UNIVERSITY OF CAPE COAST

ASSESSING THE INFLUENCE OF BEHAVIOURAL FACTORS ON EMPLOYEES' PERSONAL FINANCIAL MANAGEMENT DECISIONS. A CASE STUDY OF STAFF OF INTERNATIONAL OILS AND FATS LIMITED

BY

PHILEMON ANING TWUM

Dissertation submitted to the Department of Management of the School of Business, College of Humanities and Legal Studies, University of Cape Coast in partial fulfillment of the requirements for award of Master of Business Administration Degree in General Management

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DECLARATION

I hereby declare that this thesis 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.

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

Candidate's Name: Philemon Aning Twum

Supervisor's Declaration

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

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

Supervisor's Name: Dr. Clement Arthur

ABSTRACT

The study was undertaken to analyze the factors influencing personal financial management decisions of 200 employees of International Oils and Fats Ltd. Specific objectives that motivate the study were to identify the factors that influence financial management decisions, examine the mistakes of employees concerning their personal financial habits and to examine the challenges that employees face in applying their financial knowledge in daily personal financial management decisions. Descriptive research methods were used in this study to assess factors influencing Personal Financial Management Decision. Simple random sampling was used to select 200 participants consisting of employees of International Oil and Fats ltd in Techiman in the Brong Ahafo Region. Survey questionnaire was used to generate data for the study. Analysis of data was done using descriptive analysis. Data collected revealed that people financial behaviours such as spending beyond budget influence their financial decisions. Employees are unable to spend as budgeted. Financial knowledge of people such as investments influenced their financial decisions and change in prices, family needs, instability of markets, lack of proper record keeping, nature of expenditure, inflation and spend of money in advance were the challenges people faced in applying financial knowledge in daily personal financial management decisions. The study recommended that all employees should undertake periodic programmes such as seminars, workshops, discussions and reading of books related to personal financial management and so on to enlighten them of their financial issues since the study revealed a shortfall in that area.

ACKNOWLEDGMENTS

I wish to express my sincere thanks to my supervisor, Dr. Clement Arthur, whose guidance helped me to shape this study. He also offered warmth and back up which spurred me on to work hard.

I also recognize with gratitude the support of the employees of International Oils and Fats Ltd. Special thanks go to all my friends who in one way or the other helped me to successfully complete this work. To all, I say a big thank you.

DEDICATION

To my family

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CHAPTER ONE

INTRODUCTION

Introduction

People are faced with daily choices of spending or saving out of limited incomes generated. The ability to manage personal finances has therefore become increasingly important in today's world. People must plan for long-term investments for their retirement and children's education and in addition they must also decide on short-term savings and borrowing for vacation, a down payment for a house, a car loan, and other big-ticket items. Personal Financial Management (PFM) is therefore mandatory in today's world (Gries and Ha, 2014; Parrotta & Johnson, 1996). People must plan for long term investments for their retirement and children's education and as well as provide the means of keeping track of personal expenses, personal debt and subsequently helps the calculation of a person's net worth financially.

As individuals have various source of financing such as obtaining loans, their income, donations, their personal financial management skills need to be assessed to ensure effective and efficient use of financial resources. Most people believe that with higher education they could ensure higher rank occupations and hence, higher income (Parrotta & Johnson, 1996). Therefore, students who pursue higher education have to spend their time in the university, which, in turn, keeps them away from participating in the job market and having their own income. Thus, finance is becoming a significant factor in the choice of whether to pursue university education or to work. Students often begin their university education without ever having been solely responsible for their own personal finances (Falahati, 2011). This study focuses on assessing the influence of behavioural/demographic factors on people's financial management sources.

Background of the Study

The ability to manage financial resources is essential for everyday life activities. Well-informed and financially educated people are able to make better decisions for their families and, thus lead to higher financial security and well-being. (Benn, 2003) indicated that the understanding of consumption, as reasoned behaviour or action, is inadequate in today's modern society, where consumerism is characterized by globalization, cultural changes and the liberation of the individual (Benn, 2003). In other words, consumption is part of children's and youngsters' formation and socialization, and plays an important role in the development of identity and self-conception. Therefore, there is a need to understand the financial skills and abilities of employees, since their financial behaviour will have an important impact on their future life and personal well-being.

There is the need for personal financial tools to be planted in the midst of these individuals to improve their finances. Educational programs such as seminars, workshops and even printed pamphlets have been recognized as tools to improve financial knowledge and enhance financial skills (Falahati, 2011).

However, knowledge about financial skills and educational needs enable policymakers and financial planners to develop appropriate strategies and programs to enhance people's financial knowledge. Enhancing people's financial skills would benefit the individual, employers, finance services providers and the nation at large through efficient spending and effective savings habits (Gries and Ha, 2014; Parrotta & Johnson, 1996).

Statement of the Problem

It is generally accepted among researchers that, financial education is the key to decreasing financial problems, especially among the various categories of people (young adults and adults) (Xiao & Dew 2011; Nguyen & Lai, 2013; Vuong & Nguyen, 2013). Financial education plays a key role in financial empowerment, as education helps consumers acquire the skills, right attitudes and relevant knowledge needed in making choices for the best of their economic, health and safety wellness (Falahati, 2011).

Most of the recent studies focused on the financial planning of individuals (Xiao & Dew 2011; Nguyen & Lai, 2013; Vuong & Nguyen, 2013) because many of them fail to plan their expenditure and unexpectedly experience financial problems. Norvilitis (2006) found that most people have high debt, serious credit card usage, and high stress as well as low financial satisfaction all resulting from the lack of financial management skills. This finding however did not associate their poor financial management skills to their level of financial literacy. Many researchers have suggested that a lack of financial knowledge and skills results in employers and employees experiencing financial behavioural problems (Norvilitis, 2006; Vuong & Nguyen, 2013) for instance, by reviewing several studies concluded that those seriously in debt were not able to understand the implications of their financial behaviour. While individuals have wide access to financial services, such as education loans, credit, and income, most of them lack the financial management knowledge and experience to manage money even though they might have attained a high level of education (Masud, 2004). But there is less focus on what influence personal financial management decisions of people of which influence their financial behaviours which the researcher is interested.

Again, individuals may fail to make correct personal financial decisions because they have not received a sound personal finance education or other forms of exposure that increases their financial behaviour. It is for this reason the researcher intended to identify the critical factors influencing personal financial management decisions with critical focus on behavioural/demographic factors among a selected section of employees of International Oils and Fats limited.

Research Objectives

The goal of the study is to investigate if the demographic traits of persons influence their personal financial management decisions. The overall general objective is to identify these factors or traits and determine how positively or negatively they can affect individuals in their decision making as far as personal finances are concerned and to make recommendations in their choices in managing finances and its effects on the broader Ghanaian economy.

The specific objectives are as follows:

i. identify the behavioural factors that influence financial management decisions of people.

ii. examine peoples' knowledge on finance and how it influence their financial decisions.

iii. examine the challenges that people face in applying their financial knowledge in daily personal financial management decisions.

Research Questions

The study sought to answer the following research questions;

1. What behavioural factors influence peoples' personal financial management decisions?
2. Do people really apply their financial knowledge in taking saving, investment, purchasing and spending decisions?
3. What common mistakes are people likely to commit in their daily personal financial management decisions?

Significance of the Study

The findings of the study is significant to three main groups; academia, individuals and policy makers. To academia, the outcome of this study contributed to bridging the existing gap in literature regarding factors influencing personal financial management decision. The identification of these factors can inform literature as to how behavioural or non behavioural such factors are and the extent of their individual influences.

Applications of the findings made by the study will help individuals to be able to know the different factors capable of influencing their financial management so as to know of how to manage their finances and make optimal personal finance decisions. Individuals can therefore become financially independent and secured with the right and optimal decisions.

Finally, policy makers can find empirical basis to support policies that would enhance effective personal financing in the country. Policy makers and financial planners can develop appropriate strategies and programs to enhance people's financial knowledge. These can be included in the educational curricula and therefore help to impact positively on the economy especially as graduates with such knowledge transfer such knowledge acquired into the corporate world and the financial sector.

Scope of the Study

The study focused on assessing people's personal financial management on their financial management decisions. It also takes in account, the behavioural factors, people knowledge on financial management and challenges that influencing people financial management.

Limitations of the Study

The limitations of the study were seem in terms of respondents' commitment to answering the questionnaire and the submission of the questionnaire. Some respondents failed to answer the questionnaire item which could affect the analysis of data.

Again, respondents' submission of the answered questionnaire as scheduled with respondents posed a challenge since some respondents misplaced their questionnaire and had to be given another questionnaire and time. But majority (93%) of the items on the questionnaire were answered and the researcher made sure that all the questionnaire were collected for analysis.

Definition of Terms

The terms behavioural and demographic factors were used interchangeably in the study to mean the same phenomenon as far as operational definitions were concerned. These factors included but not limited to socioeconomic characteristics such as age, sex, educational level, income level, marital status etc.

Outline of the Study

This study is organized into five (5) chapters. Chapter one contains the background to the study, problem statement, significance of the study, scope and limitations of the study. Chapter two is devoted to the review of literature. It broadly contains a theoretical review and empirical evidence gathered on the subject of study.

Chapter three describes the methodology to be used for this study. This comprises the research strategy, sources and method of data collection, the type of data (primary and secondary) as well as description of the mode of the analysis and presentation of data.

Chapter four is devoted to discussing research finding resulting from the analysis of data while chapter five summarizes the research findings and conclude the study as well as suggest recommendations for policy change.

CHAPTER TWO

LITERATURE REVIEW

Introduction

Individuals worldwide have to handle their finances so that they get full satisfaction from each amount of money they earn. Since human beings have their financial goal, these goals are numerous and to be able to achieve these and other goals, they need to identify it and set priorities. Financial and personal satisfactions are the results of an organized process that is referred to as personal money management or personal financial planning.

Most of the recent studies focused on the financial planning of individuals because many of them fail to plan their expenditure and unexpectedly experience financial problems. This chapter reviews existing literature on personal financial planning, personal financial management, financial management behaviours and financial management, financial knowledge and financial management and personal financial challenges and financial management. The literature also takes into consideration a conceptual framework for the study and empirical literature of financial management decisions of people.

Personal Financial Planning

Personal financial planning according to (Hughes, 2004) is the process of managing ones money to achieve personal economic satisfaction. This planning process allows the individual to control his financial situation. Every household has a unique financial position, and any financial position, and financial activity therefore must also be carefully planned to meet specific needs and goals.

Every individual has to make a decision before an action is implemented. These decisions made by an individual are at times simple and at other times complex which has long term effects on one`s personal and financial situations. According to (Browning, 2000), every individual has to consider how to make decisions and indicated a six step procedure of personal financial management or planning. The planning processes include:

a. determine your current financial situation,
b. developing financial goals,
c. identifying alternative courses of action,
d. evaluating alternatives
e. creating and implementing a financial action plan and
f. Reviewing and revising the plan.
g. A comprehensive financial plan can enhance the quality of an individual's life and increase his satisfaction by reducing uncertainty about future needs and resources. The specific advantages of personal financial planning include:
h. i. It increases effectiveness in obtaining, using and protecting ones financial resources throughout his life time.
i. ii. It increases the control of one's financial affairs by avoiding excessive debt, bankruptcy and independence on others for economic security
j. iii. It improves personal relationships resulting from well planned and effectively communicated financial decisions.

k. iv. It serves as a sense of freedom from financial worries obtained by looking to the future, anticipatory expenses, and achieving one's personal economic goals.

Current financial situation and Financial Goals

Determining your current financial situation deals with situation regarding income, savings and living expenses and debts. Preparing a list of current assets and debt balances and amount spent for various items gives the individual a foundation for financial planning activities.

You have to practically analyze your financial values and goals. The questions to be asked are your financial priorities based on social pressures, household needs, or desires for luxury items? And how will economic conditions affect your goals and priorities? The purpose of this analysis is to differentiate your needs from wants (Bergstrom, 1996).

Specific financial goals are vital to financial planning or management. Others can suggest financial goals for other individuals; however, the individual must decide which goals to pursue. Individual financial goals can range from spending all of one's current income to developing an extensive savings and investment program for future financial security.

Developing alternatives is crucial when making decisions. Although many factors will influence the available alternatives, possible courses of action usually fall into the following categories according to (Hughes, 2004).

- **Continue the same course of action:** For example one may determine that the amount you have saved each month is still appropriate.

- **Expand the current situation:** One must choose to save a larger amount each month.
- **Change the current situation:** One may decide to use a money market account instead of a regular savings account.
- **Take a new course of action:** One may decide to use his/her monthly savings budget to pay off credit cards debt.

Hughes (2004) indicated that these categories will not apply to every decision made but they do represent possible course of action. Creativity in decision making is vital to effective choices. Considering all of the possible alternatives will help one make more effective and satisfying decisions.

One needs to evaluate possible course of action, taking into consideration one's life situation, personal values and current economic conditions. Some of the questions which you need to ask yourself is how will the ages of dependents affect your saving goals? How do l like to spend leisure time? And how will changes in interest rates affect my financial situation?

Consequences of choices

According to Hughes (2004), every decision closes off alternatives. An example is a decision to invest in stock may mean the individual cannot take a vacation and a decision to go to school means one may not be able to work full time which bring about opportunity cost. Opportunity cost is what you give up by making a choice. It was indicated that this cost is commonly referred to as the trade-off of a decision, cannot always be measured in dollars.

Decision making is part of an individual's personal and financial situation. That is the individual will need to consider the lost opportunities that will result from his/her decisions. Since decisions vary based on each person's situation and values, opportunity cost will differ for each person.

Evaluating risk

Uncertainty is part of every decision but other decisions involve a very low degree of risk, such as putting money in an insured savings account or purchasing items that cost only a few dollars. Individuals' chances of losing something of great value are low in these situations (Hughes, 2004).

In many financial decisions, identifying and evaluating risk is difficult. The best way to consider risk is to gather information based on the individuals experience and the experience of others and to use financial planning information sources.

Personal Financial Management Behaviour and financial Management

Financial management behaviour is considered one of the key concepts on the financial discipline. Many definitions are given with regarding to this concept, for example, Horne and Wachowicz (2002) propose financial management behaviour as the determination, acquisition, allocation, and utilization of financial resources, usually with an overall goal in mind while Weston and Brigham (1981) describe financial management behaviour as an area of financial decision-making, harmonizing individual motives and enterprise goals. Joo (2008) indicates that effective financial management behaviour should improve financial well-being positively and failure to manage personal finances can lead to serious long term, negative social and societal consequences. Thus, financial management is mainly concerned with the effective funds management.

Failure in managing an individual's finance can lead serious long-term consequences not only for that person but also for enterprise, society (Ismail et al., 2011). Hence, personal financial management behaviour has received an increasing concern of researchers in recent years. In the study by Deacon and Firebaugh (1988), personal financial management is defined as the set of behaviours performed regarding the planning, implementing, and evaluating involved in the areas of cash, credit, investments, insurance and retirement and estate planning. Xiao and Dew (2011) take into account the personal financial management with regard to cash flow, credit, saving and investing management. There are many studies in Vietnam before which examining only one dimension of financial management behaviour such as credit card (Nguyen and Lai, 2013; Vuong and Nguyen, 2013) or saving (Gries and Ha, 2014). However, measuring many different domains of financial management behaviour is important because each domain has a serious role (Xiao & Dew, 2011). This study expands on the studies before in finding out factors affecting on financial management behaviour in general.

The conceptual model of this study is supported by two foundational theories including the family resources management model and the theory of planned behaviour. The family resource management model, as given by Deacon and Firebauge (1988), shows that decision process includes connected sequences started by inputs and continued by throughput, output and the feedback linking back to the inputs. Parrotta and Johnson (1996) modified that model by defining financial knowledge as the input, financial attitude and financial management behaviour as two subsystems of the throughput. This is called financial management conceptual framework to investigate effects of financial knowledge and financial attitude on financial management behaviour. In addition, the theory of planned behaviour of Ajzen (2002) concludes perceived control over performance of a behaviour, which may be perceived by some as being similar to locus of control, can account for a considerable variance in actions. In summary, combining the financial resource management model and the theory of planned behaviour gives a general view on the relationship between financial behaviour and financial attitude, financial knowledge, locus of control.

Financial knowledge and Personal Financial management

Financial Knowledge through research in psychology literature, it has been suggested that the magnitude of the attitude–behavior relation may be moderated not by attitude accessibility but by other correlated factors such as certainty, amount of knowledge, or the attitude's temporal stability (Tang & Lachance, 2012). Parrotta and Johnson (1998) find a positive relationship between financial knowledge and financial behaviours.

Relevant information is acquired at each stage of decision making process. Changing personal, social and economic conditions will require that the individual continually supplement and update his knowledge.

Creating, Implementing, Reviewing and Revising a Financial Action Plan

This process involves developing an action plan that identifies ways to achieve personal goals. For example an individual can increase his/her savings by reducing his spending or by increasing his income through extra time on the job. If an individual is concerned about his end of year tax payments, the person may increase the amount withheld from each pay check, file quarterly tax payments or shelter current income in a tax-deferred retirement program. As the individual achieve the short-term or immediate goals, the goals next in priority will come into focus. Hughes, (2004) observed that in order to implement individuals financial action, assistance is needed from others.

The individual has to regularly access his/her financial decisions. The individual has to do a complete review of his finances at least once a year. Changing personal, social, and economic factors may require more frequent assessments. When one's life events affect his financial needs, the financial planning process will provide vehicle for adapting to those changes. (Hughes, 2004) indicated that regularly reviewing this decision making process will help the one to make priority adjustments that will bring his financial goals and activities in line with the current life situation.

Personal Financial Management

Personal Financial Management is mandatory in today's world. It provides the means of keeping track of personal expenses, personal debt and subsequently helps the calculation of a person's net worth financially (Falahati, 2011).

Tools for Personal Financial Management

Educational program such as seminars, workshops and even printed pamphlets have been recognized as tools to improve financial knowledge and enhance financial skills (Tang & Lachance, 2012).

1. Expense sheet: This sheet is the main tool for personal financial management. Preparation of expense sheet is the key to personal financial management. If one is left with no savings at the end of the month, then the best way to curb the situation is to prepare an expense sheet or make a budget plan. According to Falahati (2011) the expense sheet includes the following elements:

- Calculation of income level: This is the sum of the post-tax income or disposable income, spouse's income, investment income, rental income and other sources of income if any like alimony.
- Calculation of expenses: Expenses on grocery, medical help, house help, laundry, basic amenities, phone, mobile, transportation and cable add up to household expenses. Lifestyle expenses include expenses on books, newspaper, clothing, personal care, entertainment, travel, holiday, eating out, and club or gym membership. Fixed expenses include expenses on house rent, children's fees, home loan, auto loan installments, other loan installments and insurance premium. Household gadgets, white goods, festivals, family obligations and the like are included under the miscellaneous expenses.

2. Personal Debt Management: In order for an individual to keep track of pending payments and avoid falling into the debt trap, a number of aspects need to be considered. Considering items such as auto loan, housing loan, personal loan and other loans, the individual must constantly keep account of the loan amount, the repayment period, monthly installment, interest reset frequency and the amount of loan already paid. If the individual wants to know whether one should prepay the loan or invest and keep servicing the loan, several aspects should be taken care of. These aspects are the loan amount, repayment period, monthly installments, interest calculation, installments paid, advance installments paid, prepayment charges, tenure of investment, interest earned, compounding frequency. When these aspects are taken into consideration it would help to calculate the total loan remaining (Parrotta & Johnson 1998).

Calculation of a person's financial net worth & a person`s better personal finances

Net worth is calculated by the difference of assets and liabilities. Assets include house, land, farm house, bullion, equity, bonds and debentures, insurance, fixed deposits, mutual funds, small savings, provident fund, amount in the savings account, amount in current account, cash in hand and other investments. Liabilities include housing loan, auto loan, personal loan, consumer loan, other borrowings, unpaid bills, credit card outstanding and other liabilities. A positive net worth would allow further future personal financial plans (Fulkerson, 1995).

(Falahati, 2011) stated that there are 4 ways to better personal finances and they include:

i. Teaching children about money management to prevent them from doing any irrelevant spending.
ii. Creating savings account for the rainy days to come.

iii. Spending less on entertainment. By doing this, one can lower bad debt as well as increase his credit rating.

iv. For personal money management for the future, one should opt for insurance policies, which help the family during emergencies.

Financial Management

Carlin and Robinson, (2012) differentiated between providing information as knowledge and the ability to apply the knowledge. It was indicated that financial knowledge refers to financial information and literacy; however, financial skill is the ability to apply such knowledge to make financial decisions and planning. Some researchers define financial skills as the ability to understand and manage across a range of financial contexts including both predictable and unpredictable.

Leskinen and Raijas, (2006) a researcher in finance observed that financial skills and competence are based on financial knowledge and understanding and in turn are influenced by the personal attitudes in spending and saving. Financial skill and ability are needed to plan, control, manage and resolve financial risks and opportunities in the future.

Young adults may be unprepared to effectively manage the psychological costs associated with financial problems such as increased levels of stress and decreased levels of well-being (Norvilitis et al. 2006). However, it is generally accepted among researchers that, financial education is the key to decrease financial problems, especially among young adults. Financial education according to Lusardi (2008) plays a key role in financial empowerment, as education helps consumers acquire the skills, right attitudes and relevant knowledge needed in making choices for the best of their economic, health and safety wellness. Ameriks, Caplin and Leahy (2004) indicated that university students generally lack financial knowledge. Those with higher levels of financial knowledge tend to have "right" opinions and make "correct" decisions related to savings, borrowing, and investing.

Research has shown that several factors are associated with personal financial skills and knowledge, such as income, age, education, and socialization (Hira, 1997).

Leskinen and Raijas, (2006) indicated that financial skills are based on three factors which include:

i. Demographic characteristics which includes age, sex, education, values and attitudes and habits,
ii. The phase of life and immediate environment such as family, socialization and
iii. The macro environment such as society and its social, economic and cultural settings.

However, these three factors may have a direct or indirect effect on one's financial skills and abilities. (Masud, 2004) study on Malaysian university students revealed that, the majority of them were experiencing financial problems because of the lack of knowledge and management skills even though had knowledge of managing their finances.

Personal Financial Challenges and financial Management

More often than not, employees make some mistakes regarding their personal financial management decision. These actions lead to lower values for money or total loss of value. In some other cases, it leads to a deviation from one's personal financial goals. Details of such mistakes are:

Personal Financial Mistakes and Careless Behaviours/Challenges

According to Garman (1996), people travel the pathways of life experiencing a number of normal events that cause stress, such as moving from one home to another, hospitalization for an injury or illness, marriage, death of family members, and occasional loss of income while moving between jobs. Many of these events which occur normally negatively impact one's personal and family finances. These events, while common, also cause stress in people's lives.(There are other stressful events that also may result in negatively affecting one's employer which are not necessarily under the control of the individual or family, such as having an exceptional child, or other family member, who requires substantial financial expenditures).

Carroll,(1994)pointed out that the media often report that at any point in time about one third of American adults are concerned about their ability to pay the next month's bills.

There are certain personal financial mistakes and careless behaviors of employees that may lead to serious problems that negatively impact one's employer.

These problems according to Garman (1996)include: occasionally spending too much money, occasionally overusing credit, occasionally reaching the maximum limit on a credit card, occasionally running out of money, occasionally writing a check with insufficient funds, occasionally having a low or non-existent emergency fund, occasionally being unable to pay due bills (e.g., utilities, rent, child care, credit cards), occasionally being unable to repay installment debts, occasionally receiving "overdue notices" from creditors, occasionally paying late some due bills and installment debts, occasionally relying on a second income to pay living expenses and debts, occasionally being denied additional credit, perhaps because of a lack of a sufficient positive credit history, occasionally borrowing, perhaps by obtaining a cash advance from a line of credit on a credit card or advance pay from an employer, to pay for living expenses and/or other debts, occasionally obtaining a debt-consolidation loan, occasionally having liabilities in excess of assets, occasionally not contributing to a pension plan, occasionally losing money to rip-offs and frauds, occasionally losing money by gambling or buying lottery tickets, allowing an insurance policy to lapse (e.g., vehicle, renter's/homeowner's, medical, life), occasionally making a request for welfare (e.g., cash grants, food stamps, subsidized housing), occasionally feeling emotionally stressed about money matters, occasionally worrying about the security of one's job.

Collins (2012) pointed out that these factors do not necessarily lead to poor financial behaviours. In fact, most people go through life periodically experiencing many of these personal financial mistakes and careless behaviours. In reality, these are some of the normal and quite typical financial practices, experiences, and concerns of living in a modern society. However, when an excessive number of these personal financial mistakes and careless behaviours or factors occur or accumulate in combination with other events and catalysts, they collectively can result in poor financial behaviours.

Poor financial behaviours are personal and family money management practices that have consequential, detrimental and negative impacts on one's life at home and/or work. Writing a check with insufficient funds in the account may be classified as a personal financial mistake or careless behaviour, however, when it occurs along with similar mistakes this is poor financial behaviour. For example, a single episode, such as gambling away one's entire paycheck, could eliminate any possibility of paying one's monthly rent or making a vehicle loan payment in a timely manner. In addition, there are a number of other actions, such as garnishment of wages that are always indicators of poor financial behaviour.
Examples of poor financial behaviours that negatively impact one's family life (e.g., relationships with relatives and friends) and/or one's employment (job performance). These factors are the same as the examples of personal financial mistakes and careless behaviours listed above; however, these genuine indicators occur in excess.

The poor financial behaviours are regularly spending too much money as indicated by Stern, 1995 and Singletary(1996), regularly writing "bad checks" (such as one with insufficient funds in the account which results in additional bank/vendor charges and perhaps other penalties), typically having a low or non-existent emergency fund savings account, regularly being unable to pay due bills such as utilities, rent, child care, credit cards, regularly being unable to repay installment debts, regularly overusing credit (Fulkerson, 1995).

Regularly reaching the maximum limit on a credit card, regularly running out of money, habitually receiving "overdue notices" from creditors, regularly paying late some due bills and installment debts, regularly relying on a second income to pay living expenses and debts, being denied additional credit because of a poor credit history, regularly borrowing, perhaps by obtaining a cash advance from a line of credit on a credit card or advance pay from an employer, to pay for living expenses and/or other debts, regularly losing money by gambling or buying lottery tickets and/or gambling in an attempt to "fix" one's financial situation (Fulcher, 1991 and Simon, 1995), regularly receiving communications from collection agencies (Greninger, 1996) determined this to be the best single indicator of financial insolvency.

Personal Financial Behaviours that Impact Employers

There are many substantive areas of costs associated with poor financial behaviours. Poor financial behaviours negatively impact both families and employers. A person's poor financial behaviours impact on family life and lead to losses of transportation, housing, ability to obtain credit for needed goods and services, arguments with relatives, heavy emotional stress, spouse/child abuse, and divorce. Poor financial behaviours result in extremely high costs that are incurred by employers, including:

These behaviours include absenteeism as indicated by Finke (2005) increased personal financial pressures can lead to absenteeism, Tardiness, Fighting with co-workers and supervisors, Job stress, Reduced employee productivity. The higher a sales person's stress the lower their job productivity (Yeh, 1986), Accidents and increased risk taking. Automobile accidents cause $137 billion every year in medical expenses, lost employee productivity, and property damage, and this represents $50 billion in annual costs to employers (Gilmore, 1994); accidents involving employer-owned cars cause disruption to business (Cartwright, 1993). Increase use of available health care resources by the employee and relatives.

According to Cash(1996) these occur for both mental health disorders as well as for physical problems, thefts from employers, employer time to deal with poor financial behaviors of employees. Time is lost by both the worker and the supervisor (Kellar & Nolf, 1984), Loss of trained personnel (both for workday losses due to temporary suspension from duties as well as for termination of employment). Holmes and Rahe (1967) indicated that the factors contributing to poor financial behaviour are interlinking and cumulative.

Stress, Poor Financial Management, and Employee Productivity

Stress related variables tend to impact each other. According to Williams (1982), financial problems result from unexpected changes which necessitate re-evaluation of the use of resources. It is not surprising that many of the situations outlined by Williams are also stress related variables. For example, situations which may create severe financial problems include: changes in family income, changes in employment status, unscrupulous or fraudulent schemes, adverse job politics, loss of ability to fulfill home responsibility, need to support parent or other persons, premature death of spouse, birth of child, illness or disability, accidents, divorce, major unexpected bills, lawsuits and changes in consumer prices.

According to Williams(1982), specific situations that cause financial stress include: understanding expenses because of inexperience or poor records, overestimating income, lack of family communications, being overwhelmed with bills and expenses to the point of being afraid, inability to say no, lack of planning, buying products and services on credit, poor money handling skills, credit overextension, using money for emotional reasons, not having a cash reserve for emergencies and not controlling expenses such as gambling, alcohol, tobacco and drugs.

Stresses including variables eventually have an impact on family's financial well-being, which in tune, influences individual response to stressful situations. For example an individual who faces increasing levels of stress will be more likely to miss work on a regular basis. This action in turn tends to increase feelings of guilt, resentment and loss of hope. These individuals then turns to alcohol, gambling, tobacco or drugs to dampen the effects of stress in their lives. Factors contributing to stress are cumulative and interlinking. Gilmore (1994) asserted that when employees exceed their coping threshold for stress, it is likely that workers compensation claims both legitimate and fraudulent will increase.

Unfortunately, these activities force reallocation of financial resources towards the maintenance of unhealthy habits. In turn, poor financial management leads to increasing levels of stress, which tend to support other types of behaviour, further reducing employee productivity. That is the relationship between stress, stress-related variables, poor financial management, and overall reduce employee productivity is not linear; it is in fact, a spiraling sphere which ultimately leads to physical. Financial and employment failure (Garman, 1996).

Conceptual Framework

Based on the above research objectives and research questions, a conceptual model is proposed. Details about the conceptual framework as follows;

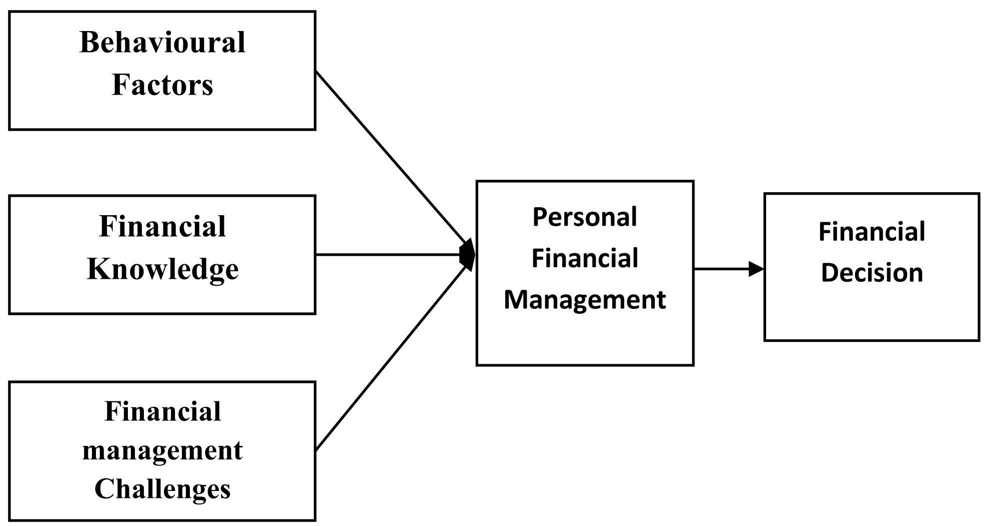


Figure 1: A Conceptual Framework

The conceptual framework take into consideration the bahavioural factors of people on their personal financial decisions. Behavioural factors such as financial attitude, personal financial attitude and personal financial management on financial decisions.

The framework also takes into consideration people knowledge and personal financial management on financial management decisions.

The conceptual framework finally considers financial management challenges of people and financial management on financial management decisions.

Empirical Literature

Financial education (Carlin & Robinson, 2012; Lusardi, 2008b) and the related concept of financial literacy (Calcagno & Monticone, 2011; Lusardi, 2008a, 2008b) are frequently mentioned in relation with the process of making individual financial decisions. In some papers education programs are associated with improved financial outcome (Agarwal, Amromin, Ben-David, Chomsisengphet, & Evanoff, 2010) while financial literacy is linked to retirement preparation (Lusardi& Mitchell, 2009; Rooij, Lusardi, & Alessie, 2011b) or, as is the case with a more focused study, with stock market participation (Rooij, Lusardi, &Alessie, 2011a). Hilgert and Hogarth (2003) discuss the link between financial knowledge and financial behaviour.

Driscoll, Gabaix, andLaibson, (2007), find that for individuals in their early 50s financial choices appear to be optimal, due to age-related cognitive, selection and cohort effects. Their conclusion is that a robust relationship exists between age and financial sophistication. Lusardi (2012a) links older age and financial literacy while Nielsen and Phillips (2008) approach the issue of age-related decline of cognitive functions and its effect on individual economic behaviour. The age-related differences in financial decisions were also studied by Shivapour, Nguyen, Cole, and Denburg, (2012); Weierich et al. (2011). Besides age in itself, the stage of the life-cycle in which an individual finds himself is also of great importance (Browning & Crossley, 2001).The connection between age and life cycle is also studied by Gourinchas and Parker (2002) who develop a model of consumption which shows important changes of the consumer behaviour over the life cycle.

Focus and attention on financial matters is taken into account in the model of Ameriks, Caplin, and Leahy (2004). They acknowledge that many individuals or households are ―absent-minded‖, having little knowledge on their spending and consumption. This approach is quite useful because it recognizes a very important aspect that need to be added to the life cycle model of consumption.

Cognitive functioning is studied together with financial literacy and age by Banks (2010) who finds that these are evolving aspects in the course of the individual‗s life, which are also related to his/hers economic circumstances. According to Banks there is a clear link between the cognitive abilities of a person and his/hers economic choices. Related to this area is also the study of the impact on individual financial decisions of computational error (Chen &Rao, 2007) and the bad choices in general (Finke, 2005). Also, worth mentioning is the analysis of the relationship between numeracy and financial decisions (Lusardi, 2012b). Quite often, individual financial behaviour displays perception or analysis errors. The lack of attention or information, the inability to correctly process the available information, uncertainty or other such elements sometimes lead to less than adequate financial decisions.

Family dynamics or the choice of who makes the financial decisions in the household is an issue approached by James, Boyle, Bennett, and Bennett (2012).

They also focus on the cognitive traits of the person. Here we obviously go beyond individual, towards the household as the unit of concern in terms of financial decision. The related field of family economics, in a more general, approach is also analyzed in the seminal paper of Bergstrom (1996). A related area of study concerns household structure. In this respect a very interesting study, in which age differences in couples and their impact on savings preferences are investigate by Browning (2000). Starting from the idea that wives are younger than husbands, in general, and also women live longer than men, he basically shows that household members have different positions on the life cycle, due to differences in age perspectives over the future, with an important set of consequences. The issue of bargaining power in the household is discussed by Friedberg and Webb (2006), who present the existence of a moderate importance of individual earnings on financial decisions taken by the couple.

Benhabib and Bisin (2002) analyze the ability to self-control in the face of conflicting preference for the consumption-saving choices. The impact of convenience on the choice of financial institutions is discussed by Lee and Marlowe (2003). This may not be a purel‖ psychological factor, but does have some connections that allow the placement of the issue in this class. In the category of psychological factors we might also include the home bias‖ discussed by Grinblatt and Keloharju (2001), which expresses the preference for domestic financial assets. The perception and processing of information by individuals are at the core of the psychological aspects that lead to the process of making financial decisions (Garcìa, 2013). A more unusual and theoretical approach is that of Cheng (2010), based on the idea that the use of unconscious thought can increase the effectiveness of financial decisions. The author argues that the conscious component of the decision making capacity is complemented by the unconscious component, suggesting the need to integrate both components in the decision making process.

Gender, or the involvement of women in financial decisions in married couples is the focus of the study of Bernasek and Bajtelsmit (2002). Their work shows that the level of income earned by a woman has a direct impact on her participation in the financial decision making process in the household. Fonseca, Mullen, Zamarro, and Zissimopoulos (2010, 2012) look at the gender gap in financial literacy and the sharing of financial decisions in the household. Another important issue, regarding gender and women‘s risk aversion is studied by Schubert, Martin, Gysler, and Brachinger (1999). Powell, Melanie and Ansic (1997) look at the way gender influences the process of financial decision making, pointing to a smaller acceptance of risks by women and their preference for different financial strategies. Schubert, Brown, Gysler, and Brachinger (1999), on the other hand, find no gender related differences in the attitude towards risk and financial decision. The gender-related differences in financial decisions were also studied by Shivapour et al. (2012).

The impact of health on financial decision making was discussed by James, Boyle, Bennett, and Bennett (2012). The structure of the households' portfolios is related to the health of their members in the paper of Rosen and Wu (2004). They observe the existence of a strong connection between individual health and financial decision, individuals with health problems tending to maintain safer and more liquid portfolios.

Breuer and Quinten (2009) even coin the term "cultural finance" while in Breuer and Salzmann (2009) it is asserted that “national culture is a strong indicator for the portfolio structure of households, as it predicts the use of certain asset classes very effectively, but it is less powerful when it comes to the more general characteristics of household finance”. An interesting analysis that can be included in this area is related to time preferences (Breuer & Wang, 2011). The authors argue that there is a relationship between the individuals’ time preferences and their financial planning horizon. A specific approach is that of Chui & Kwok (2008) who discuss the impact of national culture on the use of life insurance. Also relevant is the analysis of culture and the configuration of national financial systems (Kwok & Tadesse, 2006).

Renneboog and Spaenjers (2009, 2011) show that religious households have a longer planning horizon in financial issues. The authors make distinctions between the influences of Catholicism and Protestantism in household finance. The threat posed by stereotypes is the issue of an interesting study (Carr & Steele, 2010), which argues that such stereotype concerns influence the financial decisions of individuals as a result of increased loss-aversion.

Uncertainty regarding future income, which influences current consumption, is a subject developed by Carroll (1994). Placing this factor in the category of external factors is a debatable decision. Uncertainty can be described as a matter of personal perception, in which case it would be an internal decision factor, or as an expression of the economic realities, version preferred in this paper.

Access to financial advice, which is positively related to the level of financial literacy (Collins, 2012) is also understood as an external factor of influence. Certainly, the need to receive advice is due to an internal availability of the individual, but the availability of this advice is a characteristic of the environment. In favour of the initial part of the previous statement comes the study regarding the neurobiological basis for the influence of advice on financial decision (Engelmann, Capra, Noussair, & Berns, 2009). Also, a neuroeconomic approach of the assessment and attitudes towards risk is presented by Engelmann and Tamir (2009), while a general analysis of the attitude towards risk is carried out by Guiso and Paiella (2004). The positive impact of advice on financial behaviour is presented by Tang and Lachance (2012).

Population aging, for example, is a long term change that induces transformations both in the organization of the financial systems (Ciumara et al., 2013) and in the individual attitudes towards personal finances. When we refer to geography or demographics as influence factors we can also include migration and the transnational character of some households and its impact on household finance and financial decision, which is studied by Seshan and Yang (2012). This is an important area of study, particularly for countries with significant numbers of migrant workers.

The concrete variety and availability of financial vehicles limits the possibilities of financial expression. This issue was also dealt with by Kwok &

Tadesse (2006) in their analysis of financial systems in terms of national culture. The economic environment is a powerful source of influence over personal financial decisions. Certainly, the position on various stages of the economic cycle plays an important role. Even if other elements relevant to financial decisions remain constant, financial behaviour is substantially different in periods of economic expansion compared to periods of recession, for example. Somewhat beyond the scope of this literature review, but with potential interest are a number of other studies which focus on tangential issues. For example, Levav and Argo (2010) examine how physical contact influences the willingness to accept risk and consequently decision making. Also Wood, Downer, Lees and Toberman (2012) discuss the existence of some important life events, such as marriage or parenthood, in response to which households become more actively involved in making financial decisions.

CHAPTER THREE

RESEARCH METHODS

Introduction

In this chapter, steps and methods used to collect data, process data and analyze data towards answering research questions and achieving research objectives were presented. Further explanation to the choice of certain methods and procedures over others are made. All these are preceded by the research design.

Research Design

Descriptive research methods were used in this study to assess the influence of behavioural factors on people's personal financial management decisions. Descriptive research involves data collection in order to answer questions concerning current status of the subject of the study in the research. The goal of descriptive research design is to examine an event or phenomenon and characterize it as it is in a specific context (Le Compte & Preiessle, 1993). The researcher takes things as the way they are, thus there is no manipulation of subjects or treatments.

The current study is exploratory in nature as the objective of the study is to assess the influence of behavioural factors on people's personal financial management decisions. The design gives a valuable insight into the question under study. In this study, a combination of the qualitative and quantitative approach is used. This is to ensure that the advantages of both qualitative and quantitative approaches are obtained which in turn to overcome limitations of one research approach. The use of quantitative approach prevented elements of bias in the gathering and presentation of data. It also ensured objectivity, and reliability of the research undertaken. The qualitative research approach on the other hand provides more in-depth and comprehensive information as data is gathered through open ended questions.

Population

In order to determine the analysis of factors influencing Personal Financial Management Decision, a total of 200 participants were selected using simple random sampling. Simple random sampling according to Gay (1996) makes data collection easier and also gives accurate representation of the population. The sampling frame consisted of employees of International Oils and Fats ltd. located in Techiman in the Brong Ahafo Region with adequate literacy to be able to read questionnaires administered with little or no assistance.

To be able to get a fair representation of employees, the researcher administered some of the questionnaire to employees of every department at International Oils and Fats ltd. With this sampling method, each member of the population had an equal opportunity of being part of the sample thus making this method an efficient sampling method. Due to the tight working schedules of some of the employees, the study allowed respondents a number of days to fill them after which the researcher collected them later.

Instruments for Data Collection

The data for this study was generated through the use of questionnaire. Both open ended and closed ended questions were used. Each questionnaire for the survey explores the factors that influence financial management decisions of respondents. The second measures the mistakes of employees concerning their personal financial habits and finally challenges faced in applying financial knowledge in personal financing decision making. The questionnaires are structured in both open-ended and close-ended forms with some of the responses to the questions to be encoded on a two scale where: Yes = 1 and No = 0. In some cases a three scale may be used where; Yes=2, Not sure = 1 and No = 0. The use of the scale is to make it easier for respondents to answer questions with ease. In addition, this research instrument permitted an efficient use of statistics for the interpretation of data. On the other hand, analysis of responses to open ended questionnaires was done in qualitative manner.

Data Collection Procedure

The period for the data collection procedure lasted two Months. The researcher used the first and second week for the administration of the questionnaire and the subsequent weeks for the collection of the instruments.

Respondents' confidentiality was assured so as to elicit the appropriate response on the questionnaire. Opportunity was given to respondents to ask questions if any before the researcher administered the questionnaire.

Data Analysis

Analysis of the research data who done according to the research questions. Quantitative information was organized, coded and summarized using Statistical Product for Service Solution (SPSS) version 20. The SPSS is computer software. After collecting the raw data, the items were coded into numerical values which were then keyed into the computer. The open ended items were categorized into themes. The analyzed data was summarized using descriptive statistics such as means and standard deviation, and frequencies and percentages and presented using tables and graphs. According to Gay (1996), when making the results known to a variety of readers, simple descriptive statistics such as mean, percentages have a considerable advantage over more complex statistics.

CHAPTER FOUR
RESULTS AND DISCUSSION

Introduction

This chapter dealt with making a statistical sense out of the data collected. It compressed the data and brought the statistical meaning out of it. This chapter considered descriptive method of statistical analysis. It also discussed the relevant issues to answer the research objectives.

Respondents' Personal Details

This part of the analysis examined the biographical data such as gender, age, marital status, highest educational qualification, working experience and annual family income of respondents. In the data generated, males form the dominant group who participated in the research.

Majority (44%) of the respondents were between 31 to 40 years of age. 29% of them were between 21 to 30 years of age, 23% of them were between 41 to 50 years of age and 4% of the respondents were between 51 to 60 years of age. 65% of the respondents were married where as 35% of them were single. The level of education of the respondents was between senior high school leavers and graduates from Polytechnic and University.

The respondents' major fields of study were agriculture, engineering, mathematics, social and environmental sciences, finance, accounting, marketing, human resource and the senior high school leavers had studied general arts, business and sciences. 41% of the respondents have 5 to 10 years working experience, 35% of them have below 5 years working experience and 24% of them had above 10 years working experience. Twenty seven (27%) of the respondents had their annual family income above GH¢ 30, 000, 22% of them had their annual family income between GH¢ 12,000 to 18, 000, 21% of them had their annual family income below GH¢ 12,000, 16% of them have their annual family income between GH¢ 18,001 to 24,000 and 14% of them had their annual family income GH¢ 24,001 to 30,000.

Behavioural factors influencing financial Management Decisions

Planning One`s Personal Finances

This section of the analysis assessed whether respondents had plan for their personal finances, by examining the respondent's personal financial goals.

Whether respondents' had personal financial goals

Most (91%) of the respondents had personal financial goals whiles 2% of them did not have. Besides, 7% of the respondents were not sure whether they have personal financial goals. In addition, 42% respondents that indicated 'Yes' responded that they wish to achieve their financial goals in 5 years, 31% of them wish to achieve their financial goals above 10 years, 15% of them wish to achieve their financial goals below 5 years and 12% of them wish to achieve their financial goals in 10 years. Besides, 74% of those who had personal financial goals indicated that they have alternative strategies to achieving their personal financial goals whereas 26% of them do not have any alternative.

Results from above shows that of the respondents had financial goals which is in connection with Ismail et al., (2011) who said failure in managing an individual's finance can lead serious long-term consequences not only for that person but also for enterprise, society (Ismail et al., 2011).

Extent to which the following influence respondents' personal financial goals

Table 1 indicates the extent to which the following statement influence respondents' personal financial goals. The extent was measured using 3 points scale where; 3= extremely important, 2= average important and 1= not important. From the Table, respondent's family size and career plan extremely important influenced their personal financial goals, since their mean score is approximated to 3. Besides, respondent's field of study importantly influenced their personal financial goals, since their mean score is approximated to 2.

Table 1-*Extent the following influence respondents' personal financial goals*

Response	Mean score	Standard Deviation
Family size	2.71	0.497
Career plan	2.75	0.459
Field of study	2.20	0.690

Source: Twum (2017)

Results from Table 1 shows that, career planning of people influence financial management goals followed by the size of family with field of study influencing least. This according to Ameriks, Caplin and Leahy (2004) indicted that, people focus and attention on financial matters is taken into account their career plan and family spending. They acknowledge that many individuals or households are ―absent-minded‖, having little knowledge on their spending and consumption.

Managing One`s Personal Finances

This part of the analysis examined how respondents managed their personal finances by assessing how often they save with financial institution, kept of monthly expenses and revenue records and also undertook periodic programs to enlighten their financial issues.

How often respondents' save with a financial institution

Fifty-one (51%) of the respondents saved with financial institutions every month, 25% of them responded they save with financial institutions as soon as they get cash, 14% of them saved only when they feel like and 10% of them responded that they saved after paying all debts and expenses. In addition, 50% of the respondents indicated that they save with a particular financial institution by looking for the interest they would earn on the savings, 42% of them responded not always and 8% of them responded not at all that they save with a particular financial institution by looking for the interest they would earn on the savings. Furthermore, 51% of the respondents kept records of their daily and monthly expenses and revenues whiles 28% of them did not keep records. Besides, 23% of them were not sure that they kept records of their daily and monthly expenses and revenues. Also, 64% of the respondents had personal limits as to the level of debt they owed at a point in time whiles 25% of them did not have personal limits. Besides, 11% of them were not sure that they have personal limits as to the level of debt they should owe at a point in time. Besides, 67% of the respondents did not undertake periodic programs such as seminars, workshops, discussions and reading of financial books to enlighten their financial issues whereas 25% of them undertook periodic programs and reading of financial books. Also, 13% of them were not sure about periodic programs or reading of financial books to enlighten their financial issues.

Table 2-*How often respondents' save with a financial institution*

Response	Frequency	Percent (%)
As soon as I get cash	50	25.0
After paying all debts and expenses	20	10.0
Every month	102	51.0
Only when I feel like	28	14.0
Total	200	100.0

Source: Twum (2017)

Results from Table 2 show that, most people save with financial institution every month. This according to Benhabib and Bisin (2002) analyze the ability to self-control in the face of conflicting preference for the consumption-saving choices. Since most people receive salary, it is obvious for them to save every month.

Extent the following influence respondents' ability to manage their personal finances

Table 3 indicates the extent the following statement influence respondents' ability to manage their personal finances. The extent was measured using 3 points scale where; 3= extremely important, 2= average important and 1=

not important. From the table, respondents' knowledge about financial matters, family size and income level extremely important influenced respondents' ability to manage their personal finances, since their mean score was approximated to 3. Besides, respondents' accessibility to financial services importantly influenced respondents' ability to manage their personal finances, since their mean score was approximated to 2.

Table 3-*Extent the following influence respondents' ability to manage their personal finances*

Response	Mean Score	Standard Deviation
Knowledge about financial matters	2.64	0.542
Accessibility to financial services	2.46	0.613
Family size	2.56	0.556
Income level	2.7	0.543

Source: Twum,(2017)

Results from Table 3 indicate that, their level of income influences most their financial management decisions with knowledge about financial matters and accessibility to financial services influencing little. In connection with the works of Fonseca, Mullen, Zamarro and Zissimoulos (2010, 2012) who indicated that the level of income earned by people has a direct impact on her participation in the financial decision making process in the household. Again, this contracts that to Collins, (2012) who said that access to financial advice, which is positively related to the level of financial literacy, is also understood as an external factor of influence.

Respondents Purchasing Decisions

This part of the analysis investigated respondents purchasing decisions.

Whether respondents make shopping lists before going out for shopping

Figure 1 indicates that 59% of the respondents made shopping lists before going out for shopping whiles 8% of them did not make shopping list. Besides, 33% of them were not sure about making shopping lists before going out for shopping. In addition, 73% of the respondents responded that they sometimes stuck to the shopping list whiles 19% of them responded they always stuck to the shopping list. Besides, 8% of the respondents responded that not even once have they stuck to the shopping list. Also, 40% of the respondents indicated that change in taste and preference was normally because of the impulse purchases, 35% of them said unexpected changes in prices normally cause the impulse purchases and 10% of them said changes in shopping destinations normally cause the impulse purchases. Besides, 11% of the respondents responded other (i.e. good bargaining and adequacy of favourable financial wants) normally cause the impulse purchases.

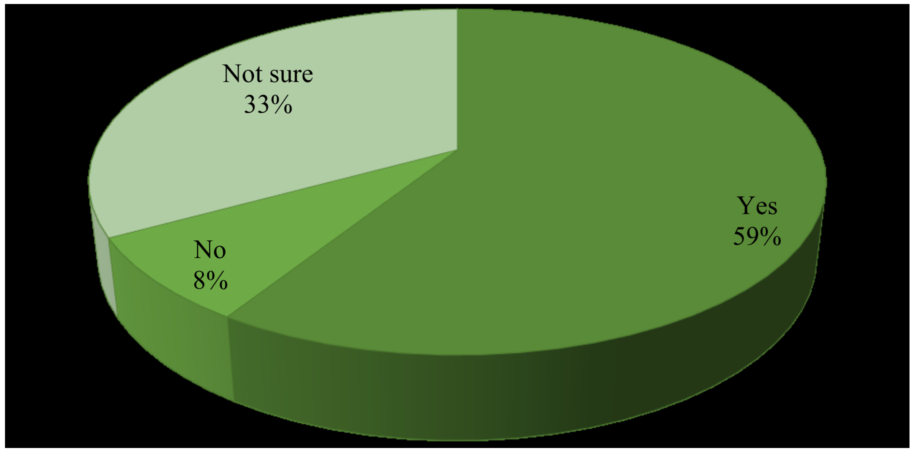


Figure 2: Whether respondents make shopping lists before going out for shopping

Results from the figure 1 show that most people do make shopping list before engaging in any spending decisions.

How Respondents Insure their Resources

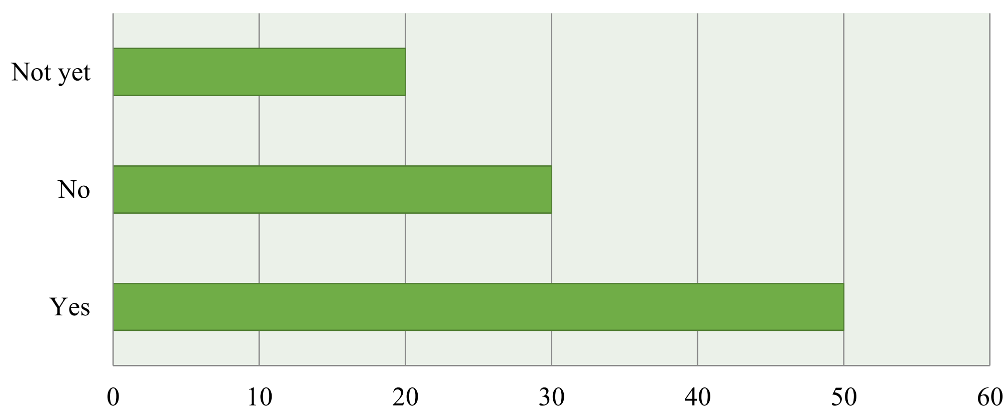
Eighty-six (86%) of the respondents responded that they have thought of possibilities that their income pattern may adversely change unexpectedly whereas 14% of them have not thought of it. In addition, 73% of the respondents thought of ways to protect against such unexpected changes whiles 27% of them had not thought of any way.

The above results shows that people do no insure their resources with reason that their income pattern will or might change.Financial education (Carlin & Robinson, 2012; Lusardi, 2008b) and the related concept of financial literacy (Calcagno & Monticone, 2011; Lusardi, 2008a, 2008b) are frequently mentioned in relation with the process of making individual financial decisions.

Knowledge of finance influence Personal Financial Management Decisions

Whether Respondents hold any insurance policy

Half of the respondents held insurance policy whiles 30% of them did not hold insurance policy. Besides, 20% of the respondents were not yet holding any insurance policy. Also, 82% of the respondents said that they had plans aside the insurance policy to undertake other strategies to secure their financial resources whereas 18% of them said they did not have any plans aside the insurance policy. In addition, respondents indicated that other strategies undertaken by them were investing in treasury bills and bonds, establishing small business, cutting down of expenses, educational insurance for children and property acquisitions.



	Yes	No	Not yet
percent (%)	50	30	20

Figure 3 Whether Respondents hold any insurance policy

Results from Figure 2 show the most people hold financial insurance policies as a result of their knowledge on finance. This is in connection with the work of Collins (2012) who said that access to financial advice, which is positively related to the level of financial literacy is also understood as an external factor of influence. Certainly, the need to receive advice is due to an internal availability of the individual, but the availability of this advice is a characteristic of the environment and increases knowledge of people and security.

Respondents` Understanding of Investments

This section of the analysis assesses respondents' appreciation of investment and time value of money principle.

Whether respondent is aware of the time value of money principle

Eighty seven (87) of the respondents were aware of the time value of money principle whiles 13% of them were not aware. Also, 98% of the respondents were aware that investment adds value to their money whiles mere savings adds no value to their money whereas 2% of them were not aware. In addition, 63% of the respondents held shares of a company, mutual fund, unit trust or enterprise, respondents are nurturing aside formal employment, but 14% of them did not hold any shares in any company. Besides, 23% of them said they are working towards it.

Results indicate that, most people are aware and understand investment as it adds value to their money. Hilgert and Hogarth (2003) discuss the link between financial knowledge and financial behaviour as knowledge finance encourage people to make or take investment opportunities, thus influencing their financial behaviours.

How respondents evaluate their returns on investment so far

Fifty-eight percent (58%) of the respondents indicated that the returns on their investments so far is below expectation, 35% of them said their returns is just as expected and 7% of them responded that their returns were beyond expectations. Moreover, 69% of the respondents indicated that the returns they made on their investment have not compensated them well enough for the level of risk associated with the investment whiles 31% of them have been compensated well.

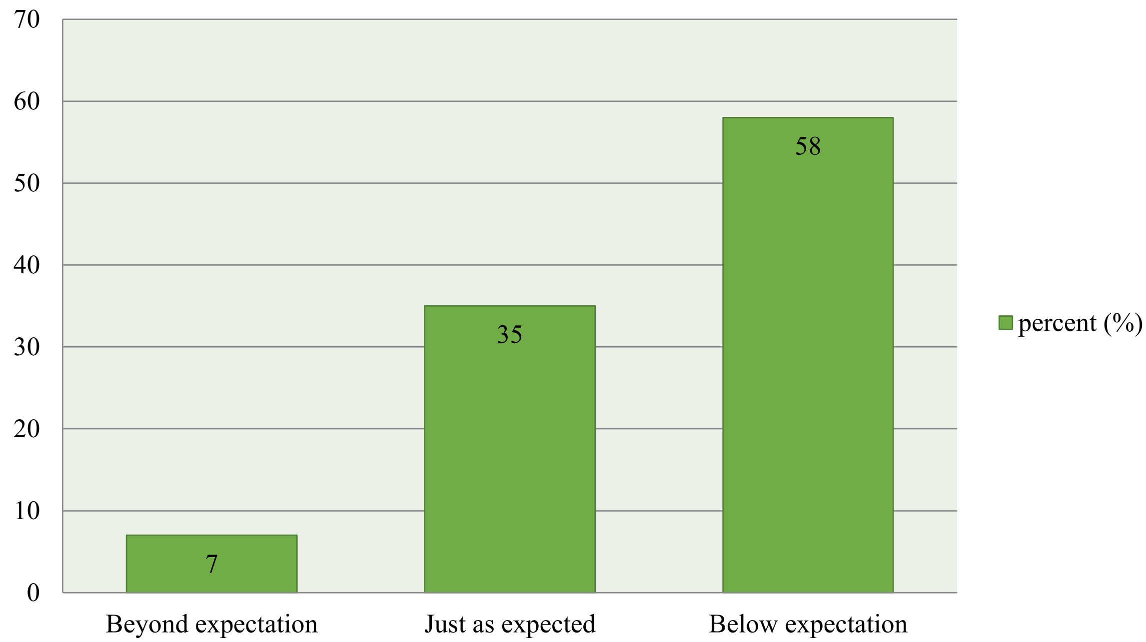


Figure 4: How respondents evaluate their returns on investment

The Figure shows that, most people have low expectations on their investment returns as it may influence their financial behaviours. Again, Hilgert and Hogarth (2003) discuss the link between financial knowledge and financial behaviour as knowledge finance encourages people to make or take investment opportunities, thus influencing their financial behaviours.

How respondent is controlling His/her Financial Future

This part examines how respondent controls his /her financial future by assessing their retirement plans.

Whether respondents' have started planning for their retirement

Further analysis also showed that, 63% of the respondents have started planning for their retirement whereas 19% of them have not started. Also, 18% of them have not thought of planning for their retirement.

Respondents said that establishing small business, building of houses for renting, educational fund for children, insurance policy and entering into farming activities are the intended plans for their retirement.

Fifty-nine percent (59%) of the respondents indicated that job security limits their ability to be consistent with their retirement plan, 23% of them responded that change in investment goals and 18% of them responded that health, unexpected huge loss are the factors that limited their ability to be consistent with their retirement plan. According to Williams (1982), specific situations that cause financial stress include: understanding expenses because of inexperience or poor records, overestimating income, lack of family communications, being overwhelmed with bills and expenses to the point of being afraid, inability to say no, lack of planning, buying products and services on credit, poor money handling skills, credit overextension, using money for emotional reasons, not having a cash reserve for emergencies and not controlling expenses such as gambling, alcohol, tobacco and drugs.

Whether respondents intend working even after pension

Result indicates that 54% of the respondents would work even after pension whiles 46% of them indicated that they would not work. Those who said they would be working explained that they would do so owing to the possibility of volatile economic situations by then, to increase their investment, to keep them active and to share their experience.

The results indicate that, people want to work after pension in other to earn more and provide for their families.

Respondents` Personal Finance Indicators

This section measures the extent respondents agree/disagree with the following as his/her personal finances mistakes/indicators. The extent was measured using a five point Likert's scale where; 5= most agree, 4= agree, 3= not sure, 2= disagree and 1= most disagree.

From table 4.4, respondent agreed with the statement that they spend beyond their budget as being their personal financial indicator. Besides, respondents' were not sure about the rest of the statements as being their personal financial indicators. This implies that respondents' personal financial mistake is spending beyond their budget.

Table 4-*Extent respondents' agree/disagree with the following statements*

Response	Mean score	Std. Deviation
I occasionally spend beyond my budget	3.94	1.008
I occasionally overuse my credit	2.85	1.345
I occasionally run out of money	2.96	1.301
I occasionally have low or no emergency funds	2.92	1.352
I occasionally unable to pay my bills	2.92	1.067
I occasionally delay in paying loan installments	2.52	.849
I occasionally rely on second income to meet daily expenses	2.29	1.244
I occasionally lose money through gambling	2.62	.753
I occasionally feel stressed about money matters	2.58	1.276
I occasionally feel stressed about my job security	2.51	1.169

Source: Twum, (2017)

Results from Table 4 show that, most people spend beyond their budget and as indicated by Stern, (1995) poor financial behaviours are regularly spending too much money and Singletary(1996), regularly writing "bad checks" (such as one with insufficient funds in the account which results in additional bank/vendor charges and perhaps other penalties), typically having a low or non-existent emergency fund savings account, regularly being unable to pay due bills such as utilities, rent, child care, credit cards, regularly being unable to repay installment debts, regularly overusing credit (Fulkerson, 1995).

Challenges Respondents Faced in Application of Financial Knowledge in Daily Personal Financial Management Decisions

This section examines challenges respondents' faced in application of financial knowledge in daily personal financial management decisions. 64% of the respondents made conscious efforts to remember and apply their knowledge in finance and accounting in taking personal decisions in life whiles 7% of them did not make any conscious effort. Besides, 29% of them were not often in making conscious efforts to remember and apply their knowledge in finance and accounting in taking personal decisions in life.

Change in prices, family needs, instability of markets, lack of proper record keeping, nature of expenditure, inflation and spend of money in advance are the major factors that limits respondents ability to freely apply their knowledge in finance and accounting when taking personal finance decisions. According to Williams (1982), financial problems result from unexpected changes which necessitate re-evaluation of the use of resources. It is not surprising that many of the situations outlined by Williams are also stress related variables. For example, situations which may create severe financial problems include: changes in family income, changes in employment status, unscrupulous or fraudulent schemes, adverse job politics, loss of ability to fulfill home responsibility, need to support parent or other persons, premature death of spouse, birth of child, illness or disability, accidents, divorce, major unexpected bills, lawsuits and changes in consumer prices.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

Introduction

This chapter concludes the study by outlining the major findings of the study and the research strategy used in achieving the objectives of the study. Conclusions were derived from these findings while recommendations were made to take advantage of opportunities while reducing challenges.

Summary of Findings

The study was undertaken to analyze the factors influencing personal financial management decisions of 200 employees of International Oils and Fats Ltd. Specific objectives that motivate the study were to identify the factors that influence financial management decisions, examine the mistakes of employees concerning their personal financial habits and to examine the challenges that employees face in applying their financial knowledge in daily personal financial management decisions.

Data collected revealed that most (91%) of the respondents have personal financial goals and 42% of the respondent indicated that they wish to achieve their financial goals in 5 years, 31% of them wish to achieve their financial goals above 10 years, 15% of them wish to achieve their financial goals below 5 years and 12% of them wish to achieve their financial goals in 10 years. Besides, 74% of those who have personal financial goals indicated that they have alternative strategies to achieving their personal financial goals whereas 26% of them did not have any alternative.

In examining respondents' personal financial behaviours, respondents manage their personal finances, save with financial institution, kept their monthly expenses and revenue records and also undertook periodic programs to enlighten their financial issues. The study also depicted that 51% of the respondents saved with financial institutions every month, 25% of them responded that they saved with financial institutions as soon as they get cash, 14% of them save only when they feel like and 10% of the respondents saved after paying all debts and expenses. These respondents save with a particular financial institution by looking for the interest they would earn on the savings. Most of the respondents also kept records of their daily and monthly expenses and revenues and have personal limits as to the level of debt they should owe at a point in time whiles 24% of them did not have personal limits. The study also confirmed that most employees did not undertake periodic programs such as seminars, workshops, discussions etc. to enlighten their financial issues.

In analyzing respondents' ability to manage their personal finances, their knowledge about financial matters, accessibility to financial services, family income and income level was used. It was measured using 3 points scale where; 3= extremely important, 2= average important and 1= not important. The study revealed that the respondents' knowledge about financial matters, family size and income level extremely influences respondents' ability to manage their personal finances. Besides, respondents' accessibility to financial services importantly influences respondents' ability to manage their personal finances.

In examining how employees financial knowledge influencing their financial behaviours, the study revealed that most of the employees have started planning for their retirement whereas few of the respondents have not started planning for their retirement. The respondents' also indicated that establishing small business, building of houses for renting, educational fund for children, insurance policy and entering into farming activities are the intended plans for their retirement. Again, majority of the employees were of the view that job security, change in investment goals, health, unexpected huge loss are the factors that limits their ability to be consistent with their retirement plan. In addition it has been indicated that most employees would be working even after pension and the reason is due to the volatile nature of the economic situation, increase their investment, keep them active and to share their experience.

In examining challenges few employees did not make conscious efforts to remember and apply their knowledge in basic finance management in taking personal decisions in life. Change in prices, family needs, instability of markets, lack of proper record keeping, nature of expenditure, inflation and spend of money in advance are the major factors that limits respondents ability to freely apply their knowledge in finance and accounting when taking personal finance decisions. Again, employees indicated that they are able to identify their personal financial mistake using spending beyond their budget, overuse of credit card, running out of money, having lower or no emergency funds, unable to pay bills, delaying in paying loan installments and relying on second income to meet daily expenses. It was revealed that the personal financial mistake of respondents is spending beyond their budget.

Conclusions

The study concluded that there are factors that influence financial management decisions of people especially professionals, included family size and career plan which are extremely important factors which influencing their decisions about their financial goals. Based on the size of family and the career plans of professionals, they come out with decisions concerning how to manage their finances.

Spending beyond budget is the main mistake of employees concerning their personal financial habits. Employees are unable to spend as budgeted. This is due to impulse buying which is consistent amongst most of them because they do not stick to their scale of preference.

In examining the challenges they face in applying their financial knowledge in daily personal financial management decisions, the study revealed that change in prices, family needs, instability of markets, lack of proper record keeping, nature of expenditure, inflation and spend of money in advance are the major factors that limits respondents ability to freely apply their knowledge in financial management when taking personal finance and management decisions.

Recommendations

The study recommends that are all employees should undertake periodic programmes such as seminars, workshops and reading of books related to personal financial management to enlighten them of their financial issues since the study revealed a shortfall in that area.

However the most important action to be taken should be a change in the mindset concerning financial planning. These programmes will enable them to handle their finances and generate more income.

Most respondents responded that they save after paying all debts and expenses but this is a bad practice. Employees should always pay themselves first to be able to get more money or enough money in their account. After paying themselves, they will be pressured to work hard to pay their debtors.

People must make lists of their preferences before they go out to purchase in order to prevent impulse buying. This will enable the employees to know what they are to purchase in order to save some amount of money. People have to discipline themselves to stick to their scale of preference and know what to buy and the time to buy it.

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APPENDIX A

UNIVERSITY OF CAPE COAST

SCHOOL OF BUSINESS

DEPARTMENT OF MANAGEMENT STUDIES

RESEARCH QUESTIONNAIRE

This survey is part of an academic research to examine the analysis of factors influencing personal financial management decisions. You are assured that the information gathered shall be strictly used for academic purpose only. Thank you for taking time out of your busy schedule to respond to these questions.

<u>SECTION A: PERSONAL DETAILS</u>

1. Sex: (a) Male (b) Female

2. Age: (a) 21-30years (b) 31-40yearrs (c) 41-50years (d) 51-60years

3. Marital status: (a) Married (b) Single (c) Divorced

4. Highest educational qualification: (a) SSSCE/WASSCE (b)HND holder (c) Degree holder (d) post graduate

5. Major field of study: (a) finance (b) Engineering (c) human resource (d) Procurement (d) Marketing

6. (e) Other (specify)………………………

7. Number of years working: (a) less than 5 yearrs . (b) 5-10 yearrs.

   (c) above 10 years

8. Annual family income: (a) less than GHC 12,000 (b) GHC 12001-18,000 (c) GHC 18,001-24,000 (d) GHC 24,001-30,000

   (e) above GHC 30,000

SECTION B: PLANNING ONE'S PERSONAL FINANCES

Personal financial planning according to Hughes (2004) is the process of managing one's money to achieve personal economic satisfaction. This planning process allows the individual to control his financial situation. Every household has a unique financial position, and any financial position, and financial activity therefore must also be carefully planned to meet specific needs and goals.

9. Do you have personal financial goals? (a) Yes (b) No (c) Not sure
10. How long do you wish to achieve this goal? (a) ………..yrs (b) Not sure
11. Have you thought of alternative strategies to achieving your personal financial goals?

    (a) Yes (b) No (c) Not sure

12. To what extent does the following influence how you set your personal financial goals? (Please tick)

	Extremely important	Averagely important	Not important
Family size			
Career plan			
Field of study			
Other			

SECTION C: MANAGING ONE'S PERSONAL FINANCES

13. How often do save with a financial institution? (a) As soon as I get cash

    (b) after paying all debts and expenses (c) Every month (d) only when I feel like

14. Do you really look out for the interest you would earn on your savings before choosing a financial institution to save with? (a) Yes (b) Not always (c) Not at all

15. Do you keep record or have a good idea of your daily expenses and revenues?

    (a) Yes (b) No (c) Not sure

16. Do you have personal limits as to the level of debt you should owe at any point in time? (a) Yes (b) No (c) Not sure

17. Do you undertake periodic programs such as seminars, workshops, discussions etc, to enlighten yourself further on financial issues?

    (a) Yes (b) No (c) Not sure

18. To what extent does the following influence how well you are able to manage your personal finances? (Please tick)

	Extremely important	Averagely important	Not important
Knowledge about financial matters			
Accessibility to financial services			
Family size			
Income level			
Other			

SECTION D: MAKING PURCHASING DECISIONS

19. Do you make shopping lists before going out for shopping?

    (a) Yes (b) No (c) Not always

20. How often do you stick to the shopping list?

    (a) Always (b) Sometimes (c) Not even once

21. What normally causes the impulse purchases?

    (a) Unexpected changes in prices (b) Change in taste and preference

    (c) changes in shopping destinations (d) other

    (specify)______________________

SECTION E: INSURING ONE'S RESOURCES

22. Have you thought of possibilities that your income pattern may adversely change unexpectedly? (a) Yes (b) No
23. Have you thought of ways to protect yourself against such unexpected adverse changes? (a) Yes (b) No
24. Do you hold any insurance policy? (a) Yes (b) No (c) Not yet
25. Aside insurance do you have at the moment or have plans to undertake other strategies to secure your financial resources? (a) Yes
    (b) No
26. If you answered yes to the above please state those strategies, If no, please state reasons why?

i. ……………………………………………………………………………

ii. ……………………………………………………………………………

iii. ……………………………………………………………………………

SECTION F: INVESTING FINANCIAL RESOURCES

Investment refers to the process of putting money into a venture or business with the hope of making profits or returns on it. Time adds value to money and inflation eats away the value of money. Investments with higher risk should be compensated with higher returns and risk refers to the possible deviation from expected profits or returns.

27. Are you aware of the time value of money principle? (a) Yes

    (b) No

28. Are you aware that, investment adds value to your investment while mere savings adds no value to money? (a) Yes (b) No

29. Do you hold shares of any company, mutual fund, unit trust or any enterprise you are nurturing aside your formal employment?

    (a) Yes (b) No (c) I am working towards it

30. How do you evaluate the returns on your investment so far?

    (a) beyond expectation (b) just as expected (c) below expectation

31. Do you think that the returns you make on your investments have compensated you well enough for the level of risk association with the investment? (a) Yes (b) No

SECTION G: CONTROLLING ONE'S FINANCIAL FUTURE

32. Have you started planning for your retirement? (a) Yes (b) No

    (c) Not yet

33. How do you intend to plan for your retirement?

    i. ……………………………………………………………………

    ii. ……………………………………………………………………

    iii. ……………………………………………………………………

34. What factors may limit your ability to be consistent with your retirement plan

(a) Job security (b) change in investment goals (c) other

____

35. Do you intend to working even after pension? (a) Yes (b) No

36. Please give reasons to your answer above

i. ……………………………………………………………………

ii. ……………………………………………………………………

iii. ……………………………………………………………………

SECTION H: PERSONAL FINANCE MISTAKES/INDICATORS

37. Please indicate the extent to which you agree with the following statements, where; 5 = Most agree, 4 = Agree, 3= Not sure, 2 = Do not agree, 1= Most disagree (Please tick)

	5	4	3	2	1
I occasionally spend beyond my budget					
I occasionally overuse my credit					
I occasionally run out of money					
I occasionally have low or no emergency funds					
I am occasionally unable to pay my bills					
I occasionally delay in paying loan installments					
I occasionally rely on second income to meet daily expenses					
I occasionally lose money through gambling					
I occasionally feel stressed about money matters					
I occasionally feel stressed about my job security					

SECTION I: CHALLENGES FACING THE APPLICATION OF FINANCIAL KNOWLEDGE IN DAILY PERSONAL FINANCIAL MANAGEMENT DECISIONS

38. Do you make conscious efforts to remember and apply your knowledge in finance and accounting in taking personal decisions in life? (a) Yes (b) No (c) Not often

39. Kindly give reasons that may limit your ability to freely apply your knowledge in finance and accounting when taking personal finance decisions?

    i. ……………………………………………………………………………

    ii. ……………………………………………………………………………

    iii. ……………………………………………………………………………