus at the end of a pay period, it is reasonable to assume that their spending in anticipation of the bonus will change. However, Kagan (2020) also establish that workers may choose not to increase their spending solely because of a short-term windfall. They may instead choose to increase their savings in anticipation of the anticipated increase in income. A similar statement can be made about individuals who are informed they will receive an inheritance. Their personal expenditures may change to take advantage of the anticipated inflow of funds, but they may maintain their current levels of spending to save the supplemental assets, according to this theory. Alternatively, they may wish to invest those supplemental funds to maximise their money's long-term growth rather than spending it immediately on consumable goods and services (Kagan, 2020).

Lunfang, Kalid; Khan, Hashim (2018) examined the empirical validity of China's Permanent Income Hypothesis (PIH) and Absolute Income Hypothesis (AIH) using annual data from 1970 to 2016. Lunfang *et al.* (2018) rejected the PIH for China and affirmed the validity of the AIH. The findings suggest that changes in expected income have a significant effect on changes in private consumption, and that the proportion of forward-looking consumers is relatively low compared to the proportion of backward-looking consumers. According to this study in China on average, 20% of the population based their consumption on permanent income, while the

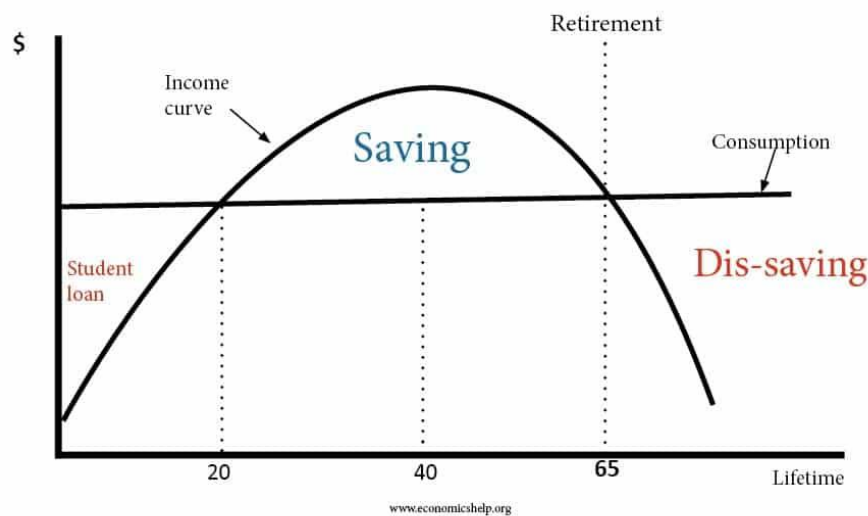
remainder based their consumption on current income (Lunfang *et al.* 2018). Again, on a study conducted in South Africa by (Bokana and Kabongo, 2018), the empirical findings suggested that when a household's disposable income fluctuates over time, private consumption expenditure is more dependent on the household's previous disposable income than on its current disposable income. Collaborating with other studies that absolute income hypothesis is insufficient to account for private consumption expenditure in this country.

2.2.3 The Life Cycle Theory of Savings

According to Erikson and Hermansson (2014), the most currently used theory is life cycle hypothesis theory (LCH). The LCH theory emanated from the absolute income hypothesis (Keynes, 1936). As put forward by Keynes (1936), individuals' spending or saving habits are dependent on the current income. The life-cycle hypothesis is an economic theory that explains how people spend and save their money over the course of their lives (Keynes, 1936). Modigliani and Brumberg (1954) developed the saving life-cycle hypothesis, and as argued by Modigliani and Brumberg (1954), consumers are assumed to be rational, utility-maximising beings who would allocate their resources optimally over the course of their life, which can be divided into several stages. Thus, this model implies that the individual is aware of a lifetime budget constraint and will use assets to shift consumption between stages (Willows *et al.* 2018).

According to the theory, individuals seek to balance their consumption throughout their lives by borrowing during times of low income and saving during times of high income. This theory suggests that individuals plan their spending over their lifetimes, taking future income into account. As a result, they incur debt when they are young, assuming their future earnings will enable them to repay it. They then save during middle age to maintain their current standard of living after retirement (Kenton, 2020) (Pettinger, 2019).

Figure 2.1: Life Cycle Model



Source:(Pettinger, 2019, p-14)

Savings and consumption life cycle theories are viewed and explained by Richert-Kaźmierska, (2019) as theories that explain how savings and consumption change over the course of a person's life. According to Richert-Kaźmierska (2019), there are two major approaches: (1) establishing a relationship between savings and consumption and the average level of income over a long period of human life (life cycle hypothesis; LCH); or (2) focusing on psychological factors, particularly self-control and willpower, mental accounting, and framing effect (behavioural life cycle hypothesis; BLCH). The life cycle hypothesis (LCH) is a critique of earlier macroeconomic theories of saving and consumption, including Keynes (1936) absolute income hypothesis, Duesenberry's theory of relative income, and Fisher's theory of intertemporal choice. It is predicated on the premise that savings and consumption are conditional on the average level of income (Richert-Kaźmierska, 2019).

2.2.4 The Life-Cycle Hypothesis: Special Considerations

Assumptions made by the LCH.

a) The theory presupposes that people's wealth diminishes as they age. However, wealth is frequently passed down to children, or older generations may be unwilling to spend their wealth. Additionally, the theory assumes that people plan for wealth accumulation, but many people procrastinate or lack the discipline to save (Modigliani and Parkin, 1975).

b) Another assumption is that people are most productive when they are employed. However, some people choose to work less while still in their youth and continue working part-time after reaching retirement age (Martini and Spataro, 2023).

c) Additionally, Martini and Spataro (2023) explains that those with higher incomes are assumed to be more able to save and have a higher level of financial literacy than those with lower incomes. Low-income individuals may be saddled with credit card debt and have less disposable income. Finally, safety nets or means-tested benefits for the elderly may discourage people from saving because they anticipate a higher social security payment upon retirement.

2.2.5 Precautionary Saving Theory

Precautionary saving attempts to quantify the impact of uncertainty on the rate of change (and thus the level) of wealth. The qualitative aspects of precautionary saving theory are now well established: as uncertainty increases, saving levels increase but marginal propensity to save decreases. Quantitatively, risk aversion theory combined with empirical estimates suggests that precautionary saving and wealth should be quite large. More direct empirical evidence suggests that precautionary saving has a significant effect on saving, but the magnitude of the effect is debatable, and the various estimates are not all expressed in comparable units (Miles & D.Christopher, 2016).

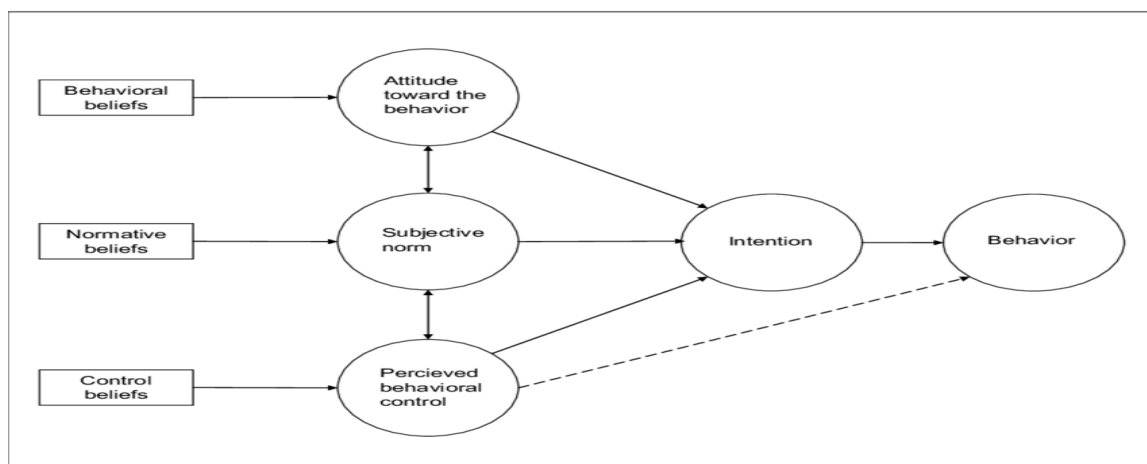
2.2.6 The Theory of Planned Behaviour (TPB)

The TPB can be used to forecast behavioural intent in a varied situation (Ajzen 1991; 2015). TPB asserts that an individual's behaviour exists on a spectrum from straightforward to complicated, to enforce behaviour patterns. The most challenging tasks require the expertise, resources, prospects, and collaboration of others. As a result, a few of the indicators in this concept is the individual's perception and influence over the actions to be performed. Control beliefs, which are beliefs about an individual's likelihood of carrying out an expected action or achieving a set goal, have an impact on a person's sense of control (Ajzen, 1991). As a result, perceived power influences behaviour in at least two ways: first, by influencing the desire to engage in the desired behaviour; and second, by directly influencing the desired behaviour. Ajzen believed that perceived power could only be used as a substitute for real control because of this theory (Kisara, 2014).

TPB behaviour has been used to corroborate the relationship between workers' retirement decisions and behaviour of people in their occupation, organisations, professions, including pension, as well as working environment standards (Zhan *et al.* 2013). The theory's central premise is that workers' attitudes toward retirement and its option to work have substantial impact on their retirement decisions. Furthermore, it demonstrates the impact on an individual's retirement decision of perceived social pressure to retire (Shi and Wang, 2013).

Hadjidakis and Nikolas (2018) argued that Ajzen's TPB, offers theoretical framework for broadening a model of domestic saving attitude. Their findings, suggests that behaviour, subjective standard, and biased standards impact, all have a direct beneficial effect on saving intent and behaviour. According to these researchers, saving behaviour can significantly contribute to a family's financial stability (Hadjidakis and Nikolaos, 2018). Also, Sifundo (2014), on a study in Kenya on retirement planning perceptions of individuals conclude that the same significant relationship has been found to exist between behavioural attitude, savings, and investment and borrowing behaviours amongst the Micro and Small Enterprises (MSEs) in Kenya.

Figure 2.2: The Theory of planned behaviour Model



Source: (Ajzen, 2001, p-1)

Magendams, Gutteling and Zebel (2017) claim that individuals need money to function as a cushion against life's setbacks and unforeseen bills. They investigated the psychological influences on financial buffer saving and produced a theoretical model that combined planned behaviour theory, three new psychological constructs, and financial risk tolerance. Research

conclusions reveal there is a correlation in participants' attitude toward monetary risk taken together with subjective financial knowledge. Moreover, perceived saving barriers appeared to moderate saving intentions and self-reported saving behaviour. Furthermore, findings suggested an explicit behavioural-based concept, can better predict saving intentions than methods of saving behaviour in general (Magendams *et al.* 2017).

In another study conducted by Indra, Widjaja; Arifin, Agus Zainul, Setini and Made (2020) on examining if correlation exist between monetary knowledge and idiosyncratic standards, including the effect they have on savings behaviour, the findings suggested that financial aptitude influences spending behaviour, which is facilitated by the storage of intentions and attitudes toward saving. Financial aptitude does influence savings behaviour both explicitly and implicitly via the variables of saving intention and attitude toward saving. Additional findings also demonstrate that biased standards influence thrifty behaviour via attitudes toward thrifty variables. The theory described alternative models for researchers associated with frugal behaviour, including planned behaviour theories, financial aptitude predictors, and biased patterns, to help promote affordable behaviours (Indra *et al.* 2020).

2.3. Defining and Contextualising Retirement Planning and Savings

Many studies have described retirement as a major mile in individual lives, as such it has been regarded as a significant life event that impact individual wellbeing in numerous ways namely, socially, economically, and psychologically (Zeka, 2016). Also, retirement has been described by Bonsang and Klein (2012) as a major life event that has direct influence on individual's lifestyle after retirement. Retirement presents changes in the financial situation of individuals, it can affect the physical and mental health of individuals, as well as social relations between the retired individual and their family members.

Sarpong and Kumankoma (2023) regard retirement as the final stage of an individual career, and as such everyone who works in the public or private sectors will eventually retire at some point. Retirement has been defined by Sangwichitr and Intara (2023) as "an event, a formal departure from paid labour that occurs on a specific day, a status with new rules to learn, and a process that begins the day an employee recognizes that the worker function will cease." As a result, retirement is considered by Djazuli, Harahap, Thoyi and Sumiati (2022) as a significant life transition that result in feelings of loneliness, emptiness, and a decrease in life satisfaction after years of service. Retirement planning and savings are regarded by many studies such as

those by Djazuli *et al.* (2022) and Sarpong and Kumankoma (2023) to be in a serious financial conscientiousness that every individual owes to himself and their loved ones.

As indicated by Towo, Jonasi and Chitombo, (2023) retirement is the final stage in the career development, hence; It occurs when individuals withdraw themselves from the position of his occupation. Sangwichitr and Intara (2023) argue that retirement planning, which is the period in which work-related income will cease, can assist in achieving same lifestyle after one retire from active service.

Furthermore, retirement planning is considered by Fan, Stebbins, and Kim (2022) as either a process or an action, as it involves planning and making decisions about how limited financial resources should be assigned to maximise the use thereof later. Also, Ghadwan, Ahmad and Hanifa (2022) explain retirement financial planning as a process of planning to provide individuals with an income at retirement for when they are no longer earning a steady income from employment. Efficient retirement planning results in higher levels of financial resources in retirement which will make individuals feel in control of their financial affairs, provide them with a sense of financial security and financial independence as well as assisting individuals in maximising their wealth over the long term (Sangwichitr and Intara 2023).

2.4 The Retirement Planning and Savings Landscape in South Africa

Planning and saving for retirement are one of the most important decisions one can make in life toward preparing for a better retirement outcome. Research done by South African National Treasury has revealed that only six percent of South Africans will be able to retire comfortably. This is alarming! This mean the country is in a crisis. With a below average national savings rate accompanied by a slow economic growth makes matters worse (Franklin, 2019). South Africa's savings rate was quite low by global standards accounting for gross savings of less than 15% of GDP in 2019, the country has one of the world's lowest savings rates, well below the global average of 25.1 percent. This phenomenon is not only relevant in South Africa but throughout the world as there is great concern that retirees continue to find themselves inadequately prepared for retirement (Munnell H. Alicia, 2018). To sustain financial wellness, it is very important for every individual to be sensible and strategic with money. These two principles are most important for retirement saving. Being sensible means being responsible and disciplined about putting aside a portion of earnings for long term savings. It is easy for employees to be in a comfort zone and assume that the automatic portion of their salary that is

channelled towards retirement savings will be sufficient for their retirement period (Amune *et al.* 2015).

2.5 Defined Benefit Fund (DB) vs Defined Contribution Fund (DC)

According to Appleby (2020) and Lusardi (2020), people in South Africa, United states and across the world have started to rely more on themselves in their old age. Unlike in the past years where there was a heavy reliance on the DB pension plans. Retirees these days are more reliant on DC plans to finance their retirement. While employees have more control and mobility with the DC retirement saving model, they also bear greater responsibility for prudently saving, investing, and accumulating retirement wealth. Employees are more directly exposed to financial market risks under DC plans than with the previous DB system. In addition, since defined benefit plans have been closed, accounts that are managed by people individually are now a regular within the retirement space. Individuals are increasingly required to structure their own plans for retirement investments and convert these savings into retirement income, which in turn will increase their vulnerability to retirement insecurity.

Lusardi and Mitchell (2011); Hastings and Mitchell (2011) and Lusardi, Mitchell, Curto, and Vilsa (2014) concur that, as financial markets get more sophisticated and consolidated, families are increasingly compelled to make financial choices that are often irreversible. This becomes more relevant as far as retirement planning is concerned (Lusardi *et al.* 2014). Traditional defined benefit pension plans have been phased out in favour of defined contribution schemes to take over in most countries if not all; employee choices about how to save and invest have been replaced by employee decisions made independently (often times being assisted by an adviser) and pensioners have a responsibility to manage their own pension assets (Lusardi and Klapper, 2019).

The study by Merton (2014) and Lusardi (2019) on shifting away from the Defined Benefit to the Defined Contribution clearly outline the adverse effects experienced by many employees. The freedom to shop around to purchase an income came with hidden risks of benefits which are market related. With the fluctuation there is the uncertainty and insecurity of a sustainable income. Companies reduced its liabilities by shifting the investment risk to the employees where the onus is placed on the individual to make investment decisions with little or no financial expertise (Merton, 2014); (Lusardi A. , Financial literacy and the need for financial education: evidence and Implications, 2019).

The traditional conservative Defined Benefit Pension fund according to Merton (2014), has helped millions of people in the past and continues being helpful to current members by providing them with a guaranteed income for life after retirement and to protect them from the market downturn and possibility of living longer than expected. An alarming number of people who transferred to the Defined Contribution Fund were attracted by the total the fund value. The feeling of being in control of the fund credit comes with the temptation to spend unwisely without considering future income security. Some do not even consider the high tax implication on withdrawal of entire benefits. This requires expertise to make a proper decision with money management (Lusardi A. , Financial literacy and the need for financial education: evidence and Implications, 2019).

According to Koning and Harbor (2013), the inflation risks, financial risk and longevity risk are now shifted to the individuals since the companies moved from the DB plans to DC plans. Furthermore, DC returns dependent heavily on the market behaviour, if the market is not performing well there is a high risk to those people who are close to retire, they might not receive enough retirement income due to negative returns they received, thus financial skills have become critical and the understanding of the rapidly agile financial market cannot be over emphasised (Lusardi A. , Financial literacy and the need for financial education: evidence and Implications, 2019).

2.6. Empirical literature on factors influencing retirement planning and saving behaviours.

Prior research has suggested that various factors influence retirement savings. These range from behavioural factors and personal traits to demographic variables and financial education amongst others (Mahlanza, 2015). The most influential aspects are the transition from the define benefit plans to defined contribution plans, retirement planning, longevity, materialism, financial literacy, pension reforms etc and these are discussed hereunder.

Numerous studies conducted on issues of retirement planning and savings have established that numerous factors influence retirement planning and savings (Zeka, 2020). As demonstrated in studies conducted in South Africa by Zeka (2020), these factors may range from behavioural factors and personal traits to demographic variables and financial education amongst others. However, Mahlanza (2015), points out that the most influential factors are the transition from the defined benefit plans to defined contribution plans, retirement planning, longevity, materialism, financial literacy, pension reforms, etc. Many recent studies on retirement

planning and savings have tended to precisely link financial literacy as a critical factor in individual retirement planning and savings decisions (Mvita *et al.* 2022). Despite these conclusions supported by studies conducted by Zeka (2020) and Reyers (2018) in South Africa on retirement plans in Rural and Peri-urban areas, there are few studies that have argued that financial literacy plays a very minimal role in influencing individual retirement planning and savings behaviour. In conclusion, (Marumoagae (2023) and Dhlembeu (2018) found that among critical issues such as limited income and lack of sound financial advice, financial literacy played a very minimal role as an influential factor towards individuals' decision to plan for retirement. It is therefore prudent to discern into in-depth empirical literature covering a wide range of influential retirement savings factors to get a better understanding and comprehensive picture on the phenomenon under study.

Insufficient financial knowledge and skill has been noted by Waga (2023) to significantly influence individual financial planning behaviour. However, Dhlembeu (2018) argues that formal education is immensely critical in influencing individual's retirement planning and savings even when there is minimum financial knowledge and skills. In a study conducted in Gauteng province South Africa by Cameron and Fourie (2023) on working individuals between the ages of 20 to 60 years, the study concluded that an individual's literacy level, income level and age were among the strong factors influencing retirement planning and savings behaviour in the region. However, it is worthwhile to determine if the same factors have such an influence on retirement planning behaviour in other regions in the country.

A social science study conducted by Chitombo *et al.* (2023) in Zimbabwe on the potential benefits of early retirements planning among young employees found out that younger generations of Zimbabwe have limited knowledge about the importance of having sufficient savings for retirement. Research study established that that most young workers in Zimbabwe than half are not ready to begin planning for retirement savings. Among the study sample, study results indicated that most young employees regarded retirement planning and savings a burden and therefore are not ready to start and that compromises their financial independence in life after retirement. study also, noticed that some demographic factors such as age, gender, educational level, attitude towards retirement, income level, social influences and future expectations significantly influenced individual's attitudes towards saving for retirement in Zimbabwe.

In the Eastern Cape, South Africa, a study conducted by Zeka, Rootman and Kruger (2020) examined the role of provisions, attitudes, and intentions on retirement funding adequacy of black individuals, and they discovered that a majority of the low-income segment of the black population tends to be impacted by limited income. Based on a study sample of 243 individuals in the Eastern Cape, Zeka *et al.* (2020) study concluded that income level among black Africans in the province contributed a significant reason behind retirement savings plan among individuals. However, the study also reported that the case was the same among the medium-to- high income earners in some parts of the region (Zeka *et al.* 2020). Among possible reason behind the findings is attributed to lack of awareness concerning retirement planning as well as and a lack of interest in retirement planning. Research data from Zeka *et al.* (2020) concluded that retirement provisions and retirement attitude exert the most influence on retirement funding adequacy of this selected population.

In a quantitative study conducted by Hungwe (2022) on examining the association of institutional, social, and psychological factors and retirement savings and other forms of savings, it transpired that demographical factors such as age, education, dependents, and financial management influence the amount of savings among individuals. Voslo *et al.* (2020) examined retirement savings choices in the Southern Africa's workforce in Zimbabwe, Malawi, Mozambique, and Botswana and discovered that there are different levels of risk aversion between males and females. However, study findings indicate that more women tend to adjust their retirement savings behaviour more often when compared to men. In recent studies conducted by Cameron and Fourie (2023) they explored different retirement saving patterns and demographics according to socio-economic status in SA. In consistent with the relative income hypothesis (RIH), the study illustrated that most people put enormous effort towards maintaining their lifestyles even after retirement resulting in challenging financial consequences. Also, the study showed that most high earning individuals spend their retirement income long before they even reach retirement and mostly through debt repayments.

An analysis of determining factors that impact on retirement planning and savings behaviours among individuals in Nairobi, Kenya, that was conducted by Wega, Memba and Muriithi (2021) discovered that individual retirement planning behaviour is directly correlated with their level of financial literacy as well as the prevailing socio-economic factors. Furthermore, the research findings established that financial literacy, income and individual level of education had significant impact on retirement financial planning and savings among study participants

in country. Also, Muriithi *et al.* (2021) discovered that age and the number of years in marriage played a minimal role in individual's retirement planning decisions. In addition to the above-mentioned findings, Memba *et al.* (2021) study noted that financial literacy played an indispensable role in influencing individual retirement planning and saving behaviour. In conclusion, among other important influential factors, financial literacy plays a significant role in individual retirement planning and saving decisions (Memba *et al.* 2021).

Given these contextual differences, specific studies conducted in specific place or region are required for better policy options. Reyers (2018) focused on financial literacy and planning and its implications for retirement wellbeing among government employed individuals in South Africa. Data findings from the study discovered that only a smaller proportion SA government workforce feel confident about their retirement saving adequacy. Willows and October (2021) sought to understand why individuals fail to plan for their retirement and whether the planning and costs might be on their retirement saving patterns and behaviours. As such the study measured how government workers make saving decisions, how they acquired the information to make retirement saving decisions, and whether they have adequate financial literacy needed to make the decisions. Study findings revealed that financial illiteracy is widespread among older government workers in the region. As such, research findings indicated that a majority of the 45+ years respondents could correctly answer the questions regarding basic financial knowledge and those without a tertiary degree were particularly at risk of displaying miscalculating their retirement savings. Research conclusions and recommendation from the study inscribed that financial knowledge was clearly interrelated with retirement planning, and those who displayed financial knowledge were more likely to successfully retire with an efficient and successful retirement plan and savings.

2.7. Socio-Economic Factors' Influence on Retirement Financial Planning and Savings in SA.

Many studies conducted on the impact of socio-economic factors and their impact on individual retirement planning and savings in SA, have found that there is still a great concern on the low rate of retirement plans and savings among South Africans (Thwala, 2018). Furthermore, many studies such as done by (Dhlembeu, 2022) and (Mvita *et al.* 2022) on the importance of savings in SA have highlighted the significant import of individual savings towards growing the country's economy. As such, there is agreement among scholars on how the prevailing socio-economic factors in the country influence savings behavior among individuals (Thwala, 2018).

Therefore, individual understanding of the socio-economic force in the country plays a critical role in choosing the appropriate retirement plans and savings (Mvita *et al.* 2022). Furthermore, an understanding of these force enables policy makers, government, and institutions to design policies aimed at promoting saving behaviours of individuals (Mvita *et al.* 2022).

Socio-economic factors or forces are viewed by Zeka (2016) as lifestyle measurements and components for both individual's social status and standing as well as financial viability. As put forward by Zeka (2016), socio-economic factors influence individual's levels of financial independence and social status. For example, socio-economic lifestyle measurements such as personal debt. Inflation, income, unemployment and individual levels of education can impact individual behaviours towards their decision on savings and retirement planning. Therefore, the lifestyle measurements are directly linked and correlate with spending, saving behaviours and decisions among individuals (Zeka, 2016).

2.7.1 Financial Planning and Advice

According to Zeka (2016) financial planning is critical motivational factor towards planning and saving for retirement. As listed by Zeka (2016) it encompasses a wide range of individual behaviours such as engaging in making the right retirement plans and savings. As indicated by Zeka (2016), individuals' behaviours and decisions towards retirement saving directly link with the level of retirement planning they practice as well as the retirement saving process.

A survey study conducted on sources of financial advice among workers in SA, indicated that friends and family members remained the top sources of financial advice among South Africans. According to the survey results, 78% of South African reported to receive advice from family and friends while only 13% seek advice from professional financial planners (Zeka, 2016). However, some studies have established that some individuals seek formal financial advice from sources such as colleagues, internet, TV commercials and attending seminars/workshops (Zeka, 2016). The study concluded that individuals who seek professional financial advice were likely more to have sufficient retirement savings from retirement in comparison to their counter parts.

2.7.2 Inflation

Like any other country around the world, South Africa is not immune to inflation. It is suggested by Cameron and Fourie (2023) that inflation is a constant increase in the general commodity prices over a given period. Like many developing countries, SA is also a victim to

major inflation hikes. According to the Consumer Price Index (CPI) that commonly measure inflation in SA, it is reported that whenever commodity prices increase there will be a socio-economic ripple effect among people's lifestyles. As such, inflation has been described by Thwala (2018) as the number one socio-economic enemy in SA, as it impacts on individuals' ability to save for retirement efficiently due to financial and economic instabilities.

2.7.3 Personal Debt

According to studies conducted by Business Tech (2022) on the impact of personal debt on the GDP growth developing, study findings indicated that South Africans are among the most indebted people in Africa. Between 2018-2022, it is reported by the World Bank (2022) that above 83% of SA population took out loans in comparison to the global figure of 46%. Furthermore, empirical evidence from Stats South Africa (2020) indicated that more than half of those who are credit active in SA are behind on payments. The level of personal debt in SA has limited the ability for most people to retire comfortably, as there still survive on the national grant (BusinessTech, 2022).

2.7.4 Personal Income

Studies conducted on comparative retirement planning across provinces by Business Tech (2022), have found that there is high dependency ration among lower income earners in SA. Meaning, most unemployed individuals rely on a single person (breadwinner). Rising unemployment rate and extended family setup among most SA families creates a challenge termed "Black Tax" (Finance Derivative, 2020). According to many studies on social arrangements in the country, research findings found that Black Tax reduce the ability for individual to save money for life after retirement especially in many African households. High dependency ratio has a negative impact on individual private plans for retirement and saving rate (Franklin, 2019). Studies conducted on consumer trends and behaviour in SA discovered that most individuals in the country are not living within their means, since their income is never enough to sustain their lifestyles, hence; there is always a tendency to borrow to spend (Franklin, 2019). In line with the life cycle hypothesis, data indicate that "the aggregate individuals' saving rate would be higher in a country with a predominantly young population because the young typically work and save, whereas the elderly typically retire and dis-save" (Twala, 2018, p-23).

2.7.5 Educational Level

Commonly, higher paying jobs are associated with higher education, as such education tend to determine individual social status as well as spending behaviour due to difference in income levels (Thwala, 2018). The importance of tertiary education has been identified by Zeka (2016) as a predictor of relative income whereas employees with low level qualifications earn less than those with higher qualification. Therefore, Zeka (2016) argues that globally, education is a critical component in both individual abilities to understand the importance of retirement planning and savings as well as saving enough money from their earnings to live comfortably after retirement.

2.8. Financial Literacy and Retirement Planning and Savings

The rapid expansion of financial technology (fintech) is reshaping how individuals transact, make investments choices, and solicit financial advice (See *et al.* 2021). As such, it is crucial to comprehend how financially literate people are and to what degree their financial knowledge influences their financial decision-making (Ying *et al.* 2021). A person's level of financial literacy is a strong predictor of their ability to make sound financial decisions (Lusardi A. , Financial literacy and the need for financial education: evidence and Implications, 2019). Gangwar and Singh (2018) and Xu and Zia (2012), asserted that financial literacy encompasses a range of concepts, including financial awareness and knowledge, as well as financial skills, such as the ability to calculate compound interest payments, and financial capability more broadly, in terms of money management and financial planning. Furthermore, the Organisation for Economic Co-operation and Development (OECD) defines financial literacy as not only the understanding and knowledge of financial concepts and risks, but also the competence, determination, and confidence to implement such understanding and knowledge to make informed choices across a variety of financial circumstances, to improve the financial well-being of individuals and society, and to enable participation in economic life. Thus, financial literacy involves both financial knowledge and behaviour (Lusardi A. , Financial literacy and the need for financial education: evidence and Implications, 2019). This is in line with findings suggested by (Beckmann, Financial Literacy and Household Savings in Romania, 2013). According to Beckmann (2013), understanding the relationship between financial literacy and saving behaviour enables policymakers to promote saving through financial literacy education. Beckmann (2013) suggests that financial literacy has a beneficial effect on saving behaviour. Individuals who are financially literate, particularly in terms of inflation, are more likely to save through multiple interest-bearing instruments. Additionally, they are more likely to

contribute to pension funds. These findings corroborate prior research indicating that financial literacy is positively associated with financial behaviour (Arofar *et al.* 2018).

It is a great concern that findings around the world still suggest low levels of financial literacy, even on developed economies with well advanced financial markets let alone the third world economies. According to a study by Lusardi (2019) only about 1/3 of the global population is familiar with basic concept underlying day to day financial decisions. Previous research suggest that that low financial literacy can have negative consequences for individuals and their investment behaviour. Moreover, individuals with low financial literacy are more likely to encounter difficulties when repaying debt (Gangwar and Singh, 2018).

Furthermore, a study conducted by Hauff, Carlander, Garling and Nicolini (2020), suggests that financial literacy has a significant effect on three time-ordered stages of an individual's retirement behaviour: planning, saving, and investment management. These researchers concluded that policies promoting financial literacy are critical at various stages of life (Hauff *et al.* 2020).

There has been an avalanche of research into financial literacy measurement and its effects on household behaviour (Van Rooij, Lusardi and Alessie, 2011); (Lusardi and Mitchell, 2011) and (Reswari *et al.* 2018). Financial literacy and household behaviour are interconnected, as individuals are increasingly expected to take responsibility for their financial well-being and retirement planning. Individuals, however, do not save enough for retirement (Foster , 2017) It is critical to understand whether financial education influences saving behaviour and the most effective educational programmes. The empirical evidence regarding the effect of financial education and information provision on saving behaviour is inconsistent (Lusardi, 2011). Furthermore, even when studies demonstrate a significant effect of financial education on savings, research lack information about the channel through which this effect occurs. For example, studies on the impact of retirement seminars typically cannot disentangle the consequences of an increase in financial knowledge, if any, from the behavioural effects of information provision, retirement seminars being part of a larger initiative to increase financial awareness. According to research, once households determine their retirement savings requirements, they frequently proceed to establish and adhere to a retirement plan (Lusardi and Mitchell, 2011). The positive correlation between literacy and wealth accumulation has been suggested to be because knowledgeable individuals benefit from the equity premium on stock

investments. Also, it is discovered that financial literacy is positively associated with retirement planning behaviour (Van-Rooij *et al.* 2011).

Lusardi and Mitchell (2011) argued that financial literacy influences how well people save, invest, borrow, and plan, and demonstrated that financial education programmes do indeed improve financial decision-making and asset accumulation, and this has been asserted by (Arufa *et al.* 2018) and (Van-Rooij *et al.* 2011). According to Lusardi and Mitchell (2011), financially savvy individuals are more likely to plan and succeed at planning, and these individuals rely on formal methods such as retirement calculators, retirement seminars, and financial experts rather than family/relatives or co-workers. Over the years, renewed emphasis has been placed on household financial decision-making, and the importance of improving financial literacy has been emphasised. While research indicates that certain education programs are associated with improved financial outcomes, it appears that researchers have struggled to isolate the factors responsible for this improvement (Lusardi and Mitchell, 2014). A similar study on financial literacy was conducted by Anderson, Baker and Robinson (2015) on Americans in the retail financial market and it discovered that Americans that have low levels of financial literacy are the same that are associated with lower levels of participating in planning and savings decisions that are required to sustain a sound financial future. Furthermore, these researchers asserted that policy makers should not only focus on improving literacy to facilitate household financial planning and savings but rather on ensuring behavioural changes as they believe planners and savers are those who believe are financially informed not necessary those who are informed, they further asserted that mistaken beliefs about financial literacy are as critical as financial literacy (Anderson *et al.* 2015). This correlates with the findings as suggested by Lusardi (2019) on a study titled “*Financial literacy and the need for financial education: evidence and implications*”.

Beckmann and Reiter (2020) documented financial literacy in ten countries between 2012 and 2018 to ascertain people's understanding of the "big three" financial literacy concepts: interest rates, inflation, and risk diversification. Their analysis suggested that financial literacy varies significantly between and within countries. On average, only one in every five adults is financially literate. According to Reiter and Beckmann (2020), individuals with low financial literacy are more likely to be older and less educated, and self-employment is only weakly associated with higher literacy. Females, in line with previous research, have lower levels of financial literacy than males. Individuals who have lived through economic turmoil during the

transition from planned to market economies are more financially literate when it comes to inflation. While indicators of economic and financial development are positively correlated with increased financial literacy at the country level, intercountry interactions are more complex (Beckmann and Reiter, 2020).

Across countries, research has revealed virtually identical gender differences in financial literacy. According to Bucher-Koenen *et al.* (2017), when women are asked to respond to questions assessing their knowledge of fundamental financial concepts, they are less likely than men to answer correctly and are more likely to indicate that they do not know the answer. Women of all ages, young and old, demonstrate a lack of financial literacy. Additionally, women for whom financial knowledge is likely to be critical—for example, widows or single women—are likely to be unfamiliar with basic financial concepts (Bucher-Koenen *et al.* 2017). Gender differences exist for both fundamental and advanced measures of financial literacy. This is critical because financial literacy has been shown to be associated with economic behaviours such as retirement planning and wealth accumulation. According Grohmann (2017), increased financial literacy results in improved financial decision-making. Even though most financial literacy studies found that women have lower financial literacy than men (Lusardi and Mitchell, 2014) and (Grohmann *et al.* 2018). Women typically live longer than men and are more likely to experience widowhood. Thus, increasing women's financial literacy is critical for assisting them with retirement planning and promoting their financial security (Bucher-Koenen *et al.* 2017); (Sabri and Juen, 2014).

Numerous studies have established a strong correlation between financial literacy and a range of financial behaviours, including saving, wealth accumulation, and portfolio selection (Kimiyaalahlam *et al.* 2019) and (Lusardi and Mitchell, 2011). Fernandes *et al.* (2014) conducted a meta-analysis of 168 papers covering 201 prior studies on the relationship between financial literacy, financial education, and financial behaviours. They discovered that interventions aimed at increasing financial literacy account for less than 0.1 percent of the variance in financial behaviours, with effects being weaker in low-income samples (Koenen *et al.* 2021).

Gangwar and Singh (2018) also conducted a study in India to ascertain the factors influencing financial literacy levels in the country and the effect of financial literacy on investment behaviour. Their findings suggest that the respondents lacked financial literacy and that

significant differences existed across sociodemographic and economic factors. Surprisingly, financial literacy had no effect on investment behaviour. The findings have important ramifications for financial education and public policy initiatives (Gangwar and Singh, 2018).

2.8.1 Retirement Planning

The density of today's monetary decisions confronting families has grown so much, this has not been heard in previous decades. Simultaneously, households have a deficiency when it comes to financial aptitude necessary for making choices about money, this includes the level of one's preparation for sufficient pension incomes. Van-Rooij *et al.* (2011) examined if there any connection that exist between being knowledgeable about money planning for retirement. The findings indicated that there is strong connection between persons who exhibited the traits of being knowledgeable about money a have greater chance to do retirement preparation through planning.

June and Sabri (2014) concurred with Andrade, Bazelais, and Das (2014) that retirement planning is a complicated process that requires increased knowledge and comprehension of financial concepts. Apart from comprehending the complexities of a pension fund benefit, it is critical to gain familiarity with investment portfolios. Seeking the assistance of a financial planner will guide them in determining the level of risk to take in that investment, the risk level they are prepared engage in, duration of investing, and how inflation will affect them and their savings. Financial aptitude is necessary for successful retirement planning and can assist individuals in achieving financial success.

Earlier research has established a correlation among retirement planning and overall financial aptitude (Lusardi and Mitchell, 2014). Individuals with lower financial aptitude accumulate less retirement wealth possibly wont plan to retire (Behrman *et al.* 2012); (Lusardi and Mitchell 2011b). While overall financial knowledge is necessary for making sound financial decisions, as discussed by Hastings *et al.* (2013) and Fernandes *et al.* (2014), it may not be sufficient to prepare individuals for the relatively complex and irregular pension decisions, such as how much to save, where to invest, and when to retire. Individuals may require additional knowledge about the pension system to make rational decisions. As a result, additional research has been conducted on the role of knowledge in relation to pensions. Many retirement savers have been shown to be unaware of their own pension situation and the incentives they face. Individuals may be unaware of their retirement contributions or the potential size of their future pension (and pension choices they may have made in the past further demonstrate that those

who are ill-informed or ignorant about their pension wealth during the savings phase are more likely to choose inadequate retirement dates and fail to respond to building signals. Retirement planning requires effort, foresight, and an understanding of financial instruments such as pensions. Individuals may prefer to procrastinate – even when they are aware they should save more – and thus save less (Pettinger, 2019).

Preparing for retirement and having a proper plan in place to prepare for retirement is not generic amongst the working individual. Often many seem to be caught off guard when the time for retirement finally arrives. Muratore and Earl (2015) suggested that that retirement outcomes may be enhanced by encouraging preretirement planning. According to Kimiyagahlam *et al.* (2019), most researchers have concluded that inadequate retirement planning emanates from behavioural factors such as lack of financial aptitude, attitude towards risk, time preferences and behaviour towards savings. Research has shown that two in every three South Africans do not have a retirement plan, and the percentage of those who are confident they have a well-executed plan has decreased from 7% to 6% over the years. This is consistent with the oft-quoted Treasury paper statistic that only 6% of the country's population is on schedule to live decently after retirement (Khumalo, 2019).

2.8.2 Longevity

Nowadays, people are living longer than expected due to better socio-economic conditions such as access to better health care and medical aid memberships. The life expectancy is increasing every year when compared to the older days. Statistics South Africa (2018) confirmed that by 2018 the estimated life expectancy for male was 61.1 years and for females was 67.3 years. Palmer and Krige (2013) suggested that is important to determine the life expectancy at an early age as a guide to make an informed decision about the retirement savings based on their real age.

According to study conducted by Fidelity Investments, longevity has a higher effect on the longevity of retirement assets than the current record-high inflation rate (Epperson, 2023). As a result of today's persistently rising inflation, many Americans are concerned that they may not have saved enough for retirement. They are concerned that substantial increases in the costs of food, electricity, transportation and healthcare could have a substantial impact on their retirement savings. Epperson (2023) asserts that a person's life expectancy is an extra consideration in retirement. In addition, according to a new study by the TIAA Institute and George Washington University more than half of American adults do not know how long

retirees typically live, which could cause them to fail to save enough money to support themselves for the duration of their lives, which is why planning for retirement needs an awareness of life expectancy (Epperson, 2023). Survey results indicated that women have a stronger longevity literacy than males, with 43% of women displaying a substantial awareness of longevity compared to 32% of men. Annamaria Lusardi suggested that more focus must be placed on retirement planning education for women since, they are aware that they live a long life but may not know how to deal with it (Epperson, 2023).

2.8.3 Materialism

Being materialistic is denoted by value placed in the possessions and acquisitions that are materialistic towards attaining significant aspirations or preferred status. Individuals who are more materialistic are dissatisfied by life and its general offerings (Gornik-Durose and Boron, 2018), they are willing to purchase status-enhancing goods and services (Goldsmith and Clark, 2012)). These individuals often find themselves in huge debt. Thus, materialism has shown to be detrimental to financial quality of life (Netemeyer *et al.* 2018). Probable justifications include the noting that, individuals who are materialistic exhibit elevated levels of financial anxiety and/or are incapable at managing their money. Furthermore, materialistic individuals are linked to excessive use of credit, arrears in paying for debt, and they are not spared from having money issues, and stressing over debt repayment (Ponchio *et al.* 2019).

Through a financial education program, Arofa *et al.* (2018) examined the role of financial aptitude and materialistic behaviour in influencing a person's behaviour towards financial behaviour. His findings indicated that financial aptitude and materialism influence how people behave financially (Arofar *et al.* 2018).

It seems numerous motivators exist within the home environment and can even be impacted through household social interaction. Payne, (2014) performed a study on marriages with the goal of getting a sense of the impact family social interaction may have on financial capacity and behavioural patterns. His findings indicate there are direct relationships between materialism and financial pressure, financial pressure and retirement income, and, conversely, that there are inverse correlations among materialism and financial pressure as a mechanism of retirement savings (Payne, 2014). Contrary to Payne (2015), Mahlanza (2015) indicated that materialism had no noticeable impact on retirement funds in the peer group researched along the same spectrum. Similarly, (Kimiyaahlam *et al.* 2019) also asserted that, individuals' retirement planning attitude is not directly affected by family education or materialism.

2.8.4 Pension Reforms

In recent decades, pension schemes in several countries including South Africa have been restructured to increase individual or household responsibility for pension income. Generally, pension funds shifted away from a DB structure to a DC structure. This conversion means that the pension plan administrator's responsibilities and financial risks have been transferred to the individual retirement savings. Thus, these reforms increase the number of choices available to people in the employment market and pension structure to prepare people for pension. This excessive reliance on individual competence in financial decision-making may have a long-term effect on economic well-being and income inequality at a pension stage (Finance Derivative, 2020). Due to the complexity of pension options and their reliance on numerous rules, these reforms require the individual to be knowledgeable about the benefit system to be able to make informed decisions so as to plan sufficiently for pension (Lusardi, 2012), (Finance Derivative, 2020).

The latest pension reforms have added to the woes on pension funds. To prepare adequately for retirement, individuals must learn about the pension fund rules/regulations and the benefits therein. Research suggests that many people lack pension-specific knowledge. Especially the low-income earners and the previously disadvantaged communities are the least knowledgeable about the pension funds regulations. This is because those who are less knowledgeable about pensions are less prepared for retirement even when subjective knowledge and financial aptitude are taken into consideration this is simply because of the complexities of embedded in the pension fund systems. Other research has found that people with less mathematics aptitude and attitude of procrastination have a relatively low understanding of retirement benefits (Elinder *et al.* 2020).

The finance minister announced the changes in the provident funds, going forward for members of the Provident Fund is compulsory to buy an annuity, this will affect the retirement savings plan that one has from 1 March 2021 (Investec, 2021). The mandated tax changes, known as the Taxation Laws Amendment Act, aim to better save South Africa, which is desperate to emerge from its economic quagmire. Retirement reform's objective, as suggested by various studies, is to standardise the structures of pension funds and annuity plans. Participants will all receive the same tax structure for their contributions and the payment of retirement benefits. Approximately 50% of members retire with less than one-fifth of their final salary to live on in retirement. Despite various legislated changes, getting to the next crucial step has been difficult. Conco added that the changes are said to benefit most members of the retirement fund,

encourage increased retirement savings, and address fundamental problems (Conco, 2020); (Finance Derivative, 2020); (Duddy, 2021).

2.8.5 Covid-19

The economies of the world have witnessed the brutality of Corona virus pandemic both economically, emotionally, and otherwise. South Africa was not spared; the country has regrettably seen the highest increase in unemployment rate. According to Statistics South Africa (2022) the rate of people without jobs rose from 30,8 percent quarter 3 of 2020 and it reached. The highest rate of 32,5 percent in the quarter four of the year 2020 which has never occurred since the survey of labour force on a quarterly bases initiated back during 2008.

This means that people who were working lost their jobs and turned to long-term retirement savings to address short-term financial challenges. The coronavirus pandemic aggravated an increasingly disturbing societal retirement savings deficit that is already a cause for serious concern for the governors of state. Some participants in a retirement savings once faced with challenged they opt to utilise their retirement savings to fund their emergency needs even though, doing so could wipe out years of retirement savings. While addressing and reconciling short-term needs and long-term financial goals, solutions like financial wellbeing can help shape future financial behaviours (Dietch, 2020).

The direct effects of the pandemic were directly on defined contribution pension funds is because the returns of these funds rely heavily on markets performance (Mbukanma, Ravinder and Ifeanyichukwu, 2020). As argued by Dietch (2020), this was because of the inability of employers to make periodic contributions on behalf of their employees, particularly those who have been severely impacted are holiday destination and restaurants. Employees are exiting pension funds in numbers due to being laid off, particularly in hard-hit industries. Employer contribution requirements were relaxed a bit by the financial sector conduct Authority (FSCA) there by issuing guidance notices in South Africa (Ifeanyichukwu *et al.* 2020). Several other countries as well because of pressure relaxed the regulation especially in industries where large numbers of fund members lost their jobs or were on unpaid leave. This was to allow employers to be able to attract more workers because of the lower labour costs at least that was what the desired outcome according to the proponents (Jacqueline and Irving, 2020).

Approximately 22 million Americans lost their jobs during the first few months of the coronavirus pandemic (Hess, 2020) and about 3 million South African are without jobs due to covid19 (Tswana, 2020). The lockdown has had a significant impact on the economy, with many businesses forced to close their doors or lay off employees to stay afloat (Jantan, Joe, Rashid, Halim, and Xiang, 2020) . Many people who have recently lost their jobs are tempted to tap their retirement funds to make ends meet (Jantan *et al.* 2020). While it is understandable that many people would require access to these funds if they were their sole source of savings, the reality is that retirement is rapidly approaching, and individuals will need to carefully consider cashing in their retirement nest egg at some point. While cashing in retirement savings may appear to be the best option now, it is strongly advised that individuals avoid doing so because it can have a significant impact on their ability to retire comfortably and may result in significant tax consequences (Jacqueline Irving, 2020). Individuals are encouraged to consult an unbiased financial planner to determine the best course of action for their circumstances (Haldane, 2020).

Tax consequences of taking away money from a retirement fund becomes immediate and are appealing and apparent, the consequential effects are delayed. As Published by the South Africa Revenue Authority (SARS), (2022) people seldom consider the implication of loss of future returns because of early withdrawals. The worse part that is also seldom considered by people who withdrawal funds is the underlying inherent and absolute risk of have inadequate funds to retire. Many situations exist where dipping into one's retirement savings can seem to be a smart option, settling a home loan and relative debts, it is worth noting that doing so, tax is too much, it also limits the amount of funds available for retirement. Replacing how much one has withdrawal takes time and patience, which is why it is usually best to retirement savings accumulate until an individual is ready for retirement (Johnson, 2017).

2.8.6 Preservation

The National Treasury media statement in 2017, Momentum (2017), Financial sector conduct Authority guidance notice for trustees Workshop (2019) highlighted the topic of “The Default Regulations” These regulations required pension and provident funds to offer members who leave employment with a participating employer a default in-fund preservation arrangement. The funds from 1 March 2019 should have permitted such members to retain their accumulated retirement savings and become a "paid-up" member without incurring any additional fees. When a member leaves a participating employer, the fund is required to maintain coverage for

that member until the member instructs the fund in writing to pay out or transfer the benefit due to him. Within two calendar months of becoming aware that the member is no longer employed by the participating employer, the fund must provide the member with a paid-up membership certificate. Additionally, funds should be able to automatically accept members' balances from other retirement funds, ensuring that members' retirement savings continue to grow as they change jobs. For paid-up members, the fund rules must state the following: no new contributions will be accepted; no deductions for risk benefits will be made; any defined benefit amount must be converted to and preserved as a defined contribution amount; how these members qualify for death, retirement, and early retirement benefits; and they must have access to retirement benefits counselling. According to National treasury 2017 the default preservation was meant to improve the outcomes for members of retirement funds by ensuring that they get good value for their savings and retire comfortably. Unfortunately, majority of the members who resign from funds do not opt for preservation but rather they cash out their lumpsums which defeats the whole purpose of the default preservation (Haldane, 2020).

2.9. Summary of the chapter

Several major theories that underpin retirement savings the Permanent Income Hypothesis developed by Friedman (1957), the Life Cycle Theory of Savings (Modigliani & Brumberg, 1954) and the Theory of planned behaviour were discussed in this chapter. Furthermore, a critical analysis on the disagreements between these theories were discuss concerning their different views on factors that influence retirement financial planning and savings of individuals. Financial literacy was a deemed a common factor that influence individual behaviours towards planning for retirement, while factors such as age, gender and sources of financial advice played a small role in influencing individual behaviour towards planning for retirement. Also, in chapter, various case studies conducted on this topic were discussed and according to empirical literature, many studies conducted in Africa concur on the significant effect that financial literacy play positively towards individual behaviours on retirement financial planning and savings. Literature review discussed in this study helps to understand the process taken by individuals in deciding retirement income targets and the planned actions and choices required to achieve those targets is retirement planning and savings. Furthermore, the literature review enabled the study to determine and understand factors that influence individual behaviours towards their retirement planning and savings. In doing so, it was discussed how planning for retirement involves forecasting costs, defining revenue sources, and developing savings programme among individuals. In summary, retirement is deemed by

literature as a pivotal stage in life, involving critical thinking and decision making that requires good planning (Johnson, 2017). This chapter provided a critical analysis on existing theories and literature on retirement planning and savings. The next chapter presents the research methodology applied in this study.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1. Introduction

In the previous two chapters we looked at the theoretical aspects of factors that influence retirement planning and savings behavior among individuals, as discussed in the literature review. This chapter explains the total research methodology applied in the study.

3.2. Choice of Methodology

The choice of the research approach as argued by Saunders, Lewis, and Thornhill (2016), is a guideline for how the researcher develops and perceives knowledge. As put forward by the authors, the researcher's opinion and disposition throughout the research process influence the type of research philosophy they will adopt and follow.

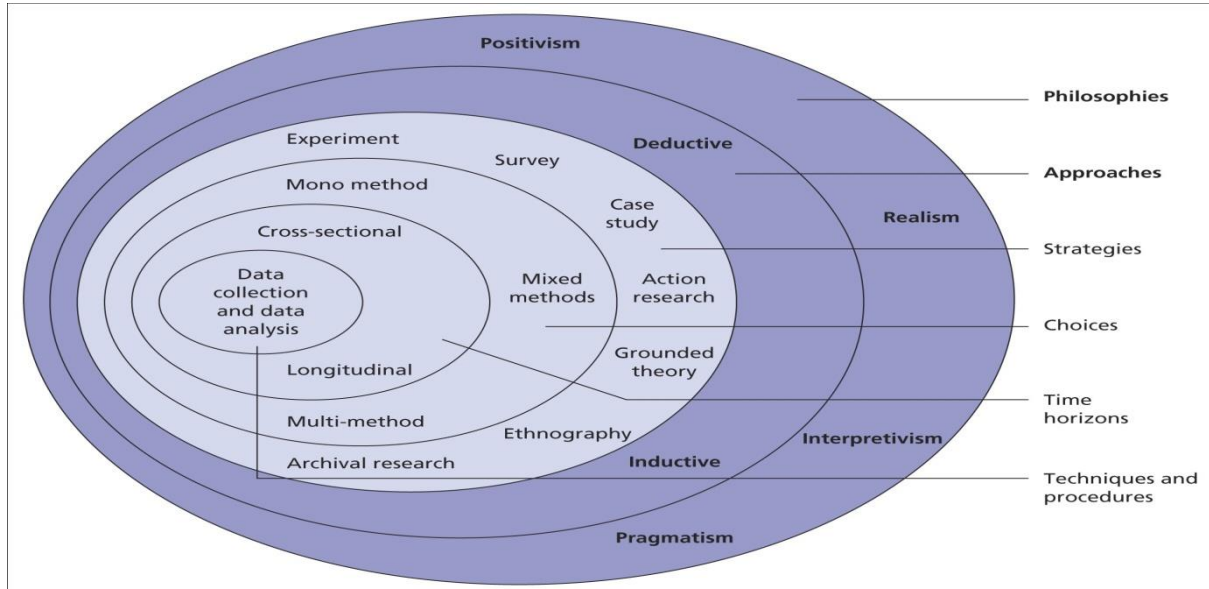
3.3. Research Process Onion

Commenting on the importance of understanding the research onion, Melnikovas (2018) notes that a research methodology illustrates the overall research game plan that outlines how the entire study will be carried out. Furthermore, Melnikovas (2018) articulates explains that it involves the philosophical assumptions and beliefs that shape meticulously leads to understanding the research questions and methods used in the study. Also, research methodology can be clearly illustrated in the various layers presented in the research process onion as proposed by Saunders *et al.* (2016). As put forward by Saunders *et al.* (2016), the research process onion illustrates the intricate step and procedures for study data collection and analysis.

This methodological study aimed to analyse and determine factors that influence retirement planning and savings behavior among individuals. It also explored the main motivations and reasons for adopting a specific retirement plans and savings. To achieve its aim, this study adopted a pure quantitative research design based on "research onion" presented by Saunders *et al.* (2016). This research onion has main layers description which are critical in formulating an effective research methodology especially in social sciences such as this study. Therefore, it is obvious the layers of the research onion guided the different sections of the paper. The adopted philosophy is positivism, deductive approach, the methodological choice is mono method quantitative (descriptive statistics), cross-sectional case study (KwaZulu-Natal Joint

Municipal Pension/ Provident Funds), and data were analysed using descriptive analysis from questionnaires collected from the respondents (See Figure 3.1).

Figure 3.1: The Research Process Onion



Source: Adapted from Saunders *et al.* (2016)

3.4. Research Philosophy

Tamminen and Poucher (2020) assert that research philosophy is applied in research studies to generate assumption, knowledge, and nature. In both qualitative and quantitative research several kinds of research philosophies are used for example a study can either use positivism, realism, interpretivism or pragmatism. However, a positivism research philosophy was adopted for this, given the nature of the study. Thornhill (2019) postulate that positivism research philosophy is an objective study approach which relies solely on facts and quantitative research data. Unlike the phenomenological approach that considers participants interest and focus on meaning rather than factual data, positivism is essential when conducting a study of this nature that sought to determine factors that influence retirement planning and saving of municipal employees. Positivists are hinged on the belief that knowledge is objective and quantifiable. Positivism relies on only quantifiable observations that lead to statistical data analysis. Also, it is a strong stance in positivism that all scientific knowledge is only comprised of factual data, while ontology views world reality as independent of social creation. This research was solidly grounded on scientific investigation that sought to determine the factors influencing retirement planning and savings of municipal employees in KwaZulu-Natal, hence; the positivism

research philosophy was deemed the best to comprehend the research questions and the goals and quantify the study results.

3.5. Research design

Research design is referred to by Creswell (2018) as the layout blueprint or roadmap for collecting, measuring and analysis of study data. In another words, it is a precise or specific way to carry out and implement a study strategy. Leavy (2022) explains that a research design is important as it enables the researcher to appropriately plan and structure their research project in a specific way to minimise errors, maximise the validity of the study findings and generate reliable research conclusions. Furthermore, Leavy (2022) indicates that, research designs are categorised into one of four groups depending on the aim and objectives of the study: experimental, correlational, experimental, and descriptive. Given the quantitative nature of this study, a descriptive research design was deemed appropriate for the study. Descriptive research is commonly adopted in quantitative studies, and it argued by Barrell and Morgan (2016) that it is arguably the prominent data collection approach for many quantitative studies. It provides a precise depiction or account of participants' characteristics, group, or situation. Also, it is widely used to discover the link, relationships, or associations among or between variables. For example, it is mentioned by Thornhill (2019) that descriptive research design enables the researcher to appropriately and efficiently collect, synthesise and analyse study data. Hence, it allows the researcher to correctly depict research participants in an accurate way and for that reason and fact this study adopted a descriptive research design guided by a quantitative research h methodology. The study conducted a descriptive research study to provide a detailed and comprehensive discussion of the study phenomenon.

3.6. Research Methodology

As put forward by Striker *et al.* (2020), research methodologies are specific research plans and study procedures that illustrates the choices from which data can be collected accurately and analysed. It is put forward by Fernandez (2018) that research methodology is a clear theory and belief of constructs of how a study should be conducted. Hence, research methodology directs and guides how the study data is collected and analysed. However, Thornhill (2019) argues that research methodology should be applied or used to validate or justify the decision why one chose a particular way of data collection but, to form the basis of assumptions of what the research will be based on. It is Saunders' (2016) view that research methodology should not be used to justify the decision to use a particular means of data collection but, it should form the basic assumptions of what the intended study will be based on. The nature and specific

objectives of this study require the researcher to approach it in a scientific manner, hence; the study adopted a quantitative researcher method that used a case study to investigate the factors that influence retirement planning and savings among municipal employees in KwaZulu-Natal by using the KwaZulu-Natal Joint Municipal Pension/Provident Funds. It is Striker *et al.* (2020) that asserts that quantitative research seeks to institute specific laws of behaviour and phenomenon throughout different and diverse settings. Also, Creswell (2018) argues that quantitative research is commonly used to quantify participant's behaviours, attitudes, opinions and other important variables critical to the success of the study. The importance and relevance of adopting a quantitative methodology in this study is that it enabled the researcher to construct meaningful and realistic conclusions about the study data using various statistical available tools.

3.7. Quantitative Research Method

This study was quantitative in nature. As supported by Mishra and Alok (2022), a quantitative method was used for study because of its flexibility in enabling the research to carry out the study objectives, data collection and analysis efficiently. According to Leavy (2022), Quantitative research is considered critical in summarising the study conclusions, findings and yielding precise conclusion when discussing the study results. Also, the quantitative research was deemed appropriate for the study because it efficiently enables the researcher to deal with quantitative data needed to be analysed statistically using graphs, tables, and inferential analysis (Leavy, 2022). Mishra and Alok (2022) highlight that Quantitative research involves identifying the main aspects of the phenomenon of the study by using descriptive statistics. Also, Leavy (2022) is for the view that, quantitative research, enables the researcher to use the most effective and comprehensive data analysis tool to conduct precise mathematical calculations efficiently. Hence, this method was appropriate and effective in achieving the main goal of the study (Mishra and Alok, 2022).

3.8. Case study

A case study research approach was used by the researcher to investigate the factors that influence retirement plans and savings among municipal employees in KwaZulu-Natal using municipality employees that are registered with the KwaZulu-Natal Joint Municipal Pension/Provident Funds. Given the focus and nature of the study, the researcher needed to adopt a case study to gain new in-depth understanding and analysis of data as well as come up with reliable conclusions on the study phenomenon. It is argued by Saunders (2016) that a case study enables a researcher to focus their attention on gathering relevant and reliable data about

a phenomenon in its natural and most realist state. The reason behind using a case study in this study was to establish a realistic clear depiction of the research problem. However, a major setback for using a case study as highlighted by Saunders (2016) that is its internal versus external validity. In other words, it sometimes leaves the researcher with limited to no total control over specific study variables and factors, hence; the research outcomes may not reflect the most reliable conclusion. Despite the above-mentioned setback this study used a case study to investigate the factors that influence retirement planning and savings among municipal employees in KwaZulu-Natal by using the KwaZulu-Natal Joint Municipal Pension/Provident Funds (NJMPF).

3.9. Research Approach

Thornhill (2019) assert that research approach can be best described as a general strategic plan and specific procedure used to conduct a study. Authors Saunders (2016) and Creswell (2018) highlights that research approaches can be categorised into three categories: Inductive, Abductive and Deductive approach. However, the major difference among the three research approaches as argued by Saunders (2016) is mainly in terms of use of data, generalisability, logic and the use of theory. Given that the study sought to determine and find answers to the research questions as well as achieve the research objective as address above this study adopted an inductive research approach to conduct the study. Creswell (2018) further explains that inductive research approach also referred to as (Inductive Reasoning) aims to search for common pattern from observation and then development of theories for those patterns through hypotheses. Furthermore, as explained and articulated by Saunders (2016) inductive reasoning is based on learning from experience. Generally, inductive reasoning uses patterns, regularities and resemblances to form conclusion (Creswell, 2018). In recognition to Saunders' (2016) understanding on inductive reasoning, Chimucheka (2013) concurs with the notion that inductive reasoning allows the researcher to use a bottom-up approach to knowing, in which the researcher effectively use observations to construct or depict an abstract in describing the phenomenon that was being studied. Furthermore, Roulston and Choi (2018) postulate that an inductive research approach is commonly and effectively used in many exploratory studies such as this one and in other cases where not many studies have been conducted on the phenomenon or study topic.

3.10. Research Location

The study was conducted from the office premises of the KwaZulu-Natal Joint Municipal Pension/ Provident Funds in the city of Durban in KwaZulu-Natal province. This site was

chosen as the researcher works from the offices and the case study strategy used for this research involves sending questionnaires to both municipal employees and members or employees of the NJMPF who work within the same office premises. This made easier to hand deliver questionnaires to the employees who work in proximity with the researcher, hence; it was convenient and fruitful. However, research data from other municipal employees was collected through questionnaires that were sent to the study participants using emails. The study participants work and live across different cities in KwaZulu-Natal.

3.11. Population

A population is a set of all the units which possess variable characteristic under study and for which findings of research can be generalised (Shukla, 2020). Also, a study population was defined by Saunders and Lewis (2019) as a group of individuals' clusters or teams where a study sample is drawn from. Creswell (2019) indicate that a study population must be identified in its size, and when possible, a population size must be objectively tested. However, it was not practically possible for this study to objectively state the quantity or number as there is no central data base or updated data base with a full lists or number of municipal employees across KwaZulu-Natal. However, the researcher approached various municipalities asking for total figure of employees that are employed permanently by the municipalities. Using verified employee data that is published by the NJMPF on their website, the estimated population of municipal employees that are clients or members of NJMPF set at 18545 individuals. Hence, the population for this study was municipal employees in KZN who are affiliated with KwaZulu-Natal Joint Municipal Pension/ Provident Funds and that number is 18545.

3.12. Unit of Analysis

A unit of analysis is described by Creswell (2019) as certain several individuals within the phenomenology study who possess similar or shared lived experience. Also, Saunders (2016) defined a unit of analysis as the precise entity that is being analysed in a particular scientific study. Simply put, a unit analysis is a representation of data sources within a research study. The study focused on municipal employees in KZN who are affiliated or members of the KwaZulu-Natal Joint Municipal Pension/Provident Funds and permanently employed by their respective municipalities. For this study, these individuals were deemed useful and appropriate to share their views and experience in shading light on socio-economic as well as financial literature factors that influence their ability towards retirement planning and savings. The

researcher was 100% confident that their rich experience will enable the study to gain new insight on the phenomenon on study.

3.13. Sampling Methods

Sampling is the process of selecting a statistically representative sample of individuals from the population of interest (Majid, 2018). As highlighted by Majid (2018) sampling is an important tool for research studies because the population of interest usually consists of too many individuals for any research project to include as participants. A method used to select a sample is called sampling method (Shukla, 2020). As explained by Shukla (2020) a researcher can apply certain sampling method out of different methods according to the objective of research. Different sampling methods are categorised mainly in two groups as (i) Probability Sampling Method and (ii) Non-Probability Sampling Method. According to Shukla (2020), a sampling method, in which subjects are selected without any bias or prejudice and in which all the units of population have equal or predetermined and certain probability to be selected in a sample, is known as probability sampling method (Shukla, 2020).

Non-probability sampling is defined by Vehora, Toepoel and Steinmetz (2016) as a sampling technique in which the researcher selects samples based on the subjective judgment of the researcher rather than random selection. The researcher wanted to make the best out of the selected participants insights and perceptions, hence; a simple random sampling technique was used. This technique is a subgroup of the broader probability sampling method which is deemed effective when research intends not to be biased when choosing a sample for the study.

3.14. Sample Size

Several factors, such as the study's objective, population size, non-response error, and precision, influence the sample size (Sekarana & Bougie, 2014: 2016). To determine the same size, in this study, a formula developed by Israel (1992) was utilised in determining the appropriate sample size of municipal employee population that are associated with NJMPF. As depicted below.

$$n = \frac{N}{1 + (e)^2} = \frac{18\,545}{1 + 18\,545 (0.05)^2} = \frac{18\,545}{47.36} = 391.55$$

Where n = sample size, N = Population sample, and e = sampling error or level of precision

Therefore, a total of, 391, municipal employees participated in this study. A sample selected in this study of the working individuals started from the age 18 to 65 years.

Given that active membership base is spread throughout the Province of KwaZulu-Natal (KZN), which extends over 92,000 square kilometres, and incorporates members in urban towns and cities (54%) as well as semi-urban and rural areas (46%) the researcher was able to ensure that each employee had a fair chance to be selected from the population, therefore a simple random sampling was used the sampling for this study, which meant that every member within the target population had a fair chance to be selected to participate in the study (Moorthy *et al.*, 2012).

3.15. Data Collection Method

The collection of research data was described by Creswell (2018) as an intricate process of gathering or collecting research information. This process is commonly achieved via different means such as surveys, or interviews with respect to whether a study is qualitative or descriptive. Importantly, Creswell (2018) and Saunders (2016) concur in their publication that the data collection process plays an integral part of every study and should be conducted in a consistent manner at all-time throughout a study and within the population at study. It is paramount that the researchers ensure that the data collection process is aligned with the proposed research methodology, approach, strategy, design, and philosophy (Creswell & Creswell, 2019). Two types of data gathering are mentioned by Saunders (2016) and Creswell and Creswell (2019), obstructive and un-obstructive data gathering process. The process when a study participant is being interviewed or surveyed is referred to by Saunders (2016) as obstructive, while with un-obstructive, the study participant has no knowledge that there are being surveyed or interviewed.

Research data for this study was collected through structured questionnaires that were sent to the study participants through their work emails. The questionnaire was self-developed to suite and effectively address the questions provided to the participants for better understanding of their views on retirement savings and the individual factors that influence their decision making. Before receiving the questionnaires, every participant received a consent letter to ensure participants fully understand the nature of the research and were fully advised that there were not forced to participate, and they could choose to leave the process at any time without and penalty or judgement. Furthermore, all participants were assured confidentiality and that their personal information was secure. Upon receiving completed questionnaires from

respondents, study data gathered was kept in a safe secure environment, and only accessible by the researcher. Each participant answered the same set of questions, as it provided an efficient way in gathering answers relating to the factors influencing retirement planning and savings in municipal employees in KwaZulu-Natal. When distributing questionnaires, there was no restriction on age, gender, race, level of management and job title. The questionnaire was designed in such a way that it was easy to read and understand, and in included aspects in different section such as the following:

Section A: Participant demographic Information (closed ended questions)

Section B: Retirement planning 5-point Likert scale question.

Section C: Savings planning 5-point Likert scale question.

Data was distributed via email and visit to close by municipalities was be done between February and May 2023. Secondary research data was accessed from journals, online publications, and peer reviewed academic publications. Also, the researcher accessed secondary data from municipal website and public government online portals. The researcher made sure that all secondary data sources were related to the field of the study and were aligned with the study topic.

3.16. Data Storage and protection

As highlighted by Hong *et al.* (2018) and supported by Campbell *et al.* (2020), research data should be stored in three safe and highly secure forms upon completion of a study. The researcher has stored all data primarily on their laptop and further backed up on a secure and well-trusted cloud service such as Google Drive as well as the use of a USB memory stick for contingency and backup. Only the researcher has full access and password to access where the research data is stored, hence; no one else have access to the study data. All research data is safely kept for a minimum period of 10 years before being safely discarded.

3.17. Quality Control

According to Saunders (2018), data-gathering instruments are used to measure what they are supposed to weigh and measure consistently: reliability and validity, respectively.

3.18. Validity and Reliability

Heale and Twycross (2015) conceptualise validity as the degree to which a quantitative study accurately measures a given notion. Content validity, construct validity, criterion validity and face validity are the four primary types of validity. Content validity is the amount to which a research instrument or questionnaire accurately measures all components of a construct, whereas construct validity is the extent to which a research instrument or questionnaire assesses the intended construct (Heale and Twycross, 2015). Meanwhile, criterion validity refers to the degree to which a research instrument or questionnaire is comparable to other instruments or questionnaires measuring the same variables (Mngadi 2019; Hufford 2021). Lastly, face validity refers to whether a test appears to measure what it's meant to, and this form of validity assesses a measure's relevance and suitability (Bhandari, 2020).

Heale and Twycross (2015) defined reliability test as the consistency of a measure that is distinguished by its homogeneity (internal consistency), stability, and equivalence. Homogeneity (internal consistency) is the degree to which all questions or items on a questionnaire scale measure the same construct. Stability refers to the consistency of the research instrument's results following repeated testing. Equivalence refers to the consistency between the responses of several users of a research instrument, or between different versions of the same instrument (Heale and Twycross, 2015).

As a critical aspect of controlling and managing the study validity and reliability, the researcher made sure all primary data gathered during the study was assessed to ensure that they portrayed the accurate picture or reflection of the views of the respondents. Lastly, the researcher managed to question individual participants across provinces using the same set of questions and applying the same study technique, and this ensured the reliability, validity and dependability of the study as reflected in the various new insights that were shared by the participants about their retirement savings plan. Also, before embarking on the research, a pilot study was conducted to determine validity and reliability of the research instrument.

3.18.1 Pilot Study

In their publication on the critical importance of a pilot study in research, scholars Van Teijlingen and Hundley (2002) referred to a pilot study as a smaller form of an entire research study, as well as an exercise for pretesting of a certain research instrument as well as method. According to Teijlingen and Hundley (2002), there are two main types of pilot studies that are

used in social science research. However, as explained by the authors both types of pilot studies are mainly aimed at pre-testing specific research instruments. This study used a questionnaire as a research instrument to test validity reliability of the instrument in preparation conducting the actual research on the targeted population and respondents.

A sample of 20 research participants was used to form the pilot study for the research. The 20 research participants used for the pilot study were randomly selected members and staff of the KwaZulu-Natal Joint Municipal Pension/Provident Fund in KZN. The purpose of this pilot study was to prepare the researcher on how efficient the questionnaires and research methodology approach used would be when used to conduct the study. A self-developed questionnaire with 10 questions varying from individual motive towards retirement savings to what type of retirement savings plan are they adopting. Results from the test indicated that all 20 participants were members of provident and pension schemes. Also, a majority of the participants responded that financial literacy and social background were the biggest motivational factors towards their decision on how much they contribute towards their retirement savings. Pilot study research data concluded that a majority of employees are influenced by their level of income, financial knowledge and social background when planning their retirement savings.

3.19. Data Analysis

Data analysis is the process of uncovering usable information via the evaluation of data, whereas quantitative data analysis is the process of analysing numerical data or data that can be easily transformed to numbers. In this study, the descriptive statistics was utilised to analyse the quantitative data (Nyeletshedzeni, Mbavhalelo and Mushapi, 2010). Descriptive statistics consists of frequency table, diagrams, measures of central tendency such as mean, median and mode and consist of measures of dispersion such as range, standard deviation; therefore, the quantitative data is presented in graphs, diagram, and percentages (Agunga, 2016).

Given the nature of this research study that sought to investigate and explore individuals' motivational factors towards their retirement savings decisions, it was deemed necessary to use descriptive statistics because it enables the arrangement of data based on demographic and individual insights to be presented and summaries efficiently using tables. Furthermore, since the study wanted to gather the views and insights from respondents, descriptive statistics enabled the researcher to manage raw data efficiently.

3.20. Administrative Procedures

To complete a research paper, two critical processes are required to be abiding by according to the College of Law and Management Studies at the University of KwaZulu. Process one involves the researcher compiling a research proposal and justifies the reason. Secondly, it is important that the researcher obtains an ethical clearance certificate to commence with the intended study. The researcher was successful to obtain an ethical clearance on time, however due to unforeseen family tragedy, it took the research another semester to re-register to complete the study and submit.

3.21. Ethical Considerations

The research proposal and questionnaire were submitted to the UKZN research ethics committee for the purpose of getting ethical clearance certificate to commence with the collection of empirical data. A gatekeeper's letter was obtained from the organisation where the research will be undertaken. Thereafter an online application for ethical clearance was submitted to UKZN's Research Ethics Committee. Additionally, supporting documentation such as the gatekeepers consent letter and informed consent were submitted to the University Research Ethics Committee to ensure that the proposed research was aligning with the study objectives. The researcher did not threaten the respondents to answer the questionnaire without their agreement (Protection from harm). The researcher informed the respondents about the research question, objective, and process of the research in the questionnaire (informed consent). The researcher ensured the confidentiality of given information by not forcing them to reveal their identity when they were filling the questionnaire.

3.22. The significance of the study

The study outcomes will immensely contribute knowledge concerning the importance of retirement financial planning when saving as well as the mitigation or management of the socio-economic factors that influence or impact one's ability to effectively plan their retirement and savings. Moreover, study findings will assist policy makers, provident fund managers to craft policies that motivate and enable municipal employees as well as general workers to engage in early retirement planning and saving. Also, this study will be able to be used for future studies that are like this one, hence, enabling other researchers and studies to broaden the research phenomenon to other provinces.

Lastly, the expected outcome of this study will critically contribute to the existing body of academic work as well as in the subject and will assist various stakeholders as well as policy

makers both provincially and nationally to better craft and adopt favourable policies that enables the municipal or government sector to use the findings and encourage a live and new culture of savings and early retirement planning.

3.23. Limitations to the Study

Limitations of the study was that most general staff did not have access to e-mail therefore unable to complete a self-administered questionnaire, therefore visits to nearby municipalities was organised. The researcher encountered challenges during the process of obtaining permission to conduct research as it was delayed. Some of the respondents did not ask for clarity before they answered the questions, either they answer the question incorrectly or leave the questionnaire unanswered, therefore close questions was asked in questionnaires.

It is widely accepted in research literature that study limitations are significantly dependent on the researcher abilities and capabilities, rationale being that the researcher conducts interviews or surveys through personal biases (Creswell and Creswell, 2018).

- With no prior experience in conducting research of this kind, this means there is a potential by the researcher to ineffectively gather research.
- There is a limitation in sample size.

In terms of generalisability, this study cannot be used to form general assumptions on all municipal employees across South Africa.

3.24. Conclusion

Chapter Three presented and discussed the research approaches that were adopted for the study. This chapter highlighted fundamental research elements such as research design, sample location, sample size, data collection methods, and methods of data analysis. This chapter also provided the necessary framework for the research methodology which was used to achieve the objectives of the study. Herein, different types of research approaches were discussed, and justification was made for the selection of a quantitative research approach. Furthermore, the research methods used for the study were also clarified and justified, with in-depth discussions on the research instrument, the questionnaire, the pilot study, and the reliability and validity of the research instruments. Finally, clarification and justification regarding the research sample, data collection, data analysis, and ethical considerations, were provided and simplified by means of tables where necessary. The next chapter presents and illustrates the systematic

transformation of raw data into meaningful information for effective data analysis and meaningful conclusions.

CHAPTER FOUR

DATA ANALYSIS AND RESULTS PRESENTATION

4.1 Introduction

The research methodology and design used in this study was outlined and discussed in the chapter three. The researcher employed a quantitative descriptive survey that sought to investigate and explore factors that influence retirement planning and saving among municipal employees in KwaZulu-Natal. Also, a case study research strategy was to comprehensively explore and gain new insights from the study participants concerning their perceptions and views on the socio-economic as well as financial literacy factors and their influence towards retirement planning and savings. Self-administered questionnaire with both closed and open-ended question was sent to participants for primary data collection.

Chapter four presents the research findings as gathered from the self-administered questionnaires and the information is based on the data that were gathered from municipal employees that are members and affiliated with the NJMPF. This chapter used tables, graphs and charts to present research findings in alignment with the study objectives that sought :

1. To identify some of the socio-economic factors that influence retirement planning and saving within municipal workers in KwaZulu-Natal.
2. To explore challenges that impact retirement planning and saving ability within municipal employees in KwaZulu-Natal.
3. To determine whether financial literacy plays a significant role in influencing retirement planning and saving within municipal workers.
4. To find out the implications of these socio-economic and financial literacy factors and offer alternative recommendations.

The research results presented in this chapter were divided into three sections:

Section A: profiles the demographic information and results as provided by the respondents.

Section B: Descriptive statistic of the retirement planning variable

Section C: Descriptive statistic of the retirement savings variable

Section D: descriptive statistics of the financial literacy variable

4.2 Findings and Discussions

4.2.1 Descriptive Analysis

Descriptive statistics is a prominent tool used in quantitative studies of this nature to describe data sets such as participants' demographics factors (Creswell, 2018). The demographic factors used to describe participant personal information in this study were: Age, Gender, Ethnicity, Educational level, Marital Status and Number of years employed and salary package. Permanent employed municipal employees in KwaZulu-Natal were the selected respondents to conduct the survey. Research data collected from the views and perceptions of the municipal workers were very important in gaining new insights on the factors that influence retirement planning and savings as well as stabling the influence and significance of financial literacy towards retirement planning and savings in KZN municipal employees.

4.3 Study Response Rate

The target population for this study comprised of 18 545 KwaZulu-Natal municipal employees, who are members of and are affiliated with the KwaZulu-Natal Joint Municipal Pension/Provident Funds. According to the justification argued by Saunders (2016) concerning sample calculation, a total of 391 participants were selected as the study sample using a simple random selection. Based on the calculation given below:

$$n = \frac{N}{1 + (e)^2} = \frac{18\,545}{1 + 18\,545 (0.05)^2} = \frac{18\,545}{47.36} = 391.55$$

Where n = sample size, N = Population sample, and e = sampling error or level of precision

A total of three hundred and ninety one (391) self-administered questionnaires were successfully sent via emails to the participants after having received a study consent letter. Efficient survey measures were taken by the researcher to ensure the highest possible response rate. Also, regular kind reminders were sent to respondents that had volunteered to answer the questionnaire but had not send feedback. In addition to this, follow up calls were made to these participants. Overall, this process took at least four months, and these methods and data collection strategies enabled the research to ensure a 100% response rate.

The study population consisted of 18 545 municipal workers in KwaZulu-Natal, and the sample size was 391. Structured questionnaires were used to collect primary data, and the response rate was 57% which total 223 responded to the questionnaire out of the 391.

Table 4.1: Response rate table

Respondents	Frequency	Percentage (%)
<i>Participants who responded</i>	223	57%
<i>Participants who did not respond</i>	168	43%

Table 4.1 presents information collected from research data and it indicates that the overall response rate totalled 223 responses. Out of the 391 questionnaires sent to study respondents 168 had no responses, however, 223 KZN municipal employees managed to answer and responded efficiently, hence; the study yielded 223 responses from the sent questionnaires in total. The targeted population for this study was comprised of 18 545 KZN municipal employees that are members and affiliates of the NJMPF. The researcher applied probability sampling, hence, using a simple random sampling strategy in selecting the sample for the study. Due to time, resource and circumstantial limitations, the researcher only managed to use a fraction of the population for the study sample. However, Creswell and Creswell (2019) postulate that a reasonable fraction of a population chosen through purposive sampling can wield good, Saunders (2018) argues that when a population is humongous it is up to the researcher to find a common ground on working out what the best sample scenario could yield the required insight for the study.

4.4 Demographic Information of the Respondents

Table 4.2: Age Demographic profile of respondents

Category	Frequency	Percentage (%)
<i>25-35 years</i>	63	28,25
<i>36-50 years</i>	124	55,61
<i>51-60 years</i>	28	12,56
<i>63 & above</i>	8	3,59
Total	223	100%

Source: Research data (2023)

Research information presented in table 4.2 shows that most respondents were between the ages of 36 and 50 years, which total 55, 61%. Participants between the age group of 25-35 total 28, 25% and a total of 12, 56% were in the age group between 51-60 years. On the other hand, a small group of 63 and above years reported only 3.59%. These findings may explain that individuals who are in their mid-years in the career as represented by 55, 61% take retirement planning and savings much more seriously in comparison to those between the ages of 25-35 years. Also, 12, 56% retained from those aged between 51-60 years might reflect that individuals are struggling to plan and save for them retire as like those above 63 years and above as shown by only 3,59%. However, it is assumed that in perfect scenario, older citizens in their last years of work before retirement should be representing a large % in comparison to other age groups. Nevertheless, information obtained from respondents might suggest that there are fewer individuals aged between 51-60 years as well as those aged 63 and above that are employees of municipalities in KwaZulu-Natal.

Table 4.3: Gender demographic profile of respondents

Category	Frequency	Percentage (%)
<i>Male</i>	85	38%
<i>Females</i>	138	62%
Total	223	100%

Source: Research data (2023)

A total of 62% were reported to be of female gender while only 38% were males as indicated in Table 4.3. This might indicate that females dominate the largest group of individuals employed by the municipalities in KwaZulu-Natal. Also, this could mean that more females in particular value retirement planning, and savings as reflected by the 138 responses out of 223. However, there is a chance that research findings could be gender biased. Another explanation for a bigger female group in this study could be that, ever since the South African government introduced gender equality, more and more public entities are prioritising employment of women to balance the workforce scale to address the challenges presented by gender imparity during apartheid.

Table 4.4: Ethnicity demographic profile of respondents

Category	Frequency	Percentage (%)
<i>Black/African</i>	168	75,34
<i>Indian/Asian</i>	22	9,87
<i>Coloured</i>	18	8,07
<i>Caucasian/white</i>	15	6,73
Total	223	100%

Source: Research data (2023)

Research data presented in table 4.4 publishes that out of the 223 responses, a total of 168 respondents were of black/ African descent represented by 75,34%. 9, 87% were Indian/Asian descent while 8, 07% were coloured and 6, 73% were white. Beside South Africa to be composed of black majority especially Africans, there is a great population of Indian descent populations as well as a minority group of white and coloured. Research findings may suggest that most KwaZulu-Natal employees are black/Africans followed by Indians and coloured. However, there is still presence of white people as indicated by a small % of inly 6,73%. According to Chimucheka (2013), the government of South Africa embarked on a massive restructuring and empowerment programmes to benefit the previously disadvantaged populations through prioritising the employment of black/Africans and other marginalised ethnicities such as Indians and Coloured.

Table 4.5: Marital status demographic profile of respondents

Category	Frequency	Percentage (%)
<i>Married</i>	93	41,70
<i>Single</i>	114	51,12
<i>Divorced</i>	16	7,17
Total	223	100%

Source: Research data (2023)

A total of 114 individuals answered that there was single totalling 51,12% and 41% of the respondents indicated they were married. However, as small 7, 17% of the respondents indicated they were divorced. As published in the Stats South Africa report (2019-2020), south Africa has the one of the highest divorce rates in Africa in comparison to its sister countries. Among reasons outlined by Stats SA (2020), lifestyle choices, poverty and the gender-based violence were among the top causes of divorced I the country. However, many of the respondents who are single mighty indicate that being single allows them to save more, hence; actively plan for their retirement when compared to those divorced or married. Also, findings may suggest less responsibility and living expenses among the single population, as they only look after themselves unlike those married with families or divorced and paying child support.

Table 4.6: Education Level demographic profile of respondents

Category	Frequency	Percentage (%)
<i>No formal education</i>	38	17,04
<i>Matriculated</i>	49	21,97
<i>Diploma/ Degree</i>	83	37,22
<i>Post graduate Degree</i>	42	18,83
<i>Other professional qualifications</i>	11	4,93
Total	223	100%

Source: Research data (2023)

Table 4.6 present responses gathered from the respondents concerning their level of education. According to research data, many respondents 37, 22% as indicated in table 4.6 reported to have a national diploma or tertiary degree from various study disciplines. 21, 97% of respondents indicated that they had matriculated only, while 17, 04% had no formal education at all. Also, a small fraction of respondents as indicated by 18, 83% reported to have post graduate qualification while only 4,93% possessed other professional qualifications. Study findings published by the Local KwaZulu Natal governance reports (2020-2022) established that the province still ranks very low concerning skills and education in comparison to other provinces in South Africa. Beside that government has established many platforms and programs to motivate and support educational development in the province, there is still more to be done from the individuals' willingness to study or get skills training.

Table 4.7: Income Level demographic profile of respondents

Category	Frequency	Percentage (%)
<i>R-R10 000</i>	52	23,31
<i>R10 000-R20 000</i>	83	37,21
<i>R20 000-R30 000</i>	37	16,59
<i>R30 000-R60 000</i>	35	15,69
<i>+R60 000 Do not know/refused to answer</i>	16	7,17
Total	223	100%

Source: Research data (2023)

Results presented in table 4.7 illustrate the different income levels among respondents. 37.21% indicated that their income was between R10 000-R20 000, while 23, 31% reported to be paid less than R10 000. Also, a total of 16, 59% indicated that their salary ranged between R20 000-R30 000, almost similar to 15,69% who reported to be paid between R30 000. Only a few reported to be taking home above R60 000. Beside the salary gap between females and males in South Africa, there is still an unprecedented difference in salaries between different positions

and jobs within the public sector (Chimucheka, 2013). However, as indicated by Stats SA (2020-2022), salary plays a significant role as a motivational and influential factor towards retirement planning and savings among South Africans. Hence, study findings might be biased based on a particular group that earns more in comparison to those that earn less.

4.5 Empirical Study Data Analysis

The main objective of the study was to investigate and explore factors that influence retirement planning in KwaZulu-Natal municipal employees. The researcher used a simple random sampling method, and a well-structured questionnaire was sent to 391 study respondents with the aim to assess and find and explore the perception of the individual towards factors that influence retirement planning and savings. The population consisted of 19 895 KwaZulu-Natal municipal employees who are permanently employed and are members or affiliates of the NJMPF. The total number of respondents was 223 and for the validity and reliability of the questionnaire Cronbach's Alpha, KMO measures of research adequacy was conducted. The research value of Cronbach Alpha came as 0785. Also, a value of 0691 KMO was obtained. Overall, both research values were positive, appropriate and deemed acceptable for the study analysis.

One section of the question was composed of questions that were related to investigating the perceptions and views concerning individual retirement planning and savings. The following results were obtained.

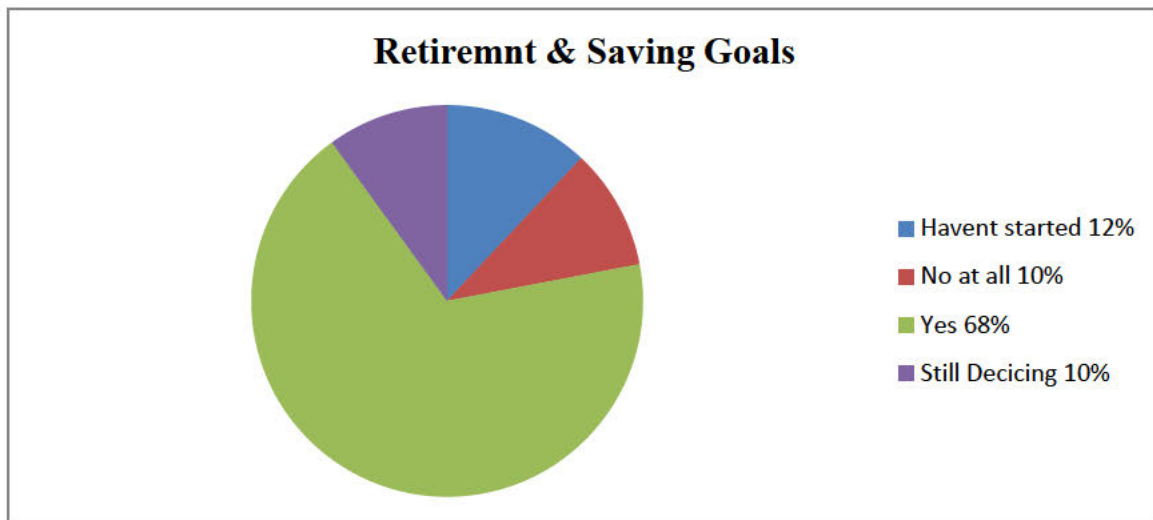
Table 4.8 Individual expected years towards Retirement.

Age	Years towards retirement				
	0-5 (yrs.)	5-10 (yrs.)	10-20 (yrs.)	25+ (yrs.)	Total
25-35 years	0	0	43	20	63
36-50 years	0	0	20	104	124
51-60 years	10	11	7	0	28
63 & above	8	0	0	0	8
Total	18	11	70	124	223

Source: Research data (2023)

Research data presented in table 4.8 show that at least respondents within the 36-50 want to retire in the next 20years, while; 43 respondents between the 25-35 age group want to retire.

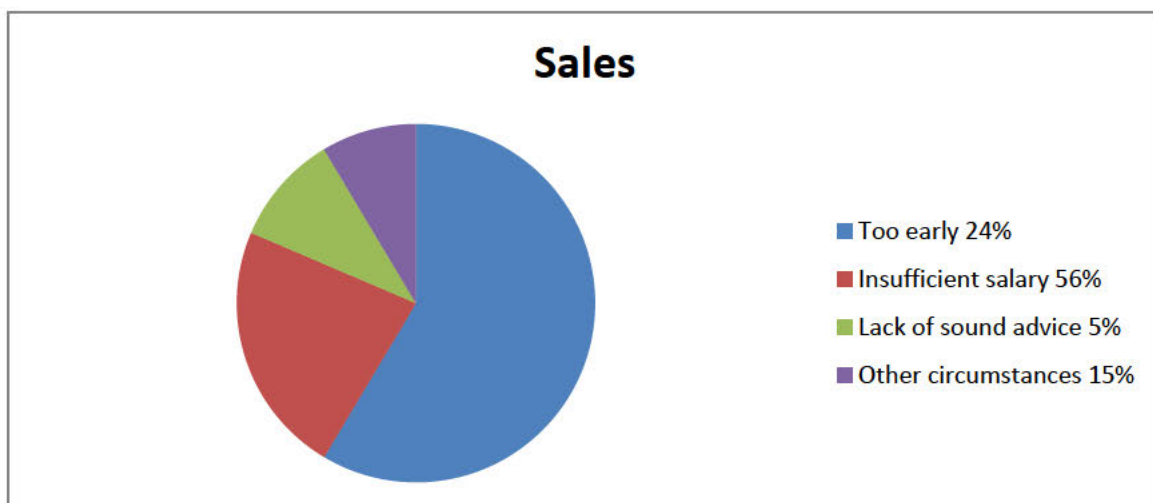
Figure 4.1: Investment & savings towards retirement goals



Source: Research data (20230

Research data presented in figure 4.1 indicates that at least most respondents 68% are actively investing towards their retirement and savings goals. Also, 10% of the respondents answered that they are still deciding whether to start planning for retirement savings. However, 12% reported to have not started and 10% indicated they are not at all planning and savings towards any goals.

Figure 4.2: Reason behind not planning towards retirement savings.

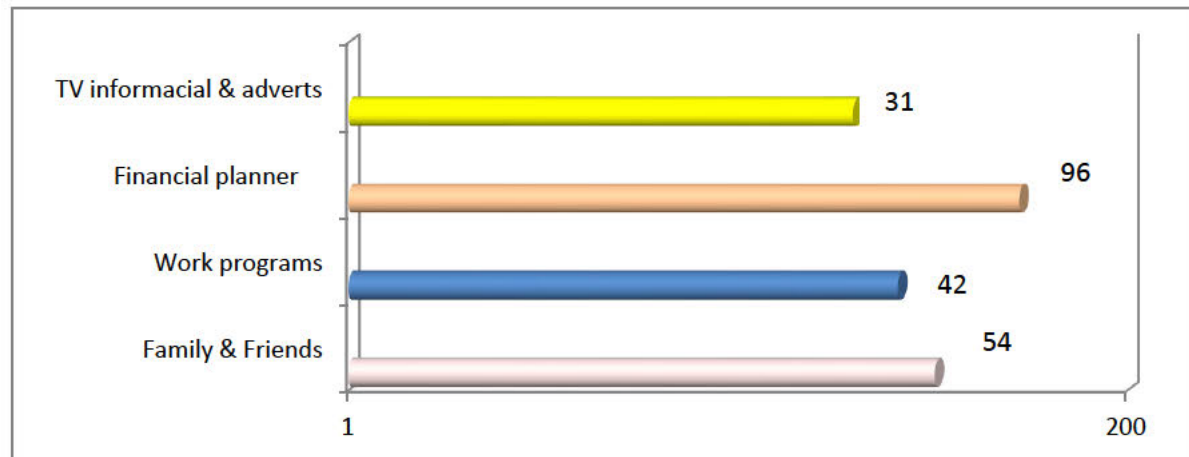


Source: Research data (2023)

Among the respondents that were passive towards retirement planning and savings, research data presented in figure 4.2 indicate that 56% of the respondents viewed their income as the major setback concerning savings and planning towards retirement goals. 24% of the

respondents indicated that it was too early for them to start retirement planning and savings. On the other hand, 5% blamed lack of good investment or retirement savings advice; while; 15% reviewed those other circumstances hindered their will towards retirement planning and savings.

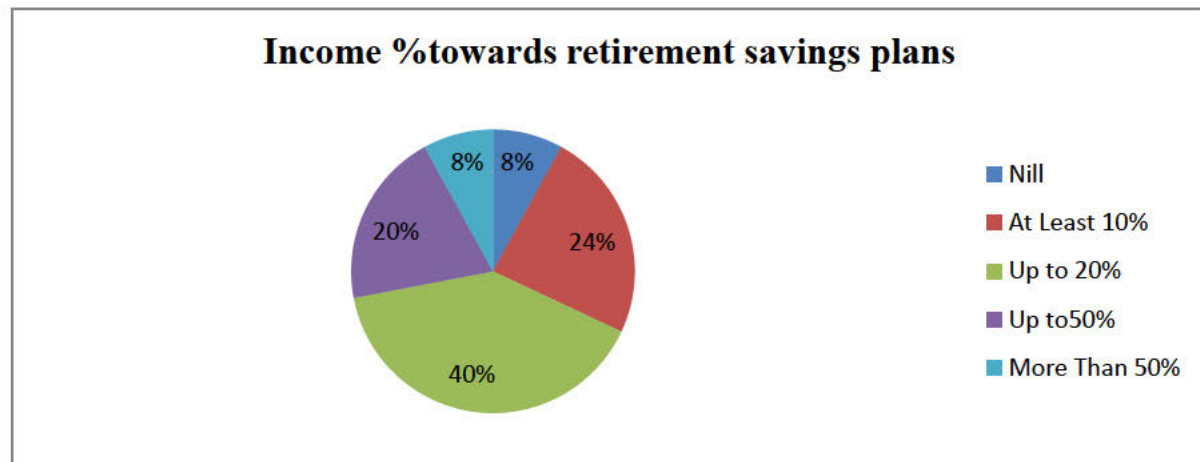
Figure 4.3 Financial, savings & retirement advice sources



Source: Research data (2023)

Among key factors raised by the center for household financial wellbeing report CHFV (2022), it established that savings and retirement information sources are critical towards any financial decision for most working individuals. Research data presented in figure 4.3 illustrate that most respondents (96 individuals) rely mostly on financial advisors and planners on their decision towards retirement and savings plan. However, 54 respondents indicated that family and friends influence their decisions concerning retirement and saving plans. On the other hand, 31 respondents highlighted the influence of TV adverts and infomercials towards deciding their retirement plans. Also 42 individuals reported that programs offered at work play an influential role with regards to retirement and savings plan decision making.

Figure 4.4: Income % Towards Retirement Savings Plan



Source: Research data (2023)

The discipline and determination of individual's ability to save towards their retirement plan and goals is shown through the level of investment as well as the ability to follow up consistently on one's payments plans (Chimucheka, 2013). Most respondents shown in figure 4.4 indicated that they commit at least 20% of their monthly income towards retirement savings plans. 24% of the respondents indicated that they invest at least 10% of their income, while; 20% of the respondents indicated that they invest up to half of their income towards retirement savings plans. Like 8% of the respondents who reported not contribute anything towards their retirement savings plan, another 8% indicated that they contribute even more 50% of their income towards retirement savings plans.

4.6 Financial Literacy

This study sought to explore and gain new insights on factors that influence retirement planning and savings in municipal workers in KZN. One of the main research objectives was to determine the significance or influence of financial literature in influencing retirement planning and saving within municipal workers. The researcher used a set of eight questions that incorporated elements such as basic economics, interest rates, inflation, and arithmetic and risk diversification to test financial literacy of the respondents. The list of the questions is attached in the appendices section.

Table 4.9: Financial literacy and Retirement Planning and Savings pertains in Social Groups.

Demographic profile of respondents

	Financial Literacy (%)		Retirement planning (%)	
	High level	Low to medium level	planners	Non planners
Gender				
<i>Male</i>	62	38	18	82
<i>Female</i>	73	27	30	70
Age				
<i>25-35</i>	60	40	22.5	77.5
<i>36-50</i>	62	38	12.8	88.2
<i>51-65</i>	60	40	13.4	86.6
<i>Above 65</i>	59	41	33.5	66.5
Race				
<i>Black Africa</i>	38	62	16.5	83.5
<i>Coloured</i>	42	58	33.3	66.7
<i>Indian/Asian</i>	65	35	17.8	82.2
<i>Caucasian/White</i>	88	12	22.1	77.9
Education				
<i>No formal school</i>	18	82	15.9	84.1
<i>Matriculated</i>	22	78	28.9	71.1
<i>Diploma/Degree</i>	35	65	28.9	71.1
<i>Postgraduate</i>	66	34	12.7	87.3
<i>Other</i>	78	22	34.9	65.1
<i>qualification</i>	78	22	32.7	67.3
			33.7	66.3
Income level				
<i>R1-10 000</i>	60	40	17.5	82.5
<i>R10 000-20 000</i>	54	46	19.3	80.7
<i>R20 000-</i>	75	25	12.9	87.1
<i>R30 000</i>	78	22	13.8	86.2
<i>R30 000-</i>	80	20	32.8	67.2
<i>R50 000</i>	55	45	17.9	82.1
<i>+R60 000</i>	75	25	12.2	87.8

Source: Research data (2023)

Data presented in table 4.9 illustrate the results of how different social demographic groups performed in the financial literacy questionnaire. The questionnaire was very simple and basic with basic economic and financial meanings and arithmetic skills. As seen in one of the answer sheets, some respondents failed to answer basic arithmetic questions. However, the overall financial literacy marks or score of the study sample were impressive , as the majority of more than half scored more than 65% out of 100, 22% had very low level of financial literacy, while; 10% had a reasonable understanding of financial literacy. In overall, the average score for the sample was 65 and the mode 80%.

4.7 Descriptive Statistics (Retirement Planning and Savings)

Table 4.10: Descriptive statistics for measuring Retirement Planning and Savings

	Statement list on retirement planning	n	mean	standard deviation
1	I have a retirement plan in place to secure my future after I leave active work	223	2,47	2,532
2	My family is the biggest motivation for retirement planning	223	2, 78	2,753
3	I am satisfied with the fund policies and management	223	3,91	3,966
4	Am aware that life is unpredictable, hence I actively contribute towards my retirement goals	223	3,41	4,013
5	I have clear and well-defined retirement goals	223	2,75	2,856
6	I would like to maintain the same lifestyle after I retire	223	3,04	4,013
7	I want my family to be taken care of in case am deceased or incapacitated	223	2,64	2,861
8	Health benefits & life expectancy are motivational factors towards my retirement planning	223	3,02	3,946
9	I plan to retire once my retirement savings goals are achieved	223	2,80	3,013

Source: Research data (2023)

Results collected from the Likert-scale questions on section A of the research questionnaire are presented in Table 4.10. Section A of the questionnaire sought to assess individual perceptions towards retirement planning using a set of 9 statements. Respondents were tasked to highlight factors that plays significant or influential role in their decision to plan for retirement. Research data presented in table 4.10 established that most of the respondents are aware of the

unpredictability of life, hence the need to plan for retirement and savings as a safeguard when anything happens as indicated by mean of 3,41. Respondents of indicated that idea to maintain the same lifestyle after retirement is a major influential factor when deciding to contribute towards a savings plan as indicated by a mean of 2,80. However, some respondents established that health insurance and increasing a health life expectancy were the biggest motivational factor towards retirement savings plan as indicated by a mean of 2,80. Most respondents as indicated by mean of 3,91 indicated that there were happy and satisfied with their current retirement savings plan and they continue to contribute towards their retirement savings. Also, some respondents expressed that they intend to retire as soon as their retirement savings goals have been achieved, as indicated by a mean of 2,80. Overall, most respondents seemed to be influenced by looking after their family after they retire and above all they indicated that maintaining the same lifestyle and paying for daily living expenses were the top influential factors when planning towards retirement saving goals.

4.8 Descriptive Statistics on Retirement Savings

Table 4.11: Descriptive Statistics for Measuring Retirement Savings

	Statement List on Retirement Savings	n	mean	standard deviation
1	My net income allows me to contribute towards retirement savings	223	2,64	2,817
2	I have reliable sources of financial advice	223	3,17	3,490
3	I understand what financial literacy is	223	3,79	3,712
4	I contribute a good percentage of my income towards retirement savings	223	3,58	3,590
5	I get updates and feedback from the pension/provident fund concerning my retirement savings plans	223	2,74	2,916
6	I have other savings with other retirement and insurance funds	223	3,29	2,917
7	Am happy with my monthly savings contribution	223	2,69	3,172
8	My retirement savings will enable me to live comfortably after I leave work	223	3,17	2,910

Source: Research data (2023)

Research data presented in Table 4.11 presents the descriptive statistics applied by the researcher in measuring the retirement savings variable used on the section B of the questionnaire. Study respondents were tasked to share their views, perception and ideas based

on the list of statements that were put together by the researcher to assess the factors that influence retirement savings among municipal employees. Data gathered from section B of the answer sheet indicated that most municipal workers mean of 3,17 believe and trust that their savings are enough to enable them to maintain the same lifestyle after retirement. Also, as indicated by a mean of 3,29 most respondents indicated that they had more than two or three retirement savings policies with different organisations or funds. On the other hand, some respondents as shown by a mean of 2,64 indicated that their net income allows them to comfortably contribute towards a retirement savings plan. Also, as indicated by a mean of 3,79 and mean of 3,17 most respondents concurred that having financial literacy and a reliable source of financial advice were the top influential factors in deciding on retirement planning savings.

4.9. Financial Literacy and Retirement Planning and Savings

The study sought to investigate and explore among factors that influence retirement planning and savings in KwaZulu-Natal municipal employees. Moreover, the study wanted to establish the relation between financial literacy and retirement planning and savings in municipal employees that are members and affiliates of the KwaZulu-Natal Joint Municipal Pension/Provident Funds. The researcher applied a Pearson correlation analysis between financial literacy and retirement planning and savings variables. The Pearson correlation analysis was aimed at assessing the depth or significance of the relationship between financial literacy and retirement planning /savings. Objectively, the research sought to analyse if there was a positive or negative correlation between the variables to form in-depth conclusion to the study as well as to establish the numerical significance of the correlation.

Table 4.12: Correlation between Financial literacy and retirement planning and Savings

			Financial Literacy	Retirement Planning & Savings
1	Retirement Planning & savings	Pearson Correlation	0,831	0,942
		Sig (2-tailed)	,005	
2	Financial Literacy	Pearson Correlation		
		Sig (2-tailed)	0.861	
		N	223	223

Source: Research Data (2023)

**. Correlation is significant at the 0.04 level.

Research results presented in Table 4.12 show that financial literacy has a strong influence and significant relationship with retirement planning and savings among KZN municipal

employees $r=0,861$, $p<0,831$. This tells that there is a significant positive relation between financial literacy and retirement planning and saving. Thus, the high and individual possess financial literacy, the higher and more are the chances that the engage in retirement planning and savings. Simply put, the more financial literate employees are, and the more they plan and think about their future goals, the high the chances that there will actively contribute and invest in savings for their retirement plans.

4.10. Conclusion

The primary objective of this study was to investigate and explore factors that influence retirement planning and savings in KwaZulu-Natal municipal employees that are members and affiliates of the KwaZulu Natal Joint Municipal Pension/Provident Funds. The researcher embarked on study mission to explore and gain new insight through administering a questionnaire to the study participants. A simple random selection method was applied, and the respondents were 223 individuals employed across public municipal entities in KZN. In line with this exploratory, positivist research philosophy and approaches adopted by the researcher, the study followed a quantitative nature, and descriptive statistics was used for data analysis. The questionnaire was composed of three sections namely, Section A (respondents' demographic information): Section B research statements pertaining to retirement planning and Section D research statements pertaining to retirements savings. Participants were tasked to highlight their best and true answer across the five-point Likert scale questions that sought to assess the individual perceptions and views towards factors that influence their decision concerning retirement planning and savings. Chapter three presented the study results and according to research data, the response rate was 223 out of the 391 individuals whom questionnaires were sent to. According to data, 62% of the respondents were female and 38% were males. Also, the largest age demographic came from individual between the ages of 36-50 years at 55, 61%. Most respondents were of black Africa ethnicity followed by Indians and coloured, with only 6% whites. 51% of the respondents were married, while 41% were single individual and only 7% were divorced. Educational levels varied between respondents, with 37% having tertiary qualification and 17% reported to have no formal education. Also, the income levels among respondents varied as indicated by data that 37% earned a monthly salary between R10 000-R20 000, on 7% reported to be earning above R60 000. Descriptive statistics were conducted on the study variables such as retirement planning and savings, and the results

indicated that many respondents had an existing retirement plan as indicated by a mean of 3,91. Also, many respondents agreed to the fact that being financial literate and having appropriate financial advice were among the top factors influencing their decision concerning retirement savings plan. Study indicated that maintain the same lifestyle after retirement was the major influential factor towards one's ability to plan for retirement and savings. A Pearson correlation analysis was conducted to test and analyse the relationship and significance between financial literacy and retirement planning savings. Results from the Pearson correlation analysis indicated that there is a strong and significant relation between financial literacy and retirement planning savings as indicated by correlation significance score at $r=0,861$, $p<0,831$. The next chapter 5 presents results interpretations and discussions of the study.

CHAPTER FIVE

STUDY FINDINGS AND DISCUSSIONS

5.1. Introduction

The previous chapter four presented the data analysis of the study. This primary aim of this study was to investigate factors that influence on retirement planning and saving among municipal employees in KwaZulu-Natal. The study used a sample 233 participants to gain new insights on factors that influence individual decisions on retirement planning and savings. This chapter presents the theoretical discussion of the findings that were obtained from the questionnaires in line with the literature. This chapter also presents the overview of the study findings and discussions. The following section presents a discussion of the results linked to existing literature, which was outlined in Chapter two in this study.

5.2. Overview and summary of study findings and discussions

Factors that influence retirement planning and savings in KwaZulu-Natal among individuals employed by municipalities in KwaZulu-Natal were investigated in this study. A self-administered questionnaire composed of Likert-scale questions was developed and distributed to study respondents. The questionnaire was composed of three sections namely, Section A (respondents' demographic information); Section B research statements pertaining to retirement planning and Section D research statements pertaining to retirements savings. Participants were tasked to highlight their best and true answer with regards to individual perceptions and views towards factors that influence their decision concerning retirement planning and savings. A total of 223 respondents employed as municipal employees were selected using as simple random selection method and according to research data, the response rate was 223 out of the 39.

According to data, 62% of the respondents were female and 38% were males. Also, the largest age demographic came from individual between the ages of 36-50 years at 55, 61%. Most respondents were of black African ethnicity followed by Indians and coloured, with only 6% whites. 51% of the respondents were married, while 41% were single individual and only 7% were divorced. Educational levels varied between respondents, with 37% having tertiary qualification and 17% reported to have no formal education. Also, the income levels among respondents varied as indicated by data that 37% earned a monthly salary between R10 000-R20 000, on 7% reported to be earning above R60 000. Descriptive statistics were conducted

on the study variables such as retirement planning and savings, and the results indicated that many respondents had an existing retirement plan as indicated by a mean of 3,91. Lastly, a Pearson correlation analysis was conducted to test and analyse the relationship and significance between financial literacy and retirement planning savings. A comprehensive discussion on the findings is given below.

5.3. Discussions of Respondents' Retirement and Savings plans

The study stressed on the importance of retirement planning and savings as it enables individuals to maintain their standard of living when they retire. Furthermore, as raised in the background of the study in chapter one, there has been a growing concern that people are not adequately planning for retirement as well as saving their earnings for life after work worldwide (Zhou, 2020). Participants were asked to give an answer to whether they have an active and existing retirement plan and savings. Research data provided in figure 4.1 indicate that at least most respondents 68% are actively investing towards their retirement and savings goals. In line with literature discussions in chapter two, in 2021

Research done by South African National Treasury has revealed that only six percent of South Africans will be able to retire comfortably. Furthermore, studies have suggested that South Africa's savings rate low by global standards accounting for gross savings of less than 15% of GDP in 2019, the country has one of the world's lowest savings rates, well below the global average of 25.1 percent. Also, 10% of the respondents answered that they are still deciding whether to start planning towards retirement savings. However, 12% reported to have not started and 10% indicated they are not at all planning and savings towards any goals. Various studies on the retirement landscape in South Africa have mentioned that there is a belief among some individuals that its always too early to save for retirement (Zeka, 2016). This phenomenon is not only relevant in South Africa but throughout the world as there is great concern that retirees continue to find themselves inadequately prepared for retirement (Munnel, Alicia, 2018). However, research data suggest that South African are becoming more aware of the importance of early retirement saving and planning as indicated by the 68% of respondents who revealed that there have a retirement saving plan in place.

5.3 Discussion on the Reason for Lack of Retirement and Savings Plans

Respondents were tasked to provide a valid reason for not having any retirement and savings plans. According to research data presented in figure 4.2, Among the respondents that were passive towards retirement planning and savings, research data presented in figure 4.2 indicate

that 56% of the respondents viewed their income as the major setback concerning savings and planning towards retirement goals. Consistent with literature, it has been discussed that there is high dependency rate among lower income earners in SA. Meaning most employed individuals rely on a single person (breadwinner). Rising unemployment rate and extended family setup among most SA families creates a challenge termed “Black Tax” (Finance Derivative, 2020). Also, empirical evidence given in chapter two indicate Black Tax reduce the ability for individual to save money for life after retirement especially in many African households. The study suggested that high dependency ratio has bad impact on individual private plans for retirement and saving rate as suggested by Franklin (2019). Studies conduct on consumer trends and behaviour in SA discovered that most individuals in the country are not living within their means, since their income is never enough to sustain their lifestyles, hence; there is always a tendency to borrow to spend (Franklin, 2019). Concurring with the life cycle hypothesis, literature reviewed that “the aggregate individuals’ saving rate would be higher in a country with a predominantly young population because the young typically work and save, whereas the elderly typically retire and dis-save” as argued by Twala (2018). Many South Africans are impacted by lack of reliable financial advice. Moreover, many chose to seek advice from friends and family who may offer the wrong advice. As indicated in the research results, 5% of respondents blamed lack of good investment or retirement savings advice; while; 15% reviewed those other circumstances hindered their will towards retirement planning and savings. In line with literature sources of financial advice among workers in SA, indicated that friends and family members remained the top sources of financial advice among South Africans. According to the studies 78% of South African reported to receive advice from family and friends while only 13% seek advice from professional financial planners (Zeka, 2016). However, some studies have established that some individuals seek formal financial advice from sources such as colleagues, internet, TV commercials and attending seminars/workshops (Zeka, 2016). 15% of respondents revealed that, other circumstances hindered their will towards retirement planning and savings. The study concluded that individuals who seek professional financial advice were likely more to have sufficient retirement savings for life after retirement. Study results indicated that 24% of the respondents indicated that it was too early for them to start retirement planning and savings. As discussed earlier in chapter two, there is a common trend among the younger generation of planning for retirement later in their career. However, study results in consistent within literature concur that financial planning is critical motivational factor towards planning and saving for retirement. As listed by Zeka (2016) it encompasses a wide range of individual behaviours such as engaging in making the

right retirement plans and savings. 56% of respondents answered that that insufficient salary from their job impacted their ability to save for retirement. As discussed in literature, consumer trends and behaviour in SA discovered that most individuals in the country are not living within their means, since their income is never enough to sustain their lifestyles, hence; there is always a tendency to borrow to spend (Franklin, 2019). In summary, respondents indicated that lack of proper financial advice, insufficient salary and having time to save for retirement were among the reasons that impacted their decisions to plan and save for life after retirement.

5.4 Respondents' Sources of Financial Advice on Retirement and Savings Plans

Study participants were asked if they had any form of retirement and savings advice. According to data gathered from the respondents and presented in figure 4.3 on sources of advice on retirement and savings plans, respondents indicated that in most cases, retirement advice comes from a qualified financial planner (43). However, 54 respondents indicated that family and friends influence their decisions concerning retirement and saving plans.

As indicated by Zeka (2016), individuals' behaviours and decisions towards retirement saving directly link with the level of retirement planning they practice as well as the retirement saving advice. As reviewed in literature on sources of financial advice among workers in SA, indicated that friends and family members remained the top sources of financial advice among South Africans. According to the survey results, 78% of South Africans reported to receive advice from family and friends while only 13% seek advice from professional financial planners (Zeka, 2016, p.449). Research findings shows that 31 respondents highlighted the influence of TV adverts and infomercials towards deciding their retirement plans. Consistent with literature and previous studies discussed in chapter two, various studies have established that some individuals seek formal financial advice from sources such as colleagues, internet, TV commercials and attending seminars/workshops (Zeka, 2016). A total 42 individuals reported that programmes offered at work play an influential role with regards to retirement and savings plan decision making. Among key factors raised by the center for household financial wellbeing report CHFW (2022), it established that savings and retirement information sources are critical towards any financial decision for most working individuals. The study concluded that individuals who seek professional financial advice were likely more to have sufficient retirement savings from retirement in comparison to their counterparts.

5.5 Discussions on Individual Income Percentage towards Retirement and Saving Plans.

Individuals were tasked to provide an honest answer on the percentage or amount they contribute towards their retirement and savings plans. According to study data, most of the respondents shown in figure 4.4 indicated that they commit at least 20% of their monthly income towards retirement savings plans. 24% of the respondents indicated that they invest at least 10% of their income, while 20% of the respondents indicated that they invest up to half of their income towards retirement savings plans. Like 8% of the respondents who reported not contribute anything towards their retirement savings plan, another 8% indicated that they contribute even more 50% of their income towards retirement savings plans. As indicated in chapter two there is a growing trend among individuals that lack of sufficient funds impacts their ability to save efficiently towards retirement. Also, many studies on social arrangements in the country, found that Black Tax reduce the ability for individual to save money for life after retirement especially in many African households. High dependency ratio has a negative impact on individual private plans for retirement and saving rate (Franklin, 2019). Studies conduct on consumer trends and behavior in SA discovered that most individuals in the country are not living within their means, since their income is never enough to sustain their lifestyles, hence; there is always a tendency to borrow to spend (Franklin, 2019). In line with the life cycle hypothesis, data indicate that “the aggregate individuals’ saving rate would be higher in a country with a predominantly young population because the young typically work and save, whereas the elderly typically retire and dis-save” (Twala, 2018, p-23). As argued by Chimucheka (2013), discipline and determination of individual’s ability to save towards their retirement plan and goals is shown through the level of investment as well as the ability to follow up consistently on one’s payments plans.

5.6 Discussions on the Influence of Financial Literacy on Retirement and Savings Plans

This study sought to explore and gain new insights on factors that influence retirement planning and savings among individuals. As such, the researcher wanted to determine the significance or influence of financial literature on influencing retirement planning and saving among individuals. To gain new insights from the participants, the researcher used a set of eight questions that incorporated elements such as basic economics, interest rates, inflation, and arithmetic and risk diversification to test financial literacy of the respondents.

Research findings as presented in in table 4.9 illustrate, established that some respondents failed to answer basic arithmetic questions. Different social demographic groups performed in the financial literacy questionnaire. As indicated in the findings, female respondents were more financial literate than their counterparts. Also, there is high financial literacy among individuals between the age groups of 36-50. Despite socio-economic background, many respondents possess a tertiary qualification. However, the overall financial literacy marks or score of the study sample were impressive, as the majority of more than half scored more than 65% out of 100, 22% had very low level of financial literacy, while; 10% had a reasonable understanding of financial literacy. In overall, the average score for the sample was 65 and the mode 80%.

Literature discussions in chapter indicated that Individuals' level of financial literacy is a strong predictor of their ability to make sound financial decisions (Lusardi A. , Financial literacy and the need for financial education: evidence and Implications, 2019). As such Individuals ability to understand basic range of financial concepts, financial awareness, and knowledge, as well as financial skills, such as the ability to calculate compound interest payments, and financial capability more broadly, in terms of money management and financial planning. Empirical evidence suggests that Individuals who are financially literate, particularly in terms of inflation, are more likely to save through multiple interest-bearing instruments. Additionally, they are more likely to contribute to pension funds.

Furthermore, literature shows that understanding knowledge of financial concepts risks enables individuals to make informed choices across a variety of financial circumstances, to improve the financial well-being of individuals and society, and to enable participation in economic life. Thus, financial literacy involves both financial knowledge and behaviour (Lusardi A. , Financial literacy and the need for financial education: evidence and Implications, 2019). This is in line with findings suggested by Beckman (2013). As presented in Beckmann's (2013) research, understanding the relationship between financial literacy, and saving behaviour enables policymakers to promote saving through financial literacy education. As such, in line with research findings Beckmann (2013) suggests that financial literacy has a beneficial effect on saving behaviour. These findings corroborate prior research indicating that financial literacy is positively associated with financial behaviour (Arofar *et al.*, 2018). The same conclusion was made reached by (Reyers M. , 2018).

5.7 Statistics on Measuring Determinants for Retirement Planning

The researcher conducted descriptive statistics on measuring retirement planning among individuals. Results collected from the Likert-scale questions on section A of the research questionnaire are presented in Table 4.10. Section A of the questionnaire sought to assess individual perceptions towards retirement planning using a set of 9 statements. Respondents were tasked to highlight factors that plays significant or influential role in their decision to plan for retirement. Research data presented in table 4.10 established that most of the respondents are aware of the unpredictability of life, hence the need to plan for retirement and savings as a safeguard when anything happens as indicated by mean of 3,41. Respondents of indicated that idea to maintain the same lifestyle after retirement is a major influential factor when deciding to contribute towards a savings plan as indicated by a mean of 2,80. However, some respondents established that health insurance and increasing a health life expectancy were the biggest motivational factor towards retirement savings plan as indicated by a mean of 2,80. Most respondents as indicated by mean of 3,91 indicated that there were happy and satisfied with their current retirement savings plan and they continue to contribute towards their retirement savings. Also, some respondents expressed that they intend to retire as soon as their retirement savings goals have been achieved, as indicated by a mean of 2,80. Overall, most respondents seemed to be influenced by looking after their family after they retire and above all they indicated that maintaining the same lifestyle and paying for daily living expenses were the top influential factors when planning towards retirement saving goals.

5.8 Descriptive Statistics on Measuring Determinants for Retirement Savings

The study conducted a descriptive statistic on determinants for retirement savings. Furthermore, respondents were tasked to share their views, perception and ideas based on the list of statements that were put together by the researcher to assess the factors that influence their decisions towards retirement savings. As presented in table 4.11, research data gathered from section B of the answer sheet indicated that most municipal workers mean of 3,17 believe and trust that their savings are enough to enable them to maintain the same lifestyle after retirement. Also, as indicated by a mean most respondents indicated that they had more than two or three retirement savings policies of 3,29 with different organisations or funds. On the other hand, some respondents as shown by a mean of 2,64 indicated that their net income allows them to comfortably contribute towards a retirement savings plan. Also, as indicated by a mean of 3,79 and mean 3,17, most respondents concurred that having financial literacy and a reliable

source of financial advice were the top influential factors in deciding on retirement planning savings.

5.9 Correlation between Financial Literacy and Retirement and Saving Planning.

A Pearson correlation analysis was conducted to determine the significance of the relationship between financial literacy and retirement and savings planning. Furthermore, the Pearson correlation analysis was aimed at assessing the depth or significance of the relationship between financial literacy and retirement planning /savings. As such, the study sought to analyse if there was a positive or negative correlation between the variables to form in-depth conclusion to the study as well as to establish the numerical significance of the correlation.

Many studies, including this one, have established that there is a significant positive relation between financial literacy and retirement saving plans. In line with literature, Numerous studies have established a strong correlation between financial literacy and a range of financial behaviours, including saving, wealth accumulation, and portfolio selection (Kimiyaalahlam *et al.*, 2019; Lusardi & Mitchell, 2011). Fernandes *et al.* (2014) conducted a meta-analysis of 168 papers covering 201 prior studies on the relationship between financial literacy, financial education, and financial behaviours. They discovered that interventions aimed at increasing financial literacy account for less than 0.1 percent of the variance in financial behaviours, with effects being weaker in low-income samples (Koenen *et al.*, 2021).

According to data presented in table 4.12, the Pearson analysis established that there is a significant positive relation between financial literacy and retirement planning and saving. Thus, the high and individual possess financial literacy, the higher and more are the chances that the engage in retirement planning and savings. Simply put, the more financial literate employees are, and the more they plan and think about their future goals, the high the chances that there will actively contribute and invest in savings for their retirement plans. Study results from the correlation analysis aligns with research findings by Beckmann and Reiter (2020) on a research survey documented on financial literacy in ten countries between 2012 and 2018 to ascertain people's understanding of the "big three" financial literacy concepts: interest rates, inflation, and risk diversification. Their analysis suggested that financial literacy varies significantly between and within countries. On average, only one in every five adults is financially literate. According to Reiter and Beckmann (2020), individuals with low financial literacy are more likely to be older and less educated, and self-employment is only weakly

associated with higher literacy. Also, studies done by Gangwar (2018) to ascertain the factors influencing financial literacy levels in the country and the effect of financial literacy on investment behaviour, concluded that there is a great difference in retirement savings plans between individuals who are financially literate and those who do not.

5.10 Conclusion

Chapter five presented the research findings and discussions. A self-administered questionnaire was prepared and distributed to the study participants. Respondents were 223 individuals working for various municipalities across the province of KwaZulu-Natal. The researcher intended to gain new insights on factors that influence retirement planning and savings behaviour and decisions among individuals. A case study approach was used to investigate the study phenomenon using the KwaZulu-Natal Joint Municipal Pension/Provident Funds. As presented in chapter four data analysis, 62% of the respondents were female and 38% were males. Also, the largest age demographic came from individuals between the ages of 36-50 years at 55, 61%. Most respondents were of black African ethnicity followed by Indians and coloured, with only 6% whites. 51% of the respondents were married, while 41% were single individuals and only 7% were divorced. Educational levels varied between respondents, with 37% having tertiary qualification and 17% reported to have no formal education. Respondents were asked on a set of questions presented in three different sections in the questionnaire and the questions included elements such as: demographic information, financial literacy, income% percentage towards savings and retirement, source of retirement and savings advice, reasons for no retirement and savings plans and retirement and savings goals. Descriptive statistics for both retirement plans, and savings were conducted, and the results were discussed in tables 4.10 and 4.11 respectively.

Lastly, a Pearson correlation analysis was conducted to test and analyse the relationship and significance between financial literacy and retirement planning savings. Results from the Pearson correlation analysis indicated that there is a strong and significant relation between financial literacy and retirement planning savings as indicated by correlation significance score at $r=0,861$, $p<0,031$. The next chapter 5 presents results interpretations and discussions of the study. The next chapter provides the study conclusions and recommendations.

CHAPTER SIX

CONCLUSION AND RECOMMENDATIONS

6.1 Introduction

The previous chapter presented the data analysis of the study, as such research data was analysed, and study results and discussions were provided in chapter five. This chapter six presents a summary of research findings. The study sought to determine factors influencing retirement financial planning of KwaZulu-Natal Joint Municipal Pension/Provident Funds employees. A comprehensive theoretical framework and literature were discussed in chapter two. In summary this chapter presents the overall conclusions, recommendations as well as highlight areas for future studies.

6.2 Overview and Summary of the Study

The main objective of this study was to investigate and explore factors that influence retirement planning and savings behaviours among municipality employees in KwaZulu Natal. Adopting a case study approach, the study targeted municipal employees that were members or affiliates of the KwaZulu-Natal Joint Municipal Pension/ Provident Funds. Critically, the research sought to gain new insights on the phenomenon under study asking the participants to provide their honest and best answer to a self-administered questionnaire. A total 233 respondents were selected through a simple random selection method to represent the study sample. A quantitative methodology in line with an explanatory, positivist research philosophy was used in guiding the research. A self-administering questionnaire was prepared and issued to participants for gathering primary data. The questionnaire was composed of three sections namely, Section A (respondents' demographic information): Section B research statements pertaining to retirement planning and Section D research statements pertaining to retirements savings. Participants were tasked to highlight their best and true answer across the five-point Likert scale questions that sought to assess the individual perceptions and views towards factors that influence their decision concerning retirement planning and savings. To complement this quantitative methodology, descriptive statistics was applied for data analysis and the results were coded, tabulated and presented as charts, tables and graphs.

Chapter three presented the study results and according to research data, the response rate was 223 out of the 391 individuals whom questionnaires were sent to. According to data, 62% of the respondents were female and 38% were males. Also, the largest age demographic came

from individual between the ages of 36-50 years at 55, 61%. Most respondents were of black Africa ethnicity followed by Indians and coloured, with only 6% whites. 51% of the respondents were married, while 41% were single individual and only 7% were divorced. Educational levels varied between respondents, with 37% having tertiary qualification and 17% reported to have no formal education. Also, the income levels among respondents varied as indicated by data that 37% earned a monthly salary between R10 000-R20 000, on 7% reported to be earning above R60 000. Descriptive statistics were conducted on the study variables such as retirement planning and savings, and the results indicated that most respondents had an existing retirement plan as indicated by a mean of 3,91. Also, many respondents agreed to the fact that being financial literate and having appropriate financial advice were among the top factors influencing their decision concerning retirement savings plan. Study indicated that maintain the same lifestyle after retirement was the major influential factor towards one's ability to plan for retirement and savings. A Pearson correlation analysis was conducted to test and analyse the relationship and significance between financial literacy and retirement planning savings. Results from the Pearson correlation analysis indicated that there is a strong and significant relation between financial literacy and retirement planning savings as indicated by correlation significance score at $r=0,861$, $p<0,001$.

As the study investigated the factors that influence retirement planning and savings behaviours among individuals employed by the municipalities in KwaZulu-Natal, research findings revealed that retirement planning and savings behaviours among individuals are likely to differ according to participant age groups. As discussed, and reviewed in the literature, many scholars agree that beside retirement planning and savings are important in everyone's life, efficient and good retirement planning, and savings requires meticulous planning and continuous evaluation. As defined and discussed in chapter two, retirement planning and saving is a systematic process adopted and used by individuals or organisations to set aside financial resources aside.

To provide sufficient money for life after retiring from work. As such, individuals' retirement and savings decisions are paramount in limiting and minimising financial risks and difficulties in maintaining the same lifestyle after retirement. Many studies conducted on retirement and savings factors worldwide suggest that there is lack or insufficient provision of retirement benefits for the aging population especially in developing countries. Furthermore, evidence proves that a majority of working individuals still live on the peripherals and border lines between poverty and hand to mouth lifestyles with their retirement funds unable to provide. Evidence suggests that governments in many developing countries are faced with the challenge

of providing sufficient retirement benefits for their aging population and the majority still live on the borderlines of poverty with pension funds unable to provide a comfortable or descent lifestyle. As suggested by literature and empirical review, there is a critical need to examine the factors that influence individual behaviours towards retirement planning and savings to enable institutions like the KwaZulu-Natal Joint Municipal Pension/Provident Funds to come up with better policies for their clients. As such, this research study contributes significantly to the existing literature of the phenomenon by investigating the factors that influence municipal employees' decisions towards retirement planning and savings.

Research data reveal that despite many ways of analysing and measuring retirement planning and savings behaviours of individual municipal employees, only those individuals with favourable socio-economic backgrounds tend to plan better and save efficiently for retirement in comparison to those with unfavourable socio-economic backgrounds. For example, empirical evidence back by literature suggests that economic knowledge, educational level, reliable financial advice and financial knowledge play a significant role towards retirement planning and savings decisions of municipal employees, also inversely females are more likely to plan and save effectively for their retirement in comparison to their male counter parts. Overall, the influence of demographic as well as socio-economic status of individuals significantly influence individuals' decisions towards planning and saving for retirement. As such, the need for and importance of policies that are aimed at enhancing the financial knowledge and economic knowledge of municipals employees in KZN is paramount towards improving individuals' retirement planning and savings behaviours.

6.3. Summary of Research Objectives

6.3.1 To identify some of the socio-economic factors that influence retirement financial planning and savings within municipal workers in KwaZulu-Natal. .

The main research objective of this study was to investigate the factors that influence retirement planning and savings on municipal employees in KwaZulu-Natal. As such, objective one was at understanding the socioeconomic factors that influence individual decisions towards retirement planning. Consistent with literature, research findings revealed that socio economic factors such as financial knowledge, economic knowledge and individual social status significantly contributed to individual's decision towards retirement planning and savings. For example, research finding revealed that individual with high socio-economic status and more

financial knowledge tend to plan early and efficiently for their retirement in comparison to their counter parts. Furthermore, participants were asked which socio-economic factors were predominantly decisive elements in their retirement planning, and findings revealed that more than 65% of respondents agreed that having a reliable source of financial advice and economic knowledge significantly influence their retirement planning and savings decisions. However, 35% of respondents revealed that factors such as financial knowledge and economic knowledge has little influence towards their retirement decisions. Nevertheless, there was agreement among respondents that a combination of other demographic factors such as age, marital status, education level and salary level have a huge significant influence in their decisions on retirement planning and savings.

Respondents also indicated that the idea to maintain the same lifestyle after retirement is a major influential factor when deciding to contribute towards a savings plan as indicated by a mean of 2,80. However, some respondents established that health insurance and increasing a health life expectancy were the biggest motivational factor towards retirement savings plan as indicated by a mean of 2,80. Many respondents as indicated by mean of 3,91 indicated that they were happy and satisfied with their current retirement savings plan and they continue to contribute towards their retirement savings. Also, some respondents expressed that they intend to retire as soon as their retirement savings goals have been achieved, as indicated by a mean of 2,80. Overall, most respondents seemed to be influenced by looking after their family after they retire and above all they indicated that maintaining the same lifestyle and paying for daily living expenses were the top influential factors when planning towards retirement saving goals.

6.3.2. To explore challenges that impact retirement financial planning and savings ability of KwaZulu-Natal Joint Municipal Pension/Provident Funds employees.

The study also sought to understand challenges that impact individual ability and decisions on planning for retirement and savings. Study participants were asked to answer on factors that impacted them on their ability to plan for retirement. Research findings revealed that 45% of respondents blamed insufficient salary as well as family responsibilities. For example, 20% of the respondents explained that having too many family members to take care of as well as pay for life upkeep and explained impacted and limited their decision to plan for retirement savings. Other respondents indicated that the issue of black tax, especially in the African family set up meant that once employed, one needs to take care of the entire family expenses. As such, individuals are left with little to non-financial resources that can be set aside for retirement

savings. Others, 12% indicated that it was too early to plan for retirement. This was the age group between 20 and 25 years. Among totable concerns among respondents was the issue of salary, most respondents indicated that a lower salary level was a huge limiting factor for individual to set aside any investment savings plan as they basically live hand to mouth.

6.3.3 To *determine whether financial literacy plays a significant role in influencing retirement financial s planning and saving of KwaZulu-Natal Joint Municipal Pension/Provident Funds employees.*

One of the main research objectives was to determine the influence of financial literature in influencing retirement planning and saving within municipal workers. The researcher used a set of eight questions that incorporated elements such as basic economics, interest rates, inflation and arithmetic and risk diversification to test financial literacy of the respondents. The list of the questions is attached in the appendices section. Research findings from the questionnaire provided to participants indicated that among the respondents' White employees were more educated hence possessed more financial literature than the Africa, Asian and colored groups. Furthermore, the 65 and above age group seemed to have more financial literature and experience than the other groups. As such, data findings as seen in one of the answer sheets indicated that some respondents failed to answer basic arithmetic questions. However, the overall financial literacy score of the study sample were impressive, as the majority of more than half scored more than 65% out of 100, However, 22% had very low level of financial literacy, while; 10% had a reasonable understanding of financial literacy. In overall, the average score for the sample was 65 and the mode 80%.

In line with literature, financial literacy is suggested to be a critical factor that influence individual savings behaviour and decisions. As such, basic knowledge of economics, interest rates, inflation, and arithmetic and risk diversification are important for individuals as they can assist in providing the right platform and information for retirement planning and savings. Consistent with literature, individuals with more financial literacy were recorded to have better retirement plans and savings in comparison to their counter parts. In conclusion, financial literacy has been regarded by many studies to play a critical influential role in motivating and enabling individuals to make the right retirement plans and savings decisions.

6.3.4 To find out the implications of these socio-economic and financial literacy factors and offer alternative recommendations.

The study sought to understand the implications of socio-economic and financial literacy factors on retirement planning and savings. In line with literature, it has been suggested that lack of retirement planning, and savings has negative consequences for individuals in the long run. As, presented in the data analysis, respondents who answered that there had no existing retirement plans indicated that their future was uncertain and they were worried about their lifestyle after retirement.

Research data presented in table 4.10 established that most of the respondents are aware of the unpredictability of life, hence the need to plan for retirement and savings as a safeguard when anything happens as indicated by mean of 3,41. However, as empirical evidence presented in chapter two indicated that more than 40% of government employees in SA have no retirement and saving plans in place. Furthermore, the country's retirement landscape is regarded among the least performing sectors in the region. Research finding in alignment with literature suggest that many people are uncertain about their future in the country, as such most individuals regret having not saved for life after retirement as the cost of living is soaring in the country.

6.4 Implications

This study provides empirical evidence and valuable information to policymakers, government and relevant institutions that are involved in the development, management and promotion of retirement planning and savings on which factors that influence retirement planning and savings decisions of individuals to concentrate on as a tool for strategy and better policy making. For example, factors such as the socio-economic demographic and financial literacy are critical or decisive factors in influencing retirement savings decisions among individuals. As such, research findings from the study provides in depth insights on issues that need relevant stakeholders to take into consideration prudently. Furthermore, this study advice policy makers and government one important decisive factor of late preparation and well as inefficient preparation of retirement planning among municipal employees in South Africa and thus provides an area to focus their efforts when addressing the challenges and issues regarding retirement planning and savings in the country.

6.5 Contribution to the body of knowledge and future studies

The findings from the study made numerous practical and policy contributions to the topic of retirement planning and savings. The following section discusses the contributions of the study to the body of knowledge.

- Findings from this study will contribute significantly towards retirement planning and savings information that can be of great use to both individuals and organisations that manages retirement planning and savings in South Africa. Furthermore, study findings could be of great use as well as a platform for future studies to guide their research and expand from it.
- Research findings from this study could be used as valuable and practical information by policymakers and retirement fund managers to create policies that could promote and assist employees to make sound retirement planning and savings decisions.
- The case approach used in this study and research finding set a precedent for future cases studies in other provinces or region in the country.
- Furthermore, the case study conducted in this study will assist the KwaZulu-Natal Joint Municipal Pension/ Provident Funds as well as other retirement planning and savings Funds to understand the influence of various factors that impact and motivate individual behaviour and decisions towards retirement planning and savings.

6.6 Limitations of the Study

Common to most research studies of this nature, the researcher encountered the following limitations:

- **Literature:** Despite various studies conducted on the study topic worldwide, very little research has been done in South African concerning Municipal workers and especially in KwaZulu-Natal. As such, there was limited relevant literature available at master's level concerning the phenomenon. However, the case study approach enabled the study to gain in depth insights from the members of the KwaZulu-Natal Joint Municipal Pension/Provident Funds.
- **Sample Size:** Besides a careful approach by the researcher to obtain an acceptable study sample size, of the study aimed for more than 500 participants and it only obtained 233 respondents. Also, due to limited time frame to conduct the study, study participants had to be reminded numerous times to answer and return the questionnaire on time.

- **Representation:** The study sample representation was not equally distributed throughout municipalities in the province of KwaZulu-Natal hence, study findings may only reflect the experience and factors that influence retirement planning and savings for the sample use, as such, study conclusions may not be used to generalise the entire population of KZN municipal employees as well as South Africa at large.
- **Time constraints:** This study had to be conducted and concluded for submission within a year, which presented practical challenges such as data collection and accessing relevant literature data sources. Data gathering from study participants was a challenge because most participants travel for work as well as having busy life and work schedules. As such, most of the participants had to be reminded softly to answer and send back the questionnaire.

6.7 Suggestion for future Research

Despite the above limitations addressed in this chapter, this study provides important contributions to future research or studies. As such, some of the study contributions may be used as solutions for better understanding of retirement policies and factors that influence individual behaviours towards retirement planning and savings decisions. However, more comprehensive, and comparative studies should be conducted on other factors that influence retirement planning and savings decisions. Given the research findings and limitations to this study, future research will need to improve and scale up on factors that influence retirement planning to include employees in the private sectors as well. Furthermore, there is need for future studies to be conducted in other provinces as well as the entire country as whole.

6.8 Recommendations

Based on the research findings, the following recommendations are provided by the researcher: As given by research findings, there are several potential implications. Influential factors for retirement planning and savings decisions discussed in literature and in line with research findings suggest that individual behaviours and socio-economic status among individuals tend to influence chances of investing and planning for retirement. It is paramount for both individuals and institutions to note that educational level, financial knowledge and economic knowledge of individuals are major influential factors towards individual decisions towards retirement planning and savings. Therefore, there is great need for devising means to improve the financial knowledge, education level and economic status of individuals as means to improve their retirement planning and savings behaviour.

6.8.1 Other secondary recommendations include:

- Individual employees need to be serious and focussed towards making the right decision on their retirement savings. Also, employees need to be responsible for their personal retirement saving by started on a financial plan as soon as they begin their careers.
- There is a critical need for the development and promotion of effective retirement planning favourable policies, tax savings and reforms in the country.
- Individual need to critical take into considerations their credit and spending behaviours which may impact on the consistency and efficiency of their retirement plans and savings.
- Government and retirement management institutions such as the KwaZulu-Natal Joint Municipal Pension/Provident Funds, needs to develop practical ways and means that makes it easy for individuals with limited financial knowledge and economic knowledge to plan and efficiently for their retirement.

6.9 Study Conclusion

The aim of this research study was to investigate the factors that Factors influencing retirement financial planning of KwaZulu-Natal Joint Municipal Pension/Provident Funds employees. The research used a case study approach that sought to gain new insights on determinants of retirement planning of individual employees that are members of the KwaZulu-Natal Joint Municipal Pension/Provident Funds. In line with the literature, the study provided an overview of factors such as socio-economic status, financial literacy, and other influential demographic factors that significantly influence individual decision towards retirement planning and savings in South Africa. Based on the study findings, it was suggested that most municipal employees in KZN are likely to plan for retirement based on their education level, gender, financial literacy, and source of retirement planning advice. Study results revealed that most respondents have a retirement plan. However, 78% of the respondents also depends on the government old age pension, and their family to support them during retirement. Also, research findings revealed that above 60% of respondents were unsure and not confident in their retirement plans and savings.

In conclusion, it was suggested by the research data that retirement planning, and savings odds are higher for individuals who are financially literate and have reliable advisory services than those without in South Africa. As presented in data analysis, evidence suggests that individuals

that identified to have socio-economic status had high rates of making appropriate retirement savings plans in comparison to their counter parts.

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APPENDIX A: PERMISSION TO CARRY OUT RESEARCH

Date..././..

Dear Sir/Madam

RE: PERMISSION TO CARRY OUT RESEARCH

My name is Zama W Dube . I am a Masters' degree candidate in the College of Law and management in the school of Management, IT and Governance, University of KwaZulu- Natal, South Africa. I am researching the “ Factors influencing retirement planning and savings of municipal employees in KwaZulu Natal. A case of KwaZulu-Natal Joint Municipal Pension/Provident Funds. In a nutshell, the research study is aimed at exploring factors that influence individual behaviours among municipal employees towards retirement planning and savings. Given the importance of retirement planning and savings for life after retirement in today's dynamic global economy, it is paramount to conduct such studies that seeks to highlight reasons behind why and how individuals plan their retirement and savings. This study hopes to provide empirical evidence to be used for future research as well as provide data for policy makers and individuals needing advice on retirement planning and savings.

Hence,I am writing to request if you could spare some time to answer a questionnaire for the primary data collection of the study. Withyour permission and approval, this will entail a self-administered questionnaire that will take (about 10-15 minutes) to choose the preferred answer for a set of % point Likert scale questionspresented on the questionnaire.

Please be assured that the data collected from you will be handled with the highest degree of confidentiality. The study will use a coded system to maintain complete anonymity for interview and questionnaire respondents. Furthermore, this research is for academic purposes. If you have questions about the study, please feel free to contact me directly. You may also feel free to contact my supervisor, Dr V. Gamede from the college of Law and Management Studies in the School of Management, IT and Governance, University of KwaZulu-Natal, Golf Road, Pietermaritzburg Campus.

I thank you in advance for your cooperation.

Yours Sincerely, Zama W Dube

APPENDIX B: INFORMED CONSENT DOCUMENT

UNIVERSITY OF KWAZULU NATAL
COLLEGE OF LAW AND MANAGEMENT
SCHOOL OF MANAGEMENT, IT AND GOVERNANCE
MCOM (Management) Research Project
Researcher: Zama Dube
(Tel: [REDACTED])
Supervisor: Dr V.W Gamede (Tell: 033260 6101)

Dear Participant,

My name is Zama Dube, student number: **204001203**. I am a Master of Commerce (MCom) student studying at the University of KwaZulu Natal, Westville campus, South Africa. My research title is: **Factors influencing retirement financial planning of KwaZulu-Natal Joint Municipal Pension/Provident Funds employees**

The main objective of the study is to assess and determine which factors influence retirement planning and savings for municipal employee in KZN. Furthermore, the study seeks to determine and analyse the difference in the perception of municipal employees regarding retirement planning and savings and to provide appropriate solutions for policy makers, researchers and practitioners for creating/ designing effective programme for municipal employees with regard to retirement planning.

Kindly note that:

The information that you provide will be used for scholarly research only.

- i. Your participation is entirely voluntary. You have a choice to participate, not to participate or stop participating during the course of the research.
- ii. Your views on the self-administered questionnaire/interview will be presented ~~anonymously~~. Neither your name nor identity will be disclosed in any form in the study.
- iii. The self-administered questionnaire will take about 10-15 minutes.
- iv. There will be no monetary gain from participating in the study. Confidentiality and anonymity of records identifying you as a participant will be maintained by the School of Management, IT and Governance of UKZN. Your responses will not be used for any purposes outside of this study.
- v. The record, as well as other items associated with the interview, will

be held in a password-protected file accessible only to my supervisor and me. After 5 years, in line with the rules of the university, it will be disposed of by shredding and burning.

If you agree to participate, please sign the declaration attached to this statement (a separate sheet will be provided for signatures). I can be contacted at the School of Management, IT and Governance, University of KwaZulu-Natal, Westville campus. Email: 204001203@stu.ukzn.ac.za Tel: +[REDACTED]. My supervisor is Dr V.W Gamede located at the School of Management, IT and Governance, Pietermaritzburg campus, Commerce Building, Room 33 of the University of KwaZulu-Natal. Contact Details: Email gamede@ukzn.ac.za Tel 033 260 6101.

The Humanities and Social Sciences Research Ethics Administration's contact details are as follows: Research Office, Westville Campus, Govan Mbeki Building, Private Bag X 54001, Durban, 4000, KwaZulu-Natal, SOUTH AFRICA. Tel: 27 31 2604557 - Fax: 27 31 2604609 Email: HSSREC@ukzn.ac.za

Your contribution to this research is highly appreciated.

PARTICIPANT'S DECLARATION

I..... (*full names of participant*)

Hereby confirm that I understand the content of participating in this research project.

I understand that I am at liberty to withdraw from the project at any time, should I so desire. I understand the intention of the research. I hereby agree to participate.

I hereby provide consent to:

YES / NO Questionnaires

SIGNATURE OF PARTICIPANT.....

DATE.....

APENDIX C: QUESTIONNAIRE

Research Topic: **Factors influencing retirement financial planning of KwaZulu-Natal Joint Municipal Pension/Provident Funds employees**

Part A

Demographic Information

This section of the questionnaire refers to your background information. The information will allow me to compare groups of respondents. Once again, I assure you that your response will remain confidential. Please select the applicable option by placing an **X** in the box.

1) What is your gender?

X

Male	
Female	

2) What if your Age group?

X

Below 25 years	
25- 30 years	
35- 45 years	
45-55 years	
55-65 years	

3) What is your marital status?

X

Single	
Married	
Other	

4) What is your highest qualification?

X

No formal education	
Primary education	
Matriculated	
University degree	
Post graduate diploma/ degree	
Other Qualification	

5) Job Position

X

General staff	
Low manager	
Middle managers	
Top managers	

6) Income level

R3000- R10 000	
R10 000- R20 000	
R 20 000-R35 000	
R35 000-R45000	
Above R45 000	

PART: B

Retirement Planning

Please indicate your level of agreement of to what extent is each of the following actions performed in your organisation?

		<i>Agree</i>	<i>Strongly Agree</i>	<i>Neutral</i>	<i>Disagree</i>	<i>Strongly Disagree</i>
	<i>Financial Literacy</i>					
1	Retirement planning is a complicated process, and it is necessary to acquire more knowledge and understanding about the financial concepts. Are you familiar with the various investment portfolios?					
2	Do you feel that people in your working place need to be educated or taught about retirement planning?					
		<i>Yes</i>			<i>No</i>	
	Do you have a retirement plan in place?					
	Do you feel that people in your working place need to be educated or taught about retirement planning?					
	Does your employer have mechanisms employed to instil financial literacy on retirement planning?					
	Do you understand what is meant by Net replacement ratio?					
	<i>What is your Net replacement ratio?</i>	<i>20%-35%</i>		<i>35%-50%</i>		<i>50%-65%</i>
	<i>Defined Benefit vs Defined Contribution</i>	<i>Defined benefit</i>			<i>Defined contribution</i>	
	Which Fund are you a member of?					
	Which Fund do you think is more beneficial?					
	Are you satisfied with the Fund you are in?	<i>yes</i>			<i>No</i>	
	<i>Longevity</i>	<i>Yes</i>			<i>No</i>	
	There are certain diseases that primarily affects the elderly, Have you made provisions for elderly disease?					
	In 2020, life expectancy for male and female was 64 years and 71.3 respectively. Are you aware that based on your lifestyle you can determine your life expectancy?					
	Have you made provisions for a longer life?					

	<i>Inadequate Retirement Savings</i>	<i>Agree</i>	<i>Strongly agree</i>	<i>Neutral</i>	<i>Disagree</i>	<i>Strongly disagree</i>
	Is saving for retirement necessary?					
	Retirement savings should commence the day you start earning an income?					
		<i>Yes</i>			<i>No</i>	
	Are you satisfied with your retirement savings plan?					
	Besides the Pension Fund with your employer, do you have any other retirement savings? Example; Retirement Annuity					
	Do you make any additional contributions towards retirements?					
	Would you cash your retirement savings when you change jobs?					
	Are you aware of the tax implications if you cash your retirement savings?					
	Would you consider retiring early?					
	Do you have an emergency funds that you have saved					
	What is your monthly contribution % towards retirement	<i>2%</i>	<i>5%</i>	<i>7.5%</i>	<i>9.5%</i>	
	At what age one should start saving towards retirement?	<i>21-30</i>	<i>30-40</i>	<i>40-50</i>	<i>50-60</i>	<i>Above 60</i>
	How often do you review your benefit statement?	<i>Monthly</i>	<i>Quarterly</i>	<i>Every 6 months</i>	<i>yearly</i>	<i>never</i>

Thank you for your time and participation.

NB: *Insights and conclusions from this study will be used to provide appropriate solutions for legislators, researchers, policy makers and relevant authorities for creating and designing effective programmes for municipal employees regarding retirement planning and saving.*

APPENDIX D: GATE- KEEPERS LETTER



To: Miss Zama W.
[REDACTED]
Road
109 Woodridge
Estate Montclair
4001

Dear Madam,

**RE: PERMIT TO CONDUCT RESEARCH- Miss Zama W. Dube
(204001203)**

Your application for permit refers.

You are herewith granted permission to conduct a study titled "Factors influencing retirement planning and savings of municipal employees in KwaZulu- Natal- A case of KwaZulu Natal Joint Municipal Pension/Provident Funds.

The permit is valid for the period not exceeding 12 months effective 3 October

2022 to 2 October 2023.

The permit is granted subject to the following conditions;

1. Copies of the final product of the study are sent to the KwaZulu Natal Joint Municipal Pension / Provident Funds via the address furnished above.
2. You conduct your study according to the information contained in the application you submitted.

Yours faithfully

[REDACTED]
B.C. Mkhize

Position: CEO/ Principal Officer

Who warrants that he is duly authorized to sign on behalf of KwaZulu-Natal Joint Municipal Pension / Provident

Your Anchor in Uncertain Storms

5 Derby Place, University Road, Westville 3630 | PO Box 33, Westwood 3633 | Telephone 086 106 5673 | Fax 031 266 6715 | www.njmpf.co.za

APPENDIX E: ETHICAL CLEARANCE



10 January 2023

Zama Win-Frida Dube (204001203)
School of Management, IT & Governance
Westville Campus

Dear ZW Dube,

Protocol reference number: HSSREC/00005006/2022

Original title: Factors influencing retirement planning and savings of municipal employees in KwaZulu-Natal - A case of KwaZulu-Natal Joint Municipal Pension/Provident Funds

Degree: Masters

Approval Notification – Expedited Application

This letter serves to notify you that your application received on 17 November 2022 in connection with the above, was reviewed by the Humanities and Social Sciences Research Ethics Committee (HSSREC) and the protocol has been granted **FULL APPROVAL**.

Any alteration/s to the approved research protocol i.e. Questionnaire/Interview Schedule, Informed Consent Form, Title of the Project, Location of the Study, Research Approach and Methods must be reviewed and approved through the amendment/modification prior to its implementation. In case you have further queries, please quote the above reference number. PLEASE NOTE: Research data should be securely stored in the discipline/departments for a period of 5 years.

This approval is valid until 10 January 2024.

To ensure uninterrupted approval of this study beyond the approval expiry date, a progress report must be submitted to the Research Office on the appropriate form 2 - 3 months before the expiry date. A close-out report to be submitted when study is finished.

HSSREC is registered with the South African National Research Ethics Council (REC-040414-040).

Yours sincerely,



Professor Dipane Hlalele (Chair)

/ms

Humanities and Social Sciences Research Ethics Committee

Postal Address: Private Bag X54001, Durban, 4000, South Africa

Telephone: +27 (0)31 260 8350/4557/3587 Email: hssrec@ukzn.ac.za Website: <http://research.ukzn.ac.za/Research-Ethics>

Founding Campuses:  Edgewood  Howard College  Medical School  Pietermaritzburg  Westville

INSPIRING GREATNESS

APPENDIX F: LANGUAGE EDITING CERTIFICATE



LANGUAGE & COPY-EDITING CERTIFICATE

7TH November 2023

RE: LANGUAGE, COPYEDITING AND PROOFREADING OF ZAMA W DUBE'S THESIS FOR THE MASTER OF COMMERCE DEGREE ENTITLED: FACTORS INFLUENCING RETIREMENT PLANNING AND SAVING OF MUNICIPAL EMPLOYEES IN KWAZULU NATAL. A CASE OF KWAZULU NATAL JOINT PENSION/PROVIDENT FUND.

I declare that I professionally copyedited and proofread the thesis and removed mistakes and errors in spelling, grammar, and punctuation. In some cases, I improved sentence construction without changing the content provided by the student. I also removed some typographical errors from the thesis and formalised the thesis so that it complies with the University of KwaZulu Natal guidelines.

I am a trained and qualified language and copy editor. I have edited many Postgraduate diplomas, master's thesis, Dissertations and Doctoral thesis for students studying at universities in South Africa and abroad. I have also copy-edited company documents for organisations in the region and overseas.

Please feel free to contact me should the need arise.

Yours Sincerely



Kelvin S Brodick

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