UNIVERSITY OF CAPE COAST

FINANCIAL LITERACY AND SAVING BEHAVIOUR AMONG TEACHING AND NON-TEACHING STAFF OF SWEDRU SCHOOL OF BUSINESS

BY

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DECLARATION

Candidate's Declaration

I hereby declare that this dissertation is the result of my own original research and that no part of it has been presented for another degree in this university or elsewhere unless quote which have been duly referenced.

Candidate's Signature: .... Date…………………….......

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Supervisor's Declaration

I hereby declare that the preparation and presentation of this dissertation was supervised in accordance with the guidelines on supervision of dissertation laid down by the University of Cape Coast.

Supervisor's Signature: …………………….. Date: ………………

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ABSTRACT

The aim of this study was to compare the financial literacy and saving behaviour among teaching and non-teaching staff of Swedru School of Business. A total of 194 staff comprising of one hundred and twenty-five (125) teaching staff and sixty-nine (69) non-teaching staff were selected for the study. Data was collected through the use of questionnaire. Based on the findings it was established that teaching staff exhibited knowledge on personal finance and knowledge on insurance than non-teaching staff. However, non-teaching staff had knowledge on savings and borrowings, knowledge in retirement planning and exposure to financial and monetary issues than teaching staff. In terms of general knowledge on personal finance, knowledge in savings and borrowings, knowledge on retirement planning and knowledge in insurance, males showed much knowledge than females. It was also confirmed that gender, age, marital status and educational level are determinants of financial literacy. The study recommended that workshops should be organised by Welfare Committee of Swedru School of Business on personal finance; so as to ensure prudent and efficient personal financial management practices especially, among the non-teaching staff.

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DEDICATION

To my late parents Hannah Akrasi and Paul Appiah.

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LIST OF ACRONYMS

DFID	-	Department for International Development
GDP	-	Gross Domestic Products
GLSS	-	Ghana Living Standard Survey
NGO	-	Non-Governmental Organization
OECD	-	Organisation for Economic Co-operation and Development
PACFL	-	President's Advisory Council on Financial Literacy
SWESBUS	-	Swedru School of Business
TIPCEE	-	United States agency for international development competitive export economy

CHAPTER ONE

INTRODUCTION

The dearth of research relating specifically to financial literacy among salaried workers especially teachers in particular on how financial literacy influence their saving behaviour and how to prepare towards retirement is a paramount concern in Ghana and for that matter Swedru in the Central Region of Ghana. Moreover, individuals in this district especially teaching and non-teaching staff may not have the required skills and ability to perform the calculations inherent in devising a saving plan. Therefore, the relevance of personal finance cannot be overlooked since they have a direct impact on individuals' quality of life.

Background to the Study

The ability to manage personal finances has become increasingly important in today's world. People must plan for long-term investments for their retirement as well as their children's education. They must also decide on short-term savings and borrowing for a vacation, education, emergency, a house, a car loan, and other items. Additionally, they must manage their own medical and life insurance needs (Chen & Volpe, 1998). According to Greenspan (2003), today's financial world is highly complex when compared with that of a generation ago. He noted that forty years ago, a simple understanding of how to maintain a current and savings account at local banks and savings institutions may have been sufficient. Now, consumers must be able to differentiate between a wide range of financial products and services, and providers of those products and services.

Increasingly, individuals are in charge of their own financial security and are confronted with ever more complex financial instruments. However, there is evidence that many individuals are not well-equipped to make sound financial decisions (Lusardi, 2008). Studies in the United States of America have shown that people have inadequate knowledge of personal finances (KPMG, 1995). They fail to make correct decisions because they have not received a sound personal finance education (Hira, 1993; O'Neill, 1993). From Lusardi and Mitchell (2014), results from both developed and developing countries indicate low financial literacy level; low skills and knowledge on basic individual financial management concepts and banking practices. This has resulted in the increasing new buzz around financial literacy through conscious education. The Economist refers to this as the global crusade which is under way to teach personal finance to the masses so as to make them literate in finance (Padoan, 2008).

Financial literacy is the ability to understand finance. More specifically, it refers to the set of skills and knowledge that allows an individual to make informed and effective decisions through their understanding of finances. Financial literacy is more than a measure of knowledge, it also reflects competency in actively managing one's own money from the point of accumulation to the point of consumption (Remund, 2010). Financial literacy seems more important now. Financial institutions, the student loan community, financial professionals and educators, and others from the United States of America and some European countries have identified personal financial management education as a priority (Cude, 2010).

Financial education can benefit consumers of all ages and income levels. For young adults who are just starting their working lives, it can provide basic tools for budgeting and saving so that expenses and debt can be kept under control. In a survey of 3,500 randomly selected Australian adults, Australia and New Zealand Banking Group (ANZ) (2008) emphasizes that most people overrate their financial capability and therefore financial education ensures that people have a realistic view of their own financial knowledge and accordingly approach investments and financial decisions with the caution that their particular level of understanding warrants. Financial education can help families acquire the discipline to save for a home of their own and/or for their children's education. It can help older workers ensure that they have enough savings for a comfortable retirement by providing them with the information and skills to make wise investment choices with both their pension plans and any individual savings plans.

Money is an inextricable part of our life. People toil to earn money to purchase a house, to marry off their children, to live and to eat. So, saving is necessary to survive. Savings means different things to different individuals from different economic status. To a group of people, saving is keeping money in a bank. People sometime believe that individual with high incomes save more than those with small income. A study by Karlan and Morduch (2009) to find the difference among the rich and the poor in terms of savings shows that, though the poor have fairly low income, it does not imply that they are unable to save at all. Saving is very essential and there is a lot of evidence to demonstrate its benefits to individuals and households, not excluding low income earners (Chowa, Ansong & Masa, 2010).

To save means to put aside a portion of income, deferring its consumption until a future date. Saving means the total accumulated amount of income that is not spent on consumption. The saving behaviour of the individual is influence by capital income, interest rate, fiscal policy and government savings. Studies also indicate that the saving behaviour of the individual is influence by financial literacy (Banks, O"Dea, & Oldfield, 2009; Jappelli & Padula, 2011).

Statement of the Problem

According to the Harian (2016), being financial literate means that the individual would benefit from a palette of abilities and attitudes such as comprehension of the money management concept, the knowledge of financial institution and also attitudes which enable effective responsible management of their financial affair. The theory of planned behaviour explains how individuals' attitude and intention variables can be combined to influence behaviour change. Financial literacy is however the main antinodes to changing individual behaviour/attitude towards savings behaviour, money management and debt reduction.

A well institutionalized savings provide several benefits for the individual (Loayza, Schmidt-Hebbel & Servén, 2000). These benefits include interest earn on incomes, induce investment purposes, building of credit rating and as collateral security, achieve the feeling of self-reliance and security for the family. Factors likely to influence savings behaviour include: government monetary and fiscal policy, social security system, economic growth, development of financial market, terms of trade, macroeconomic stability, demographics and financial literacy (Ziorklui & Barbie, 2003).

Teachers are an important force in our society, not only because of their sheer numbers but much more because they are guarantors of the education of future generations, especially in the developing countries like Ghana. A teacher enjoys the privileged position of unleashing the human potential of students within the formal education system and thereby transforming the individuals, families, communities and society-at-large. The quality of teachers' life is closely tied to the level or standard of living maintained by that person. The presence or absence of certain material items, such as home, cars, jewellery is commonly associated with standard of life. The ability to spend money for entertainment, health, education, variety in life, art, music and travel also contribute to the standard of life (Achar, 2012). Therefore, staffs needs to be aware of financial issues and savings.

Thus management of personal finance i.e. income, consumption saving and investment has a great impact on standard of living. So attitude of teachers towards consumption, savings and investment would reflect their economic behaviour, which would influence quality of life and in turn influence their profession and the education system. All these maybe possible depending upon the level of financial literacy the teacher or person is and some individual characteristics such as age, income status, marital status, number of children among others. Most of the researches conducted so far focus on the capital towns such as Accra, Kumasi, Tema, Takoradi and also among people such as students, nurses, lecturers, households and even parliamentarians (Akomea-Frimpong, 2017; Valentine & Khayum, 2005; Lusardi, Mitchell & Curto, 2008).

At the backdrop of this that the study sought to investigate the effect of financial literacy rate on the teaching and non-teaching staff of Swedru School of Business (SWEBU) in the Central region. In view of this, the study sought to find answers to questions including; whether the staff of SWEBU were aware of financial literacy? Whether there are difference between socio-demographic characteristics of the staff and financial literacy rate and whether there is relationship between financial literacy and savings behaviour of the staff of Swedru School of Business.

Purpose of the Study

The main purpose of the study was to compare the financial literacy and saving behaviour among teaching and non-teaching staff of Swedru School of Business.

Research Objectives

1. determine the extent of financial literacy among teaching and non-teaching staff of Swedru School of Business.
2. examine the relationship between financial knowledge and savings behaviour
3. determine differences in financial knowledge as per among teaching and non-teaching staff base on sex.

4. Examine the effect of socio-demographic characteristics on financial literacy

Research Questions

In order to examine the stated problem and in pursuit of the broad objectives, the study seeks to answer the following specific questions.

1. What is the level of financial literacy among teaching and non-teaching staff of Swedru School of Business?
2. What is the relationship between financial knowledge and savings behavior?
3. What are the differences in financial knowledge as per among teaching and non-teaching staff base on sex?
4. What are the effects of socio-demographic characteristics on financial literacy?

Hypotheses

H_0: There is no statistical significant difference between sex and financial literacy

H_1: There is a statistical significant difference between sex and financial literacy

H_0: There is no statistical significant difference between status of staff (teaching or non-teaching) and financial literacy

H_1: There is a statistical significant difference between status of staff (teaching or non-teaching) and financial literacy

Delimitation of the Study

This study was conducted at SWESBUS which is located in Nkubem on Otaapriw road, Agona Swedru in the Central Region. Both the teaching and the non-teaching staff were targeted for the study. Questionnaires constituted the research instruments and they were designed to be answered by the respondents.

Limitation of the Study

Recommendations made based on the survey results along with trends or patterns identified in the results of the study must be properly understood as being limited to the school where the research was not conducted. This limits the general application of the results. Moreover, due to financial and time constraints, a sample was taken to take part in the study instead of the entire teaching and non-teaching staff. This true representation of the populations by sample could be limited by the choice of sampling method. Furthermore, the study was concerned with only issues regarding financial issues and saving behaviour of the teaching and non-teaching staff.

Significance of the Study

By assessing the financial literacy levels of the teachers and non-teaching staff, one can understand better, the financial habits and behaviours of the teachers. It also adds to the available literature in the field and helps create the necessary atmosphere for future studies in Ghana as well as other developing countries. This research could also be a source of useful information for financial education programmes in Ghana. The useful recommendations that are provided below can be adopted to improve teachers and other workers' finance capabilities of which in the long-run will affect the economy at large.

Results of the study are of interest to policymakers concerned with financial well-being and the balance between personal and institutional responsibility. Targeting financial education programmes to the groups that need them most could increase their effectiveness. Information on factors that influence the accumulation of financial knowledge reported in this study can aid policymakers trying to help workers navigate today's increasingly complex financial marketplace. Understanding the relationship between financial literacy levels and saving behaviour can help policymakers design effective interventions targeted at the working population.

This research adds to the Organisation for Economic Co-operation and Development (OECD), the Department for International Development (DFID), and the World Bank programme in promoting financial literacy in developing and emerging markets because of the positive direct impact this can have on access to finance and savings, which in turn support livelihoods, economic growth, sound financial systems, and poverty reduction.

Organization of the Study

The study was organised into five main chapters. Chapter one contains introduction of the study including the background of the study, statement of the problem of the study, purpose of the study and questions, significance of the study, delimitation of the study and the limitations associated with the study. Chapter Two focuses on review of literature on the previous works related to financial literacy and savings behaviour among teachers. The details of research method and the study area were captured under Chapter Three while Chapter Four entails data presentation and analysis. The last chapter covers summary, conclusions and recommendations of the study.

CHAPTER TWO

LITERATURE REVIEW

Introduction

This chapter focused on a review of related literature by researchers, documents from institutions and governmental bodies relating to the financial literacy and savings behaviour. The literature review provides background and justification for the research undertaken. The review however was based on these thematic areas; definition and overview of financial literacy, financial literacy in ghana, factors influencing financial literacy, relationship between financial literacy and saving behaviour, and concept of saving. Lastly, the theories such as life-cycle model and Permanent-income hypothesis were discussed.

Definition and Overview of Financial Literacy

The emphasis on financial literacy by many stakeholders have a direct connection with the subject matter under study. Hogarth (2002) defined financial literacy as the way people manage their money in terms of insuring, investing and budgeting. He further added that financial literacy is basically being knowledgeable, educated and informed on the issues of money and assets, banking, investments, credit, insurance and taxes; understanding the basic concepts underlying the management of money and assets (e.g. the time value of money in investment and the pooling of risks in insurance as well as using that knowledge and skills to plan and implement financial decision.

In addition to the above definition of financial literacy, Worthington (2006) classified his definition of financial literacy into two major categories:

Broad and Narrow. A broad definition of financial literacy adopts an understanding of economics and how economic conditions and circumstances can affect household decisions. A narrow definition on the other hand focuses on basic money management tools such as budgeting, savings, investing and insurance.

Financial literacy is defined by Remund (2010) as a measure of the degree of which one understands key financial concepts and possesses the ability and confidence to manage personal finances through appropriate, short-term decision-making and sound long-range financial planning, while mindful of life events and changing economic conditions. Huston (2010) recommended that financial literacy should also include application of financial knowledge. Also Huston (2010) defined financial literacy as a skill that can help people to make financial decisions effectively. People who are financially literate should have basic understanding of the financial concepts such as interest rate, inflation rate, compound interest, and risk (Huston, 2010).

Servon and Kaestner (2008) also gave a simple definition of financial literacy, referring to it as a person's ability to understand and make use of financial concepts. From the definitions so far, it brings to light three key fundamental terms. These are financial education, financial capability and financial literacy. These terms have overlaps in meaning and function which most often causes some level of confusion among consumers (Cohen & Nelson, 2011).

Financial Literacy in Ghana

It is an undeniable fact that a number of studies have been conducted in line with financial literacy in most advanced countries, yet little or no attention is given to similar research and study into financial literacy and its effects on financial decisions in most developing economies especially Ghana. This has resulted in the financial literacy gap between the advanced countries and developing ones particularly Ghana. Personal finance has been identified to be extremely low in Ghana especially amongst rural dwellers in the country. Research conducted among Ghanaian adults in 2009 shows that the level of personal finance is about 38% indicating that it is extremely low compared to other part of the country (Akomea-Frimpong, 2017).

The United States Agency for International Development Competitive Export Economy (TIPCEE) conducted another research indicating that there is low level of financial literacy in Ghana. In view of the above an academic research work conducted in the country concludes that there is the need to make all citizens aware of the various financial opportunities in the financial landscape for them to access (Akomea-Frimpong, 2017). For accelerated growth and development in this country to be met, financial literacy education must be brought to the door steps of individual Ghanaians since personal finance has been revealed to be extremely low. The greatest machinery for development in Ghana can be described as financial literacy. This is due to the fact that a well- informed financial decision made on savings, budgeting, investment and management of debt plays an important role in the economic development of a country.

Again, high level of indebtedness, improper financial management would be minimize with the advent of financial literacy, hence economic development. It is for these reasons why most developed countries pay greater attention to financial literacy. As a result of this, the government of Ghana in order to address these issues launched the financial literacy week in the country. The rationale behind this programme was to improve the understanding and create awareness of Ghanaians on the need for financial literacy. The financial literacy week is therefore seen as a platform that will help impact into individuals' necessary financial education which is intended to make individuals appreciate and make sound decisions on investments, savings, household budgets and debt management for themselves and family at large (Akomea-Frimpong, 2017).

Financial Education

This is the process whereby the individual builds up a set of skills, attitudes and knowledge to be financially literate. Financial education gives people an introduction to the concept of money management such as savings, investing, spending, earning and borrowing (Atakora, 2016). Financial education helps people to make decisions which are proactive but not reactive which helps them to make salient financial decisions to achieve their goals. Financial education builds and promotes a set of skills, attitudes and behaviour in using financial services and products and making effective use of real financial assets. Financial education, therefore, is a means in achieving financial literacy whereas financial literacy is important for effective consumer protection (Lusardi & Mitchell, 2006).

Financial Capability

Financial capability takes a critical look at the "use factor" – that is the individual's capability and opportunity to make use of the skills and knowledge implied and acquired in financial education (Jose, Rugimbana, & Gatfield, 2012). It is the concept that connects the financial system to the individual. Institutionally, financial capability presumes that individuals who have financial knowledge are able to assess financial services which are user–friendly and caters for the low–income consumer with suitable services and products (Osei, 2015).

Building financial capability, which is the mixture of attitudes, knowledge and skills with the prospects of applying them, therefore, needs the involvement of various sources which includes those that are geared towards educating the customer and those geared towards selling the products (Bayrakdaroğlu, 2015). This means that the individual is not entirely responsible for making all the decisions with regards to the financial tools and strategies that he uses. The argument here is that it is a two dimensional concept in building financial capabilities: on one hand, consumers have a duty of educating themselves about the financial services and products that they purchase.

On the other hand, financial services providers also have a duty to study and understand the market, design a variety of affordable and appropriate products such as insurance products, payment services, credit and savings accounts and the provision of avenues and systems to receive and possibly send remittances cheaply. Financial institutions, therefore, need to 'get into the minds' of their customers. That is to say, they need to be able to determine the needs of the clients and design appropriate products to meet those needs on their clients terms and not necessarily the institution's terms. This has to be done in an environment of transparency that will expedite the clients' ability to make decisions and also authenticate the expectations about what the consumer does or does not understand about their services or products (Osei, 2015).

Personal Finance

Personal Finance involves all financial decisions and activities of an individual, including budgeting, insurance, savings, investing, debt servicing, mortgages and more (Jariwala & Sharma, 2013). Personal financial decisions may involve paying for education, financing durable goods such as real estate and cars, buying insurance, e.g. health and property insurance, investing and saving for retirement (Lusardi & Mitchell, 2011). The key issue to personal finance is personal financial planning. The Financial Planning Standards Board outlined six major areas of personal financial planning as Financial Position, Adequate Protection, Tax Planning, Investment and Accumulating goal, Retirement Planning and Estate Planning (Atakora, 2016).

Financial Position

This is the situation where by ones understanding on his or her personal resources are made clear by determining the net worth and household cash flow (Hussein & Anood, 2009). Net worth on a person's balance sheet is calculated by adding up all assets under that person's balance sheet minus all liabilities of the household at one point in time. Household cash flow totals up all the expected sources of income within a year, minus all expected expenses within the same year. From this analysis, the financial planner can determine to what degree and in what time the personal goals can be accomplished (Financial Planning Standards Board (FPSB), 2011; Worthington, 2006).

Adequate Protection

FPSB (2011) defined adequate protection as the analysis of how to protect a household from unforeseen circumstances or risks. These risks can be classified into property, long term care, liability and death. Some of this risk may be self-insurable, while most will require the purchase of an insurance contract. In determining how much insurance that will be needed at the most cost effective manner, it requires adequate knowledge of the financial market for personal insurance (Owusu, 2015). Business owners, professionals, athletes and entertainers require specialized insurance professionals to adequately protect themselves. Since insurance also enjoys some tax benefits, utilizing insurance investment products may be a critical piece of the overall investment planning (Lusardi & Mitchell, 2008).

Tax Planning

Managing taxes is not a question of one’s will to pay taxes, but when and how much tax are to be paid. Government gives many incentives in the form of tax deductions and credits, which can be used to reduce the lifetime tax burden (Mandell, 1998). Most modern governments use a progressive tax. Typically, as one's income grows, a higher marginal rate of tax must be paid. Understanding how to take advantage of the myriad tax breaks when planning one's personal finances can make a significant impact (Mahfudh, 2014).

Factors Influencing Financial Literacy

Studies show that, factors that influence financial literacy are: age, gender, educational level, marital status, personal income and employment status (Lusardi & Mitchell, 2009, 2011). These factors are being discussed as below:

Age

Lusardi and Mitchell (2006) added that individuals within the ages of 51 to 56 years are the least financially literate. They would not work out simple interest-rate calculations and are unaware of the concepts of inflation and risk diversification. A similar case was recorded by Owusu (2015) who conducted a study at Sekyere East District. His findings revealed that most Ghanaians within the ages of 20 – 30 and those above 60 years are mostly financially illiterate. A further study by Lusardi, Mitchell, and Curto (2008) find that, less than 33% of their respondents understand interest rates, inflation and risk diversification. Almenberg and Säve-Söderbergh (2011) observe in their study in Sweden that, the ages between 35 and 50 demonstrate the highest levels of financial literacy and those from 65years and above have the poor performance. A study conducted by Lusardi, Mitchell and Curto (2008), revealed that financial literacy is very low among young individuals but strongly related to socio-demographic characteristics and family financial background. These findings have very strong implications for stakeholders. It was envisaged from the study that as individuals approaches their retirement age he or she is expected to increase in financial literacy level since such individual have to save and prepare for retirement.

Gender

Studies have argued that men perform well in financial literacy tests than women (Goldsmith & Goldsmith,1997; Lusardi & Mitchell, 2006; Monticone, 2010; Almenberg & Säve-Söderbergh, 2011). According to Goldsmith and Goldsmith (1997), women get grades worse than men in their assessment test since women are not very much interested in investment and personal finance issues. Chen and Volpe (1998) also added that men are well-informed when it comes to insurance and personal loans as compare to women who are conversant in financial areas like taxes, personal financial planning, spending and saving. Amponsah (2015) also makes it clear that, as far as markets and investments are concerned, men are more knowledgeable than women. Women possess less awareness about financial market and investment avenues.

Education

Financial literacy can be said to be the ability to understand finance. A study by Valentine and Khayum (2005) on individual financial literacy in Southwestern Indiana concluded that there is deficiency of financial literacy in the midst of high school students. Generally, the ordinary student who has completed high school lack basic financial skills and so, most of these high school graduates are not ready to discuss financial matters (Johnson & Sherraden, 2007).

Ansong (2011) investigated the knowledge level of university freshmen business students in University of Cape Coast, Ghana. He found that there was a low financial illiteracy among them. Studies have found out that individuals who completed university are more likely to be financially well-informed than those with low level of education (Lusardi & Mitchell (2006, 2008); Almenberg & Säve-Söderbergh, 2011).

Lusardi and Mitchell (2008) studied this issue into detail and envisaged the possible challenges women are likely to face in making financial decisions especially when they lose their spouses. Again, the level of financial literacy varies widely among education groups (Cole & Gauri, 2009). It was found out in the work of Lusardi (2008) that only half of the respondents with less than a high school education correctly answered questions requiring simple interest rate calculation and about 20% of the respondents said they do not know the answer to the question. Risk diversification questions were incorrectly answered by a number of respondents without college certificate.

Marital Status

Study by Marzieh and Kanuk (2013) reveals that married persons are more financially literate than those who are single. To them, higher level of financial literacy brings about better financial well-being. This was also supported by Atakora (2016) who stated that married people tend to make more financially sound decisions than their counterparts who are not married.

Relationship between Financial Literacy and Saving Behaviour

Absence of financial literacy can be said to hinder the capability of persons to make well-informed financial decisions. Due to this, positive relationships that exist between financial knowledge and financial behaviour have been acknowledged by Hilgert, Hogarth and Sondra (2003). A study by Hilgert, Hogarth and Sondra (2003) provided some connection between financial knowledge and financial behaviour. Their research indicated that persons with higher level of financial knowledge are likely to involve themselves in financial products and services, cash flows management, saving and investment. Not only does financial literacy predicts investment at individual levels, it also predicts investment at cross-country level.

Jappelli and Padula (2011) examined reports from thirty nine (39) nations and found that financial literacy is a factor that determines the level of national investment. Analysing individuals' behaviour in developed countries revealed that financial literacy has critical implications for retirement arrangement and investment decisions.

It is revealed by Lusardi and Mitchell (2006) that financial illiterate in developed countries are less likely to invest towards retirement. This argument is been supported by Banks, O‟Dea and Oldfield (2009) who observed that the more financially individuals are more likely to be ready to retire and have higher retirement income. A study on developing nations by Klapper and Panos (2011) examined the impact of financial literacy on the retirement investment in Russia. They discovered that higher financial literacy is positively related to retirement planning. Numerous works also revealed that low financial literacy translates into lack of retirement planning (Alessie, Lusardi & van Rooij, 2008; Lusardi & Mitchell, 2009). Hastings and Mitchell (2011) explained through their studies that there is strong correlation between investment in low cost fund and financial literacy. To them, individuals with high literacy level consider more about the fund expenses and more likely to choose low cost funds.

Measuring Financial Literacy

The tools for measuring financial literacy vary substantially. Most researchers identify a variety of concepts that an individual who have participated in a financial literacy programme must understand to be considered financially literate. The most basic of these concepts are household cash flows, having an emergency fund and the reasons for it, understanding the capital market systems and financial institutions and the fundamentals of credit granting. What is included in the concepts to be studied will invariably have an impact on how financial literacy will be measured.

It has come out that people often perceive to know more than they actually do, not only in financial education (OECD, 2005) but also across a wide range of activities and knowledge. It must be noted that although perceived knowledge and actual knowledge are often correlated, the correlation is often minimal. Agnew and Szykman (2005) in their research found that correlation between perceived and actual financial knowledge range from 10 to 0.78 with a median correlation of 0.49 across 20 categories. Such variations have also been documented in other subject areas which are non-financial. Care should, therefore, be exercised when using perceived knowledge as a proxy for actual knowledge.

New evidence suggested that perceived knowledge have a predictive ability of its own, which may be over and above actual knowledge. This trend may actually be explained by the fact that most individuals do not know the magnitude of their actual knowledge. They therefore decide on their actions depending on what and how much they perceive to know (Lusardi & Mitchell, 2007).

It is important to make a distinction between financial knowledge, ability and behaviour and not to conflict them. Knowing how financial systems work will most likely form the basis for one's financial skills (e.g. navigating an investment site, negotiating mortgage terms) and also financial behaviour. However, there are other factors that influence skills and behaviour, e.g. access to resources and social networks. Therefore it is important to know the differences between perceived knowledge, actual knowledge and the ability to use that knowledge and actual behaviour. Finally, numeracy tests have been used as a measure of financial literacy by some studies (Lusardi & Mitchell, 2007). Basic number skills or numeracy is considered to be a distinctive measure that relates to and support financial literacy.

Concept of Saving

Saving is a common word used by individuals on daily basis. It simply means putting something aside for future use or what will be considered as deferred expenditure. Several definitions of savings exist as there are about people who write on the topic. According to Miller and VanHoose (2001) savings is a foregone consumption. They explained forgone consumption as when one does not spend all the income that is earned within a given period. To Miller and VanHoose (2001), once part of what is earned today is left for future use, there is savings.

On his part, Ahmed (2002) put it in a simple language as “putting money aside for future use”. He argued that savings is the result of careful management of income and expenditure, so that there is something left to be put aside for future use. Other writers on the topic such as Smith (1991), attempts to explain the concept of savings mathematically as: Income - Consumption = Savings. Railly (1992) agrees with Smith (1991) and further argued that, to save money families can put the money under their bed or burry it in the backyard until some future ‘time when consumptions exceeds current income’.

Motives for Saving

Economists identify two distinct motives for saving. The first is the precautionary motive; future income is uncertain and if people are risk averse it then makes sense to abstain from consuming income completely immediately so that a reserve is available to maintain consumption should income be lower than expected. The second motive is the life-cycle motive. People typically plan to retire; in order to finance their spending in retirement they need to save up out of their earnings while they work (Miller & VanHoose, 2001).

In a static economy with a stable population precautionary saving in aggregate would be positive in normal years and negative in abnormal years. But one might expect it would be zero on average. Similarly the saving of young people to provide for their retirement would be balanced by the withdrawals of people who had already retired, so that there would be no net life-cycle saving (Quartey & Blankson, 2005).

But in a growing economy positive saving would normally be expected. Young people aspire to living standards in retirement higher than those enjoyed by current old people, so their saving has to exceed to the accumulation of wealth carried out by old people; the faster the rate of growth the higher the required rate of saving. Similarly it is quite likely that, as people's incomes increase their desire to be protected from now larger income shocks will also increase. Thus the balance of wealth held for precautionary reasons will tend to increase over time and positive saving will also be required to deliver this (Miller & VanHoose, 2001).

Savings Behaviour of Individuals

Savings have been identified as an ingredient that benefits not only to a household but to the entire nation. This is as a result of its remarkable contributions in serving as the basis for long term investment and infrastructural development for every country that is eager to promote its economy. Again, savings serves as the bedrock for nations to hedge against in times of economic downturns and financial crises.

Chuna (2009) argued that policies which support savings should be carried out because savings is a source of economic development through its effect on capital structure. In conclusion high savings rate displays a 'boosting economy' rather than a 'freezing economy.' The issues relating to savings behaviour of individuals can be likened to the Theory of Planed Behaviour (TPB). This theory states that, an individual's intention is determined by his or her attitudes to act or to perform an intended behaviour influences the overall behaviour **(**Ajzen, 1991, 2012). The theory of planned behaviour explains how individuals' attitude and intention variables can be combined to influence behaviour change. Financial education is however the main antinodes to changing individual behaviour/attitude towards savings behaviour, money management and debt reduction.

Another factor that is said to influence human behaviour towards savings is the Life Cycle Savings Theory. This theory posited that, individuals will follow a hump-shaped savings pattern or their lifetime. During high earnings period of employment, individuals will save increasing amount and smooth out expenditure. During low income levels on the other hand, (example prior to employment earnings period and later during retirement), people will use up their savings to find their life time spending needs.

Other study shows that men have higher savings behaviour than women. A typical example can be cited on the work of Gottschalck (2006) whose study was conducted in the United States posits that financial behaviour and levels of savings are significantly different between genders. Since women generally have lower earnings they tend to have lower savings and wealth as opposed to men. Risk aversion is related to financial decision making. Croson and Gneezy (2009) show that there is a significant different in risk taking between men and women such that women are more risk averse compared to men.

Factors that influence savings

There are several reasons why families will want to put aside part of what is earned today for use in the future. Olson and DeFrain (2000) argued that the most important reason why families save is to 'prepare for the possibility of financial crisis, accidents, illness, pregnancy, job loss, divorce and many other crisis, financial gains. This argument was also advanced by Ahmed (2002) and Landburg and Feistone (1976). In addition to these, Smith (1991) added the accumulation of funds for planned major expenditure and to defray expensive costs as the reasons why families save money. Another reason why families may want to save money is to enable them to access credit facilities from the institutions that they save with.

The factors that influence savings behaviour are many, complex and often interrelated. However, the several determinants widely accepted among economists (which apply to personal finance as well) can be classified into policy and non-policy factors. The main policy variables that have been thought to influence saving behaviour are fiscal policy and government saving, social security arrangements, financial market development, and macroeconomic stability (Hastings & Mitchell, 2011). The non-policy factors most likely to affect saving are growth, demographics, and external factors. While the separation between policy and non-policy factors is open to debate, its purpose is to convey the idea that policymakers have a direct influence on only some of the variables that affect saving, whiles individuals and families themselves also have some amount of influence on savings. Other factors, such as growth, demographics, and external factors, including the terms of trade have been identified as exerting some influence on savings (Lusardi & Mitchell, 2009).

Demographics factors include all the socioeconomic characteristics of a population given to age, sex, religion, marital status, educational level, income, job, birth rate, death rate, family size and marriage age. Demographic factors demonstrate to be one of the principal determinants of saving rate. In the study of the determinants of household savings in Nigeria, Akpokodje et al (2004) detected that, the influence of demographic factors is significant in savings.

The life cycle hypothesis implies that demographic variables affect savings rates (Fraenkel & Wallen, 2000). The dependency ratio which is defined as the share of population under age fifteen or over sixty-five is the most popular demographic variable used in savings literature. The young and the elderly are expected to consume out of past savings while the persons of working age are expected to accumulate savings. It is also indicated that there is a close causal link between the development of well-organized capital markets and the number of children in the family (Miller & VanHoose, 2001). Both are perceived as alternative means of maintaining income in old age. Therefore, as a country becomes more developed, the age structure is likely to change and higher savings rates are likely to replace the benefits expected from children. The lower savings propensity of U.S. households in comparison to German households was attributed to the different age structure in the two countries.

The life cycle model in the study of Attanasio and Banks (2001) postulated that age composition of the population has a significant bearing on savings behaviour in developing nations. The youth and the aged have low incomes and low savings. Those in middle age have higher productivity, income and save more to repay past obligations and to finance their retirement.

Additionally, the changing age structure of the population, and especially the rise in the share of the population over the age of sixty-five in the United States from the 1950s to the 1980s resulted in the reduction of personal savings rate. On the other hand, Cornia and Jerger (1982) using ILO statistics, showed that household size contributes to savings only for middle and higher income economies, and does not have any significant effect in developing countries .The same conclusion was reached by Ahmed (2002) who studied the population growth and savings in Turkey; family size does not exert any significant influence on savings.

Zorklu and Barbie (2003) in their study, tried to examine the impact of financial sector reforms on private savings and found out that the financial sector reforms fail to achieve its intended purpose of enhancing savings rates in Ghana. The explanation for this is that during the reform period, interest rates on savings was in real terms negative as a result of the high inflationary rates at the time of the reforms. This situation still exists where interest paid on savings account is far lower than inflation. This finding is a confirmation of an earlier one by Gockel and Akoena (2002) and Gockel and Brownbridge (1998).

In Ghana, with regards to savings with both formal and informal institutions, Quartey and Blankson (2005) found that the proportion of households who hold savings accounts is still very low and that children form over sixty percent of peoples with savings account. The low savings in Ghana, as indicated by the above finding, could be due to the inadequate financial intermediaries as well as low incomes of the populace (Miller & VanHoose, 2001).

In a careful analysis of the Ghana Living Standards Survey III and IV by Quartey and Blankson (2005) found that household investment in domestic appliances such as sewing machine, furniture and radio and a means of transport increased between 1991/92 and 1998/9. Interestingly, however, it was observed that the proportion of households who owned land, house and plot of land as well as those who invested in shares declined within the same period. All these findings are clear indications of the fact that savings in Ghana is generally low and that most Ghanaians will prefer to save in the form of tangible asset like buying properties rather than putting the money in savings accounts where the real value of the money stands a chance to erode as a result of inflation (Miller & VanHoose, 2001).

Theoretical Perspectives

This study is guided by theories such as the life-cycle model and the *Permanent-income hypothesis*.

Life-cycle model

Modigliani's model emphasized how saving could be used to transfer purchasing power from one phase of life to another. In early life, labour income is usually low relative to later working years. Income typically peaks in the last part of the working life, then drops at retirement. Consumers who wish to smooth consumption would prefer to borrow during the early low-income years, repay those loans and build up wealth during the high-income years, then spend off the accrued savings during retirement. Implicit in the life-cycle approach is the idea of a lifetime budget constraint that links consumption at various dates during the lifetime.

The early empirical tests of the life-cycle model were tests of whether wealth and the interest rate explained consumption better than current disposable income. Although some successful results were obtained, empirical work was bedeviled by the difficulty of measuring the stock of wealth accurately. In general, government statisticians are much more successful at measuring flows than stocks. Stocks are more difficult to measure for at least three reasons. First, because flows "move," it is easier to count them (and harder to hide them) than stocks of assets that may "hide" in someone's possession for many years. Second, income, sales, and expenditures are often taxed, which means that the government has good reasons for measuring these flows as accurately as possible. The final reason that flows are easier to measure than stocks is that their value is usually easier to determine. Most economic variables are aggregated in terms of their dollar value (Hall & Compton, 1972).

Each time a transaction occurs a dollar value is placed on the goods involved. Flows by definition involve current transactions and, thus, have a readily observable current value. Stocks may change hands relatively infrequently, which make it more difficult to assess their current market value. Prices are regularly quoted for assets that are traded on organized exchanges, such as stocks, bonds, and gold, which makes it easy to establish their value. For other assets, such as real estate, tax collectors make regular estimates of market value.

However, for a very large collection of assets, data collectors are forced either to use historical cost (the approach taken by accountants, which may drastically underestimate the value of structures and overestimate the value of such rapidly depreciating assets as computers) or to estimate market value based on whatever scanty information is available. The largest asset of most households in the economy is the earning power represented by the human capital of their members. Since historical cost is largely irrelevant here, this can only be estimated very crudely by trying to guess at their lifetime stream of future wage earnings and place a capital value on it by standard present-value techniques.

Since the appropriate concept of wealth is so much broader than the measures that are used in empirical applications, one would not necessarily expect a strong correlation between the measures used and consumption spending. Thus, the lack of robust statistical support for this version of the life-cycle model compared to the simple Keynesian function cannot be taken as a definitive refutation of the model (Arrow, 1953). This theory spells out how and when people save, thus, saving behaviour of both teaching and non-teaching staff of SWEBUS. It posits that people at the tender age or in their youthful stage tend to save more of their income as compared to the old age and matured people. Savings behaviour of people changes with respect to time and chance.

Permanent-income hypothesis

Rather than focusing on the life cycle *per se*, Friedman (1957) discussed the general problem faced by households when their income fluctuates over time, whether due to life-cycle effects, business cycles, or other factors. He considered infinite-lived households and distinguished between a "normal" level of income that they expect over their lives, which he called *permanent income*, and (positive or negative) deviations from that level, which he termed *transitory income* (Cox, Ross, & Rubinstein, 1979). This theory predict income of people as a major factor that influence savings behaviour.

Chapter Summary

This chapter focused on a review of related literature by researchers, documents from institutions and governmental bodies relating to the financial literacy and savings behaviour. The review covered thematic areas such as; definition and overview of financial literacy, financial literacy in Ghana, factors influencing financial literacy, relationship between financial literacy and saving behaviour, concept of saving, and determinants of savings. With regards to the empirical review, it was concluded that demographic characteristics such as age, marital status, income, educational status as well as occupational status affect peoples' financial literacy level. However, there was an uncertainty about the relationship between financial literacy and savings behaviour though most of the researchers found it to be positive. Lastly, theories such as Life-cycle model and Permanent-income hypothesis that underpinned the study were reviewed.

CHAPTER THREE

RESEARCH METHODS

Introduction

This section of the study primarily sought to cater for the specific methods and techniques employed in undertaking this research. The entire chapter clearly spelt out the means through which these techniques are used and how effectively they contribute to the realization of the set objectives. Notable within the section are in-depth information with regards to the research design, population and census which are employed in carrying out this research. Further information is provided concerning the data collection and mode of analysis as well as the ethical issues.

Research design

This study employed a quantitative approach which emphasizes objective measurements and the statistical, mathematical, or numerical analysis of data and it is collected through polls, questionnaires, and surveys. Quantitative research focuses on gathering numerical data and generalizing it across groups of people or to explain a particular phenomenon. Quantitative research deals in numbers, logic, and an objective stance. Quantitative research focuses on numeric and unchanging data and detailed, convergent reasoning rather than divergent reasoning (Creswell, 2005). The goal of conducting quantitative research study is to determine the relationship between one thing (an independent variable) and another (a dependent or outcome variable) within a population. Quantitative research designs are either descriptive (subjects usually measured once) or experimental (subjects measured before and after a treatment) (Babbie, 2010).

The study used a descriptive research design. Mugenda and Mugenda (2003) describe descriptive research design as a systematic, empirical inquiring into which the researcher does not have a direct control of independent variable as their manifestation has already occurred or because the inherently cannot be manipulated. Descriptive studies are concerned with what, where and how of a phenomenon, hence more placed to build a profile on that phenomenon (Mugenda & Mugenda, 2003). Descriptive research design is more appropriate because the study sought to compare the financial literacy among teaching and non-teaching staff of Swedru School of Business (SWESBUS).

Profile of Swedru School of Business

Swedru School of Business was founded by the late Joseph Essel, a native of Enyan Denkyirea in the Central Region in the year 1955. The school was started at Dunkwa-On-Offin, also in the Central Region. It was moved to Saltpond and later transferred to Gomoa Aboso near Agona Swedru in 1959 as Speedwriting Secretarial School. Thus, the school was to train young boys and girls in clerical and office practice, typing etc. to fill secretarial opportunities created by commercial firms and to contribute to the training of Ghana's human resources for national development.

In 1967, the school was taken over by the Government and the name changed to Swedru School of Business. In 1975, the school finally found roots at its present site at Nkubem on Otaapriw road, Agona Swedru. The school started with an initial student intake of four students with three masters. It can now boast of about three thousand and twenty (3020) students made up of about one thousand, seven hundred and sixty-five (1765) boys and one thousand, two hundred and fifty-five (1255) girls for the 2012/2013 academic year. The staff strength stands at one hundred and twenty five (125) teaching staff and sixty-nine (69) non-teaching staff.

Population of the Study

Amadehe and Gyimah (2002) defined population as the entire aggregation of cases that meet a designated set of criteria. This means that the target group about which the researcher is interested in gaining information and drawing conclusion is the focal point of this research. The population of the study was made up of teaching and the non-teaching staff of Swedru School of Business. The teaching staff were one hundred and twenty five (125) and sixty-nine (69) was non-teaching staff.

Sampling Procedure

Sampling involves “the use of definite procedures in the selection of a part for the express purpose of obtaining from its description or estimates certain properties and characteristics of the whole” (Kumekpor, 2002). This study used a census because all the staff were included in the study. Census was considered appropriate due to the fact that the total respondents involved in the study was less than two hundred (200) which makes handling of the respondents and data easily as compared to those above five hundred (500). It also brought to bear all the views and perception of both the teaching and non-teaching staff on financial literacy.

Data Source

Only primary source of data was employed. The primary data was obtained from questionnaires administered to both teaching and non-teaching staff of Swedru School of Business. This was the first hand data gathered on financial literacy and financial behaviour of the respondents. Appropriate data was gathered for the study since the instrument was designed to suit the objectives of the study.

Data Collection Instruments

The study used questionnaire as the instrument for data collection. It serves the following purposes: to collect the appropriate data comparable and amenable to analysis, minimize bias in formulating and asking question, and to make question engaging and varied. The questionnaire started with the purpose of the research and assurance of confidentiality. The questionnaire was made up of list of questions or statements relating to the objectives of the study and the research hypothesis and questions that were verified and answered by the target population by writing. Questionnaire was employed because of its feature of reliability and simplicity.

The questionnaire has a mix of open ended and close ended questions and sectionalised into a number of sections. The first Section sought information on the demographic characteristics of the respondents. The second section focused on financial literacy. The third section focused on the financial behaviour.

Reliability and Validity

Reliability refers to the degree of consistency with which an instrument measures the attribute it is designed to measure (Wallen & Fraenkel, 2001). Pre-test of the research instruments was carried out in Swedru Senior High School to ensure that, high quality data collection instruments were used during the field work period. Ten respondents were used. Their views were collated and studied closely by the researcher and supervisor to remove ambiguous statements among others. All the necessary corrections and changes were made before the data collection.

According to Patten (2004) and Wallen and Fraenkel (2001), an instrument is valid if it measures what it is intended to measure and accurately achieves the purpose for which it was designed. Validity involves the appropriateness, meaningfulness, and usefulness of inferences made by the researcher on the basis of the data collected. The researcher needs some kind of assurance that the instrument being used resulted in accurate conclusions. Careful examination of the instruments was done to check inconsistency. The researcher also gave the instruments to the supervisor to vet for reliability and inconsistency before fieldwork. The researcher used triangulation by using multiple sources of data to confirm the emerging findings.

Data Collection Procedure

An introductory letter was obtained from the Swedru School of Business. The letter spelt out the purpose of the instrument, the need for the individual participation, anonymity as well as confidentiality of respondents' responses.

After establishing the necessary contact with the management of the school, permission was granted for the administration of the instrument. The researcher administered questionnaires to all the staff (teaching and non-teaching) at the SWESBUS premises. The presence of the researcher were necessary as it enabled the establishment of rapport between the researcher and the respondents, which facilitated complete understanding of the questionnaire by explaining areas respondent did not understand.

Majority of the questionnaires were completed and given back to the researcher on the same day. The questionnaire was administered from 12:30 pm to 1:30pm for two weeks. This time was favourable since it was the break time for the teachers which permitted the researcher to administer the instrument to the respondents without the interference with their busy schedule. With the non-teaching staff, the questions were read to them and their responses were recorded by the researcher.

Data Processing and Analysis

Data analysis is a systematic search for meaning. It is a way to process data so that what has been learned can be communicated to others. Analysis means organizing and interrogating data in ways that allow researchers to see patterns, identify themes, discover relationships, develop explanations, make interpretations, mount critiques, or generate theories. It often involves synthesis, evaluation, interpretation, categorisation, hypothesising, comparison, and pattern finding (Hatch, 2002).

The questionnaires that were retrieved from the field were analysed through the use of quantitative tools. Since the research was mainly descriptive, the Statistical Product for Service Solution version 22.0 was used to organise, analysed and interpreted using descriptive statistics including means and standard deviations, frequency and percentages as well as inferential statistics such as Pearson correlation, and regression.

Ethical Issues

This work would not be successful if the key ethical issues in social science research is ignored. The research topic was sent to the supervisor for approval and acceptance. The supervisor approved it as a researchable topic and free from harming the respondents, but of infringe benefits to the respondents. The research also assures absolute confidentiality and consent of the respondents by providing introductory information to the respondents to make an informed decision on whether they will participate or not. The respondents were given the right to withhold information that they may consider private. Moreover, researcher ensured that the respondents were not harmed physically or psychologically during and after the research. Respondents' confidentiality was assured by using the information that was gathered for the study purpose only. Furthermore, the researcher ensured that others whose works were useful in the study were acknowledged adequately and appropriately.

Chapter Summary

The study employed the quantitative approach of a descriptive design. The targeted population were teaching and non-teaching staff of the school. A total respondent of one hundred and ninety-four were selected with the aid of census. Thus, all the targeted respondents (teaching and non-teaching staff) were included in the study. Questionnaire was the main data collection instruments. The data were analysed with the aid of frequencies, independent t-test, Pearson r correlation and multiple regression of Statistical Package for Service Solution (SPSS version 21.0) software. The results were presented with tables and interpreted appropriately.

CHAPTER FOUR

RESULTS AND DISCUSSIONS

Introduction

This chapter is made up of two sections. The first section takes into account demographic information on the respondents. The second section presents the Data Presentation and Analysis of the research findings. Both Descriptive and Inferential statistics were used throughout the study and analyses of the data obtained.

Demographic Information on Sample Respondents

This section presents information on the demographic characteristics of the respondents, that is, sex, age, educational qualification and working experience. Table 1 presents the results.

Table 1: Demographic Data of Respondents

Questions	Categories	Number	Percentage
Gender	Male	124	64
	Female	70	36
	Total	194	100
Age	20 – 29 years	13	6.7
	30 – 39 years	37	19.1
	40 – 49 years	85	43.8
	50 – 59 years	47	24.2
	Above 59 years	12	6.2
	Total	194	100
Marital Status	Married	85	43.8
	Divorced	12	6.2
	Widowed	27	13.9
	Single	55	28.4

Table 1 Continued

	1	194	100
Educational Level	No formal education	0	0.0
	Basic Education	5	2.6
	Secondary	30	15.4
	Tertiary	159	82.0
	Total	194	100
Field of Study	Business	12	6.2
	Economics	33	17.0
	Humanities	83	42.8
	Sciences	61	31.4
	Not Applicable	5	2.6
	Total	194	100
No. of Children	0 – 2	77	39.7
	3 – 5	81	41.8
	5 – 7	33	17.0
	8 – 10	3	1.5
	Total	194	100
Personal Income	Under GH¢ 12,600	34	17.5
	GH¢ 12,600 – GH¢ 14,999	59	30.4
	GH¢ 15,000 – GH¢ 17,399	67	34.5
	GH¢ 17,400 – GH¢ 20,799	24	12.4
	Above GH¢ 20,800	10	5.2
	Total	194	100
Working Experience	Up to 1 year	14	7.2
	1 – 2 years	12	6.2
	2 – 4 years	23	11.9
	4 – 6 years	57	29.3
	6 years and above	88	45.4
	Total	194	100

Source: Field Survey, Appiah (2019)

Results from Table 1 showed that most of the respondents who participated in the study were males as they constitute 64% of the total respondents. On the other hand, 36% of the respondents were females.

On age, majority of the respondents are within the ages of 40 – 49 years as they constitute 43.8% of the sample. Respondents who had attained 50 – 59 years constitute 24.2% while those who had obtained 30 – 39 years formed 19.1%. Also, 6.7% of the respondents had obtained 20 – 29 years with those who are above 59 years constituting 6.2%.

With marital status, 43.8% of the respondents indicated that they are married; 28.4% indicated they are single and 13.9% are widowed. Also 7.7% indicated that they are cohabiting while 6.2% were divorced.

On educational level, it could be observed that majority of the respondents had attained tertiary education. Thus, 82% of the respondents indicated they had attained tertiary level of education, 15.4% of the respondents indicated that they have completed secondary education while 2.6% had completed basic education. It could be deduced that most of the respondents have at least basic education and should therefore have some basic financial literacy background. On respondents' field of study, 42.8% were within the humanities, 31.4% were within the sciences and 17% were within the field of economics. Additionally, 6.2% were business oriented while 2.6% indicated none of the stated fields of study.

Also, the results indicate that, respondents who have given birth to 3 – 5 children constitute the majority as they constitute 41.8% of the sample followed by those who have children not more than two with a percentage of 39.7%.

With personal income, majority of the respondents (34.5%) are earning an amount GH¢15,000 – GH¢17,3999. This is followed by a 30.4% respondents who are also earning between GH¢ 12,600 – GH¢ 14,999. The study however had only 5.2% of the respondents earning an amount above GH¢ 20,800.

Concerning the working experience of respondents it can also be seen that respondents who have worked for more than 6 years representing 45.4% form the majority while 29.3% of the respondents have engaged in had worked between 4 - 6 years. Respondents who have worked within 2-4 years make up 11.9% while those who have worked between 1 – 2 years constitute 6.2%.

Comparative Analysis of the Financial Literacy of Teaching and Non-Teaching Staff

The study adopted the sample independent t test to analyse this objective. The independent *t* Test is a statistical procedure used to determine whether the mean difference between two sets of observations is zero. The study stated the null hypothesis (H_0) and alternative hypothesis (H_1) of the paired *t* test as:

H_0: There is no statistical significant difference in mean of financial literacy between teaching and non-teaching staff

H_1: There is a statistical significant difference in mean of financial literacy between teaching and non-teaching staff

The results for the t-test summary of statistics is shown in Table 2

Table 2: The independent t-test showing the difference between Teaching and Non-Teaching Staff on Financial Literacy

Gender	N	Mean	t-test	Sig.
Teaching Staff	125	2.9200	0.030	0.674
Non-Teaching Staff	69	2.9167	df=192	

Source: Field Survey, Appiah (2019)

The independent t-test Statistics, indicated in Table 2 provides basic information about the group comparisons, including the sample size (N), mean, standard deviation, and standard error for the teaching staff (T.S) and non-teaching staff (N-T.S) by group. The mean establishes the weight of each item to the model. The standard deviation gives the dispersion of the variable from the mean. Results showed that the teaching respondents appreciated a little in financial literacy (mean= 2.92, SD = 0.74704) than for the non-teaching staff (mean = 2.9167, SD = 0.08647). The independent sample t-test results is discussed subsequently.

The t- statistic is an expression of the difference between the scores in your two experimental conditions. The larger the value of t, the more pronounced the difference between your conditions and the smaller the probability that this difference occurred by chance. The significance level gives the probability that the results could have occurred by chance (if the null hypothesis was true). The convention is that the p-value should be smaller than or equal to 0.05 for the value of t to be significant. If this is significant, we can reject the null hypothesis in favour of our alternate hypothesis. If it is larger, we have to retain the null hypothesis that there are no differences between the conditions. The result gives a significance level of 0.674 which is larger than 0.05. Thus t (193) = 0.03, p > 0.001 (two-tailed). Hence the study fail to reject the null hypothesis and concludes that the there are no difference between the means of the teaching staff and the non-teaching staff. Together this suggests that there is no any significant difference of financial literacy between teaching and non-teaching staff.

This study is in agreement with earlier findings from Valentine and Khayum (2005). Their study revealed a deficiency of financial literacy in the midst of high school students. In support of this Johnson and Sherraden (2007) stated that teachers who were thought might be having financial knowledge lack basic financial skills and so, most these graduates are not ready to discuss financial matters. Ansong (2011) also investigated the knowledge level of university freshmen business students in University of Cape Coast, Ghana. He found that there was a widespread financial illiteracy among them. The outcome is however, in contrast with findings from Lusardi and Mitchell (2006, 2008) and Almenberg and Säve-Söderbergh (2011) who found out that individuals who completed university are more likely to be financially well-informed than those with low level of education.

Relationship between Financial Knowledge and Savings Behaviour

The study adopted the correlation analysis for this objective. Correlation analysis is a method of statistical evaluation used to study the strength of a relationship between two or more continuous variables (in this case financial knowledge and savings behaviour). If correlation is found between two variables, it means that when there is a systematic change in one variable, there is also a systematic change in the other. The correlation can be either positive or negative.

- Positive correlation exists if one variable increases simultaneously with the other.
- Negative correlation exists if one variable decreases when the other increases.

In this study, Pearson's product moment coefficient was used. It ranges between +1 and -1. +1 indicates the strongest positive correlation possible, and -1 indicates the strongest negative correlation possible. Zero indicates no correlation. The results are indicated in Table 3.

From Table 3, savings behaviour correlated positively and significantly with p-values being less than 0.05 with knowledge in personal finance, knowledge in financial management and knowledge in personal finance opinion. The highest correlated value (0.67) was between knowledge in personal finance opinion and savings behaviour followed by knowledge in personal finance (0.57) and knowledge in personal financial management with correlated value of (0.40). This means that there is a positive relationship between knowledge in personal finance and savings behaviour as well as knowledge in financial management and savings behaviour. Also as one improves and maintains adequate financial record; plan and implement regular savings and become certain of how his money is spent, that person's saving habit increases.

Table 3: Correlation Analysis

		1	2	3	4	5	6
1. Personal Finance	Pearson Correlation	1					
	Sig. (2 tailed)						
2. Savings	Pearson Correlation	0.57**	1				
	Sig. (2 tailed)	0.00					
3. Retirement	Pearson Correlation	0.25**	0.45**	1			
	Sig. (2 tailed)	0.00	0.00				
4.Fin. Management	Pearson Correlation	0.11	0.40**	0.11	1		
	Sig. (2 tailed)	0.136	0.00	0.127			
5. Insurance	Pearson Correlation	-0.19**	0.44**	0.38**	0.82**	1	
	Sig. (2 tailed)	0.009	0.000	0.000	0.000		
6. Finance Option	Pearson Correlation	0.38**	0.67**	0.38**	0.83**	0.69**	1
	Sig. (2 tailed)	0.000	0.000	0.000	0.000	0.000	

Source: Field Survey, Appiah (2019)

Additionally, an employee cultivates good saving behaviour when his knowledge in personal finance as well as financial management improves. Also, there is a positive and significant relationship between knowledge in retirement planning and savings behaviour (0.45) as well as knowledge in insurance and savings behaviour (0.44). The implication is that as a person knowledge in retirement planning increases, there is an increase in the savings behaviour knowledge of that person. The study also indicated that an increase in insurance knowledge results in an increase on knowledge of savings behaviour.

In conformity with this finding is Jappelli and Padula (2011) who examined reports from thirty nine (39) nations and found that financial literacy predicts saving behavior. Positive relationships that existed between financial knowledge and financial behaviour have also been acknowledged by Hilgert, Hogarth and Sondra (2003). Their research indicated that persons with higher level of financial knowledge are likely to involve themselves in financial products and services, cash flows management, saving and investment. Numerous works also revealed low financial literacy translates into lack of retirement planning (Alessie, Lusardi & van Rooij, 2008; Lusardi & Mitchell, 2009). Hastings and Mitchell (2011) explained through their studies that there is strong correlation between investment in low cost fund and financial literacy. To them, individuals with high literacy level consider more about the fund expenses and more likely to choose low cost funds.

Differences in Financial Knowledge per Gender

The study adopted the sample independent t test to analyse this objective. The independent *t* Test is a statistical procedure used to determine whether the mean difference between two sets of observations is zero. The study stated the null hypothesis (H_0) and alternative hypothesis (H_1) of the paired *t* test as:

H_0: There is no statistical significant difference between sex and financial literacy

H_1: There is a statistical significant difference between sex and financial literacy

The results for the group statistics is shown in Table 4.

Table 4: The independent t-test showing the difference between gender and Financial Literacy

Gender	N	Mean	t-test	Sig.
Males	125	3.058	3.662	0.000
Females	69	2.667	df=192	

Source: Field Survey, Appiah (2019)

The Paired Statistics, indicated in Table 4 provides basic information about the group comparisons, including the sample size (N), mean, standard deviation, and standard error for the males and females by group. Results showed that the male respondents appreciated in financial literacy (mean= 3.058, SD = 0.699) than the females (mean = 2.667, SD = 0.735).

On the independent t-test result, the significance level gives the probability that the results could have occurred by chance (if the null hypothesis was true). The result gives a significance level of 0.000 which is smaller than 0.05. Thus t (192) = 3.662, $p < 0.001$ (two-tailed). Hence we reject the null hypothesis and in favour of our alternate hypothesis. Since the significance level is less than 0.05, we have to retain the alternate hypothesis that there are differences in financial literacy between males and females. Together this suggests that there is significant difference of financial literacy between males and females with males having more knowledge in financial literacy than females.

Earlier findings from Lusardi and Mitchell (2006); Monticone (2010); Almenberg and Säve-Söderbergh (2011) indicated similar findings where males were evaluated of being more financial literate than females. Amponsah (2015), also makes it clear that, as far as markets and investments are concerned, men are more knowledgeable than women. According to Goldsmith and Goldsmith (1997), women get grade worse than men in their assessment test since women are not very much interested in investment and personal finance issues. Chen and Volpe (1998) added that men are well-informed when it comes to insurance and personal loans as compare to women who are conversant in financial areas like taxes, personal financial planning, spending and saving.

Factors that affect Financial Literacy

To analyse this part of the questionnaire, the researchers adopted the Logistic Regression Approach. This was adopted to determine the impact of gender, age, marital status, educational level, number of children and income on the chances of financial literacy. The Anova statistics table shows the importance or statistical significant of the predictive variables on the dependent variable. This information is presented in Table 5.

Table 5: ANOVA statistics

Model	Sum of squares	df	Mean square	F	Sig.
Between groups	7.414	6	1.236	2.385	0.030
Within groups	96.870	187	0.518		
Total	104.284	193			

Source: Field Survey, Appiah (2019)

The ANOVA result (F(6, 187) = 2.385, sig. 0.030) shows that there was a significant difference between the independent variables and the model is therefore significant. This shows that there are differences in the predictors (demographic characteristics) and the dependent variable (financial literacy). The relationship between individual variable (socio-demographic characteristics) is shown in Table 6.

From Table 6, it is realized that gender, age, marital status and educational level all contributes to the model since their significant values are less than (0.05). However, number of children and income do not contribute to the model because their significant values are greater than (0.05). Among the variables, it could be deduced that, the variable which contributes most is educational level which had a b-value of (2.934).

Table 6: Effect of demographic factors on financial literacy

	B	S.E	t-statistic	Sig.
Gender	1.920	0.356	3.366	0.001
Age	1.580	0.175	6.863	0.021
Marital status	1.973	0.094	3.272	0.010
Number of Children	1.918	0.360	0.145	0.118
Educational level	2.934	0.180	16.24	0.000
Income	0.022	0.050	0.033	0.589
Constant	3.219	0.521	6.177	0.000

Source: Field Survey, Appiah (2018)

Also, Table 6 shows that there is a high correlation between the educational level and financial literacy; with people who are more educated likely to have more insight in financial literacy than those who are not. Marital status followed with 1.973 value followed by gender with a value of 1.920 and age with a value of 1.580.

The model state can therefore be written as

Financial Literacy = 3.219 + 2.934(educational level) + 1.973(marital status) + 1.920 (gender)+ 1.580 (age).

With respect to marital status, the study agrees with a study by Marzieh and Kanuk (2013) who revealed that married persons are more financially literate than those who are single; supporting the fact that marital status is determinant of financial literacy. This was also supported by Atakora (2016) who stated that married people tend to make more financially sound decisions than their counterparts who are not married. With educational level, studies from Lusardi and Mitchell (2006, 2008) and Almenberg and Säve-Söderbergh (2011) supported this claim. Their studies found out that individuals who completed university are more likely to be financially well-informed than those with low level of education; making education a determinant of financial literacy.

With age studies have argued that men perform well in literacy tests than women (Lusardi & Mitchell (2006); Monticone (2010); Almenberg & Säve-Söderbergh, 2011). According to Goldsmith and Goldsmith (1997), women get grade worse than men in their assessment test since women are not very much interested in investment and personal finance issues. Amponsah (2015), also makes it clear that, as far as markets and investments are concerned, men are more knowledgeable than women. Women also possess less awareness about financial market and investment avenues.

Chapter Summary

The study found out that there was no difference in financial literacy between teaching and non-teaching staff. The result gave a significant level of 0.674 which is larger than 0.05. Thus t (193) = 0.03, $p > 0.001$ (two-tailed). Also, there was a positive relationship between knowledge in personal finance and savings behaviour as well as knowledge in financial management and savings behaviour. There was also a positive and significant relationship between knowledge in retirement planning and savings behaviour as well as knowledge in insurance and savings behaviour. Moreover, the study found that the male respondents appreciated in financial literacy (mean= 3.66, SD = 0.702) than the females (mean = 2.65, SD = 0.088) and this was statistically significant. Lastly, the study indicated that gender, age, marital status and educational level were determinants of financial literacy with educational level contributing more to the model than the other predictive variables.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

Introduction

In this chapter, the significant findings and the valuable information obtained or achieved by this study have been carefully summarised. The chapter by far is made up of the summary of the research, and the conclusions drawn from this study. Also, important recommendations for further studies were given from the analysis of the available data in this study.

Summary of the Study

This main objective of the study was to compare the financial literacy and saving behaviour among teaching and non-teaching staff of SWESBU.

Specifically, the study sought to;

1. determine the extent of financial literacy among teaching and non-teaching staff of Swedru School of Business.
2. examine the relationship between financial knowledge and savings behaviour.
3. determine differences in financial knowledge as per among teaching and non-teaching staff base on Gender.
4. examine the factors that affect financial literacy.

The study employed the quantitative approach of a descriptive design. The targeted population were teaching and non-teaching staff of the school. A total respondent of one hundred and ninety-four were selected with the aid of census. Thus, all the targeted respondents (teaching and non-teaching staff) were included in the study. Questionnaire was the main data collection instruments. The data were analysed with the aid of frequencies, independent t-test, Pearson r correlation and multiple regression of Statistical Package for Service Solution (SPSS version 21.0) software. The results were presented with tables and interpreted appropriately.

Major Findings

The major findings of the study include the following:

1. Comparatively, there was no difference in financial literacy between teaching and non-teaching staff. The result gave a significant level of 0.674 which is larger than 0.05. Thus $t(193) = 0.03$, $p > 0.001$ (two-tailed). This suggests that the study failed to reject the null hypothesis and conclude that there is no significant difference of financial literacy between teaching and non-teaching staff.
2. There was a positive relationship between knowledge in personal finance and savings behaviour as well as knowledge in financial management and savings behaviour. Also as one improves and maintains adequate financial record, plan and implement regular savings and become certain of how his money is spent, that person’s saving habit increases.
3. Additionally, an employee cultivates good saving behaviour when his knowledge in personal finance as well as financial management improves. There was also a positive and significant relationship between knowledge in retirement planning and savings behaviour as well as knowledge in insurance and savings behaviour.

4. The study found that the male respondents appreciated in financial literacy (mean= 3.66, SD = 0.702) than the females (mean = 2.65, SD = 0.088). Also the study gave a significance level of 0.000 which was smaller than 0.05, suggesting that there is significant difference in financial literacy between males and females with males having more knowledge in financial literacy than females
5. The study indicated that gender, age, marital status and educational level are determinants of financial literacy with educational level contributing more to the model than the other predictive variables.

Conclusions

There was no difference between teaching staff and non-teaching staff of Swedru School of Business with regards to their financial literacy level. Also, there was positive relationship between financial knowledge and savings behaviour of staff of Swedru School of Business. Moreover, males were more knowledgeable in financial literacy as compared to females. Furthermore, factors that affected financial literacy included education, sex, age and marital status of the staff of Swedru School of Business.

Recommendations

Based on the findings and outcomes drawn, the following suggestions were put forward for consideration:

Workshops should be organised by Welfare Committee of Swedru School of Business on personal finance for their staff (irrespective of their sex) to ensure prudent and efficient personal financial management practices.

The Welfare Committee of Swedru School of Business should encourage female staff to learn more on financial management by providing the necessary information and opportunities in order to improve upon their financial literacy level.

The teachers associations could also to organise seminars on insurance and investments avenues for their members in order to help them to become financially sound.

Suggestions for further studies

The researcher recommends that, further studies should be conducted to investigate financial literacy level and saving behaviour for teaching and non-teaching staff in the various second cycle schools to identify, understand and to put in place measures that will ensure all staff are financially literate.

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Appendix A – Questionnaire

UNIVERSITY OF CAPE COAST

SCHOOL OF BUSINESS

DEPARTMENT OF FINANCE

Dear respondent,

I am a student from the School of Business of the University of Cape Coast conducting a study on the topic "Financial literacy and saving behaviour among the teaching and non-teaching staff of Swedru School of Business". The study is purely for academic purpose. Your identity would neither be required nor disclosed in any way and confidentiality would be strictly assured.

Thank you.

Please tick or provide responses to the questions in the spaces provided:

SECTION A: BACKGROUND OF RESPONDENTS

1. Sex:

    a. Male [ ]

    b. Female [ ]

2. Age:

    a. 20-29 [ ]

    b. 30-39 [ ]

    c. 40-49 [ ]

    d. 50-59 [ ]

    e. 60 and above [ ]

3. .

4. Marital status:

   a. Married [ ]

   b. Divorced [ ]

   c. Widowed [ ]

   d. Co-habiting [ ]

   e. Single [ ]

5. Religion:

   a. Christianity [ ]

   b. Muslim [ ]

   c. Traditionalist [ ]

   d. other specify ……………………………………..

6. Educational level:

   a. No formal education [ ]

   b. Basic education [ ]

   c. Secondary [ ]

   d. Tertiary [ ]

   e. Other specify……………………………......

7. What was your field of study at the highest level?

   a. Business [ ]

   b. Economics [ ]

c. Humanities (arts, social sciences, language etc.) other than A & B[ ]

d. Sciences [ ]

e. Not Applicable [ ]

f. Others, specify……………………………………………………….

7. How many children do you have?

a. 0 - 2 [ ]

b. 3- 5 [ ]

c. 5 – 7 [ ]

d. 8 - 10 [ ]

e. Above 10 [ ]

8. Which of the following best describes your personal income (monies that comes into your hand for personal use) for last year?

a. Under GHS 12,600 [ ]

b. GHS 12,600 – GHS14,1999 [ ]

c. GHS 15,000 – GHS 17,300 [ ]

d. GHS 18,400 – GHS 20,7999 [ ]

e. Above 21800 [ ]

9. How many years of working experience do you have?

a. Up to 1 year [ ]

b. Less than 2 years [ ]

c. Two to less than 4 years [ ]

d. Four to less than 6 years [ ]

e. Six years or more [ ]

SECTION B: GENERAL KNOWLEDGE IN PERSONAL FINANCE

10. Personal finance literacy can help you

a. Learn the right Approach [ ]

b. Lead a financially secure life by forming healthy spending habit [ ]

c. Do all above [ ]

d. Do not know [ ]

11. Personal financial planning involves

a. Establishing an adequate financial record keeping system. [ ]

b. Developing a sound yearly budget of expenses and income. [ ]

c. Preparing plans for future financial needs and goals. [ ]

d. All of the above. [ ]

e. Do not know. [ ]

12. A personal budget will help me

a. Allocate future personal income towards expenses [ ]

b. Prioritise your spending [ ]

c. Monitor the source of your income [ ]

d. All of the above [ ]

13. Which of these can be turned into cash more easily?

a. Money in a fixed deposit account [ ]

b. Money in a current account [ ]

c. A car [ ]

d. A computer [ ]

e. Do not know [ ]

SECTION C: KNOWLEDGE IN SAVINGS AND BORROWING

14. Which account usually pays the highest interest?

a. Fixed Deposit Account [ ]

b. Savings Account [ ]

c. Current Account [ ]

d. Do not know [ ]

15. If you guarantee a loan for a friend, then

a. You become responsible for the loan if your friend defaults [ ]

b. It means that your friend receives the loan by himself [ ]

c. You are entitled to receive part of the loan [ ]

d. Do not know [ ]

16. The MOST important factor that a lender uses when deciding whether to approve a loan

    a. Marital Status [ ]
    b. Education and Occupation [ ]
    c. Bill-paying record and income [ ]
    d. Age and gender [ ]
    e. Other (please specify)...

17. An overdraft occurs when

    a. You received money into your account [ ]
    b. When a customer is allowed to withdraw more than his current balance [ ]
    c. Borrowing large amount of money from a friend [ ]
    d. Do not know [ ]

SECTION D: KNOWLEDGE IN RETIREMENT PLANNING

18. How much have you thought about retirement?

    a. A lot [ ]
    b. some [ ]
    c. little [ ]
    d. hardly at all [ ]

SECTION F: PERSONAL FINANCIAL MANAGEMENT PRACTICES

Tick as appropriate using (√)

		Never	Rarely	Often	Very often	Always
19	I regularly set aside money each month for savings and future needs					
20	I compare prices when shopping for major expenses					
21	I always keep track of my expenditure and income					

SECTION G: KNOWLEDGE IN INSURANCE

22. Health insurance provides

a. Insurance against illness or bodily injury [ ]

b. Insurance coverage for medicine and visits to the doctor[ ]

c. Insurance for hospital stays and other medical expenses [ ]

d. All of the above [ ]

23. Life assurance products include the following except

a. Children welfare plan [ ]

b. Funeral plan [ ]

c. Retirement insurance plan[ ]

d. Theft insurance plan [ ]

e. Do not know [ ]

SECTION H: EXPOSURE TO FINANCIAL AND MONETARY ISSUES

24. What kind of bank accounts do you have? (Check all that apply)

a. Savings [ ]

b. Current account [ ]

c. Fixed deposit [ ]

d. Mutual fund [ ]

e. Other(s) (specify): ……………………………………………………

25. Do you have any form of life insurance policy? If yes with what institution

a. Yes [ ] ……………………………………………………

b. No [ ]

26. Where do you like to learn/increase your financial knowledge? (Check all that apply)

a. Friends [ ]

b. Books [ ]

c. Media [ ]

d. Welfare executives [ ]

e. Life experience [ ]

f. Financial Institutions [ ]

g. Other(s): ……………………………………………

SECTION I: PERSONAL FINANCE OPINION

Tick as appropriate using √ Using the scale given below, please rate the importance of items to you strongly disagree = 1, Disagree = 2, Neutral = 3, Agree = 4, strongly agree = 5

		SD	D	N	A	SA
27	I am able to maintain adequate financial record					
28	I am able to plan and implement regular savings					

30. What percentage of your income do you save?

a. 5% [ ]

b. 10% [ ]

c. 15% [ ]

d. 20% [ ]

31. A greater portion of my income is spent on:

a. Food [ ]
b. Clothing [ ]
c. Transport [ ]
d. Books [ ]

32. Sources of financial information?

a. Friends [ ]

b. Media [ ]

c. Relatives [ ]

d. Others specify…………………………………….