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Effects of Employees Based Financial Programmes on Retirement Preparedness among Teachers in Kenya

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Abstract: *There is indisputable need for retirement preparedness since a significant positive relationship exists between retirement planning and retirement satisfaction. Majority of retirees remain vulnerable to poorer retirement adjustment and outcomes in terms of life satisfaction and quality of life. The purpose of the study was to assess the effects of employees based financial programmes on retirement preparedness among teachers in Kenya. The target population was 1,238 teachers aged 50 years and above and employed in public secondary schools by the Teachers Service Commission in Kirinyaga and Murang'a Counties by 2017. A representative sample of 334 respondents was selected using multistage sampling technique. Data was collected using semi structured questionnaire and interview guide. Logit regression was used to establish the relationships between variables in the study and to test the null hypotheses at $P \leq 0.05$ and 95% confidence level. Despite pre-retiree teachers not being adequately prepared for retirement; financially programmes had a significant positive effect on retirement preparedness. This means that financially programmes increased retirement preparedness of pre-retiree teachers. The reported findings extend the current understanding of employee separation in terms of financial programmes and raises implications for the various theories that buttresses employee separation choices in human Resource management.*

Keywords *– Financial programmes, Retirement: Retirement preparedness; Pre-retirees; Teachers*

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I. Introduction

The retirement preparation dynamics illuminate the strategies employed by individual employees to maintain, negotiate or re-invent themselves during retirement (McVittie & Goodall, 2012). This trend indisputably places retirement preparation as an agenda for policy makers and scientific researchers who study human resource planning. Increased life longevity implies that a typical adult may expect to live 20–30 years in retirement (WHO, 2012) which is a long time that may be miserable if not well planned for. The implication is that, private and public pension plans will have to pay for the increased average time of retirees. Moreover, the increased life expectancy results to individuals being challenged by whether they want to or can afford to retire, and how they want to spend retirement life (Sargent *et al.*, 2012). Inadequate retirement preparation prompts employee separation from employer organization to trigger a decline in life satisfaction and quality of life resulting to various negative economic consequences (Hesketh, 2012). From the foregoing, employee's proactive response to retirement preparedness is an integral function of individual financial planning for retirement. Undoubtedly, the outcome of sound retirement preparedness is fiscal wellbeing (Wang & Hesketh, 2012), which is a product of employee deliberate engagement in formal life activities or programmes (Wang & Shultz, 2010). It is therefore of paramount importance for individual employees to plan for postretirement life by engaging in activities that guarantee adequate resources to live on (OECD, 2012). As explained by Atchley (2000), one of the indicators of retirement preparedness is retirees being financially independent. It is therefore prudent for employee retirement planning not to be a concern only during the second half of employee's life, but rather from start of employment (Ekerdt, 2004; Phua & McNally, 2008). Previous studies indicate that the actual exit from career job is accompanied by variation of financial resources leading to fundamental decrease income changes that affect individual well-being (Zappalà, Depolo, Fraccaroli, Guglielmi, & Sarchielli, 2008; Thuku & Ireri, 2013). Moreover, studies examining retirement preparedness have focused more on individual's retirement savings despite other critical factors being altered on ceasing formal employment (Dalirazar, Vornovytskyy & Hedengren, 2010). In addition, as the baby boomers generation (born between 1945 and 1964) approach mandatory retirement age (Joshi, Dencker, Franz, & Martocchio, 2010); studies have focused on retirement preparedness in terms of retirement savings but with mixed findings of adequate and insufficient levels of ReP (Dalirazar, Vornovytskyy, & Hedengren, 2010). It is therefore expected that that engagement in diversified financial programme activities should enable one to save, invest and raise income sources to meet the financial needs during retirement and hence ensure financial security throughout life expectancy in retirement.

Life course perspective considers how aging relates to and is shaped by social contexts and also explains how successful retirement transition is pre-retirees context dependent which includes but not limited to financial preparedness (Elder & Johnson, 2003; Mariappanadar, 2012). As Wang, *et al.* (2011) put it, life course perspective emphasizes on interdependency in life spheres of an individual's work and non-work life; and how they are influenced by experiences in other life spheres such as marital life. As such, non-work life spheres are important for retirement adjustment for the reason that they provide retirees with alternative salient identities and opportunities to engage in meaningful and desirable activities. The theory guided the study in determining respondent's retirement preparedness because the cumulative advantages and/or disadvantages may lead to different retirement experiences between people of the same retirement planning programmes due to differences in individual attributes.

Role theorists argue that, although one's life after retirement might be viewed as less satisfying than the years when one was employed, some retirees with other role involvements or those who retire from unpleasant jobs may be less troubled or even more pleased with the loss of those work roles (Wang *et al.,* 2011). On the other hand, role theory indicates that individuals who engage more fully in the roles of family and community members view retirement as an opportunity for them to get time to enjoy the rewards and responsibilities tied to those roles (Ibid, 2011). Further, bridge employment can be characterized as a role transition from full-time work to retirement (Mariappanadar, 2012). Therefore, role theory places specific focus on the role changes that occur through leaving the workforce and the need to create new roles to replace those lost in terms of financial resources generation.

The theory of planned behaviour propagated by Icek Ajzen in 1988 predicts deliberate behaviour intent of people (Ajzen, 1991) that perceives deliberate behavioural control and intentions that can be used directly to predict behavioural achievement. The study applied this theory to explain employee's deliberate engagement in programme activities that promoted financial retirement planning for retirement preparedness.

II. Literature

Research studies consistently indicate that approximately a third of retirees are vulnerable to poorer retirement adjustment and outcomes in terms of life satisfaction and quality of life (Wang, 2007; Van Solinge and Henkens, 2008). It has been found that mandatory retirement age make employees to retire earlier than desired resulting to loss of resources that decreases individual well-being (Bender, 2011). A study by Sargent, Bataille, Vough and Lee (2011) on retired managers indicated both consumer and producer based retirement identities. While consumption based retirement is preoccupied by lifestyles that include leisure, pleasure, use of goods, knowledge based service; producer centered retirement is engaged in market based activities such as part time work and volunteer service that contribute to the well-being of the society (Denton & Spencer, 2009). Individual employees should thus assess past work experiences, imagine future state and status without current job role, and visualize postretirement fiscal, physical and psychosocial needs to guarantee retirement preparedness (August, 2011). Thuku and Ireri (2013) found that although retirement has various negative social, financial and physiological consequences; economic deprivation is the most experienced since retirees and their families are usually among the poorest in the society. This results to dependency of the old on the younger generation an intergenerational poverty cycles that should be broken (Help Age International 2006). The findings of Quinn (2010) showed that retirees in poor financial situations work after retirement to provide additional income that eased financial difficulty and prevent financial hardship. This view is supported by Zhan, Wang, Liu, & Shultz (2009) that, working after retirement significantly benefits fiscal well-being for those who have relatively fewer financial resources in retirement.

In his study, Lusardi and Mitchell (2011) found that dozens of investigations have been carried out on financial literacy during the past decades revealing that the extent and veracity of individual's domain-specific knowledge in finance is related to fiscal well-being after retirement. The rationale is that, financially literate populace make informed decisions and take appropriate actions on matters affecting their financial wealth and well-being (Remund, 2010). Nevertheless, despite this fact, research findings concur that inadequate financial knowledge is a phenomenon that cut across employees in the so called developed and developing countries (Smith & Stewart, 2008; Christelis, Jappelli, & Padula, 2010; Lusardi & Mitchell, 2011). In a study on the relationship between access to retirement information and retirement preparation among prospective retirees, Thuku and Ireri (2013) found a significant negative relationship between the two variables, with only 60% and 30% of prospective retirees in private and public sector respectively accessing retirement planning information. Since the teaching profession in secondary schools comprises of well-educated employees (at least diploma), this study expected to establish the financial knowledge and abilities they have accrued in preparation for retirement. In their research findings, Hesketh and Griffin (2010) found that when employees with weak domain-specific knowledge are confronted by the complexities of modern day investing and options within multiple pension and superannuation schemes, they fail to carry out basic financial planning activities such as determining how much they will need to save for retirement. In support of the foregoing, the study by Noone,

Stephens, and Alpass (2010) revealed that, the clarity of one's financial goals was moderately correlated with perceived financial preparedness. It is therefore important to find out the financial information accessed by teachers during their tenure of employment in preparation for retirement.

Pre-retirement financial planning has repeatedly been documented to lead to better fiscal wellbeing in retirement. In his research findings, Wang and Hesketh (2012) found financial planning to be associated with increased savings for retirement. However, there is great concern that many aging baby boomers may retire without adequate financial resources for retirement (Gist, Wu, & Verman, 2004). With decreasing numbers of defined benefit to defined contribution pensions schemes (Turner, Muller & Verma, 2003; Sargent *et al.,* 2012) and uncertainty regarding Social Security and Medicare payments (Social Security Administration, 2004), individuals increasingly need to save more to prepare for their own retirement. In this regard, the study will find out the saving strategies employed by preretirement teachers in preparation for the beckoning retirement. Research by Ebbinghaus (2011) revealed that, there is an ongoing degradation of public and private final salary pension schemes, shifting responsibility away from the state and welfare systems to the individual besides an upward shift in the age at which state pensions can be drawn. In Australia for instance, retirees' across all industries receive pension from a self-funded industry based or private superannuation fund to which the employee and employers make mandatory contributions over the period of an employee's working life. In Kenya the law requires all formal employees to be members of a pension scheme that would provide them with a pension income once they retire. Public servants are supposed to be members of a government sponsored pension scheme while private sector workers are expected to be members of a contributory pension scheme. The study will therefore fill the gap by establishing the financial programmes the teachers among public secondary schools in Kirinyaga and Murang'a Counties in Kenya are involved in and how it influences retirement preparedness

III. Methodology

3.1. Research Design and Sample Size

This study employed descriptive research design. As advanced by Sekaran and Bougie (2009) there is no single perfect design. This was appropriate because it provided a comprehensive and detailed explanation of the phenomena of pre-retiree teachers concerning separation planning in terms of psychosocial programmes on retirement preparedness for a conclusive research as proposed by Chawla and Sondhi (2011).

The target population was 1,238 teachers employed by the TSC in Kirinyaga and Murang'a Counties' secondary schools who were ten years to mandatory retirement age (50 years and above) by 2017. Although the study employed Yamane (1967) formula, to yield a sample size 302 (24.39%) of target population, the study enlarged the sample size to 334 26.98%) in order to avoid Type I error (falsely rejecting a true null hypothesis) and Type II error (wrongly accepting a false null hypothesis). According to Fox., Hunn., and Mathers (2009), studies that test hypotheses seeking to generalize the findings need to enhance the statistical significance and statistical power by enlarging the study's sample size to make allowance of non-responses.

3.2. Sampling Techniques and Data Collection

The study adopted a multistage sampling technique which is commonly used when the population is scattered over a wide area and three or more stages of sampling applied (Chauvet, 2015). Stage one was identification of Kirinyaga and Murang'a Counties from the 47 Counties using convenience sampling due to their proximity to the researcher. Stage two was identification of the school category namely National, Extra County, County and Sub-County through proportionate stratified sampling technique. Stage three was selection of the actual respondents using purposeful sampling technique to identify TSC employed teachers aged 50 years and above. Data was collected using a semi-structured questionnaire. The first section identified as A contained seven items on demographic profile of the applicant while the second section, C had twenty six items named as individual engagement in financial programmes which had mostly been obtained from the study of Wang and Hesketh (2012), Wang, Hesketh and van Solinge (2010), Butters (2004) and Lim (2003). Three sub-variables namely asset investment, financial education and saving culture were included for the respondents to express opinions on how well they participated in activities that made them well entrenched financially. For the independent variable, the items measurements were in 5 - point Likert Scale as follows; strongly disagree (1), disagree (2), uncertain (3), agree (4), and strongly agree (5). To determine retirement preparedness, responses from respondents were also awarded scores using a 5 – point Likert Scale namely definitely false (1), false (2), neither (3), true (4), and definitely true (5). The respondents were required to answer questions to point out the degree of participation in financial planning

3.3. Data Analysis

Descriptive and inferential statistics were used to establish the relationship between independent and the dependent variables. Descriptive statistics such as frequencies, percentages, means and standard deviation

enabled the researcher to meaningfully describe distribution and determine variables' significance. Inferential statistics namely factor analysis; correlation and logit regression were used to establish the relationships between the variables under study and to test the hypothesis (Gujarati, 2003). Preliminary analysis included multicollinearity, sampling adequacy testing and goodness of fit of the model.

Binary Logistic Regression analysis was conducted for the hypothesis to determine whether it was statistically supported or not (Cooper & Schindler, 2011) and it was used to test the likelihood of teachers' retirement preparedness. Logistic regression was used in this study because it was able to determine one or more of the two dependent variable categories by employing binomial probability theory where there are only two values to predict by either belonging to one group (1) or belonging the other group (0) (Field, 2012). Therefore, the study tested whether the independent variables influence the teachers' retirement preparedness. The dependent variable was expected to be either the teachers were prepared for retirement coded as one (1), otherwise zero (0).

To test the null hypothesis (H_0), the equivalent of the *F* test in the linear regression model was the likelihood ratio statistic which follow the Chi square (χ^2) distribution with degrees of freedom (df) being equal to the number of explanatory variables excluding the intercept term (Gujarati, 2003). The outcome was interpreted as statistically significant if the p value was less than or equal to 0.05 ($p \leq 0.05$) and hence reject H_0. The logit models were determined by considering the likelihood ratio statistic; the model was okay if $p \leq 0.05$. More meaningful interpretation was done in terms of odds which were obtained by taking the antilog of the slope coefficients to reveal the number of times the regressand is influenced by the regressor (Gujarati, 2003). The logit model employed to test the statistical significance between the independent and the dependent variables as indicated in equation 3.1 and 3.2 by computing the overall statistical significance of the predictor variable on the outcome variable (Pampel, 2000).

$$Logit[p] = \ln\left[\frac{p}{1-p}\right] = \beta_0 + \beta_1 X_1 + \ldots + \beta_n X_n \quad \ldots\ldots (3.1)$$

$$\text{Logit } [p] = \beta_0 + \beta_1 PP_1 + u_i \quad \ldots\ldots (3.2)$$

Where;

Logit [p] is the probability of the teachers' preparedness

B_0 is the Constant

β_1 is the Beta coefficients from the logs of the odds ratio function

FP_1 are financial programmes (independent variable) explaining the variance in Logit [p]

u_i is the error term or random variables

IV. Findings and Discussions

Employee's engagement in financial programmes had very good reliability with Cronbach's alpha of 0.865. The response rate was 90.4% and it formed acceptable basis of drawing the conclusions for this study since Saunders, *et al.* (2009) argues that a response rate of 50% is sufficient; response rate of 60% is good; while response rate of 70% is very good. Descriptive statistics of the demographic data exhibited that, 15.6% (47) of the respondents were born in 1964 were born in followed by 15.2% (46) born in 1967, 12.9% (39) born in 1962 and 11.6 (35) born in 1965. The oldest respondents were born in 1956, 0.7% (2) who should have retired by 2017 while the youngest were born in 1967, 15.2% (46). The mean score of the year of birth was 1967.3 with a standard deviation of 2.75. The cross tabulation further revealed that majority of the respondents, 75% (227) were born between 1962 and 1967 and hence were aged between 50 and 55 years and generally belonged to generation X (Deloitte, 2014). The foregoing implied that, the remaining 25% (75) of respondents were above 55 years and belonged to the generation of baby boomers displaying the figure of immediate candidates for retirement.

Concerning the number of years the teachers had worked under the TSC, 16.6% (50) of the respondents had worked for 27 years, 14.2% (43) 30 years and 11.6% (35) for 25 years. The range of years worked was 29 years while the mean score of the years worked under TSC was 27.72 with a standard deviation of 3.66. The pre-retiree teachers were congested between job group L and N 93.7% (283) in favour of the male gender, 54.3% (164) while females at 39.4 (119). Nevertheless, most of the pre-retiree teacher respondents were in job group M, 47% (142) with males at 27.8% (84) and females 19.2% (58). Further still, 91% (275) had a gross income of between Kshs. 50,000 and 90,000 with males being at 53% (160) and females 38% (115). However, most of the pre-retiree respondent's gross income was between Kshs. 50,000 and 70,000 with males at 33.8% (102) and females at 23.8% (72).

The sub variable measuring the level of participation in asset investment study had seven items. The aggregate mean score was 3.21 and a standard deviation of 1.26 indicating that the pre-retiree teachers' degree of engagement in asset investment was slightly above the level of indifference. The study findings revealed the

item about respondents having built a retirement residential house had the highest mean score (M = 4.04; SD = 1.22). On the contrary, the item indicating that the respondents were tenants with plans to build a residential house before retirement date had a very a very low mean score (M = 1.89; SD = 1.32) implying that the most pre-retiree teachers had already owned a residential house. Perhaps this is because; the respondents would not have plans to build a residential house when they already possessed one. However, the dispersion in standard deviation suggests there were some teachers who had not yet owned a residential house. The study further found that most of the respondents affirmed to have engaged in other income generating activities besides teaching (M = 3.85; SD = 1.12). This was in line with the response realized from the item of having made long term financial investment (M = 3.52; SD = 1.25). However, in response to the item on reception of regular income from investment was in the level of indifference (M = 3.33; SD = 1.32). Furthermore, barely a half of the respondents reported that they meet re-current needs without incurring debts when there are salary delays with a mean score of 3.20 (at the level of indifference) and a standard deviation of 1.34. Notably is the mean score of 2.65 with a standard deviation of 1.26 concerning the respondents' opinion on ability to meet financial needs comfortably without employment salary. This suggests that, despite the pre-retiree teachers participating in asset investment, there was risk of assets not generating adequate finances to meet retirement needs. This implies that proceeds from investments of pre-retiree teachers were inadequate to meet life needs without the salary, possibly a mirror of the waiting situation during retirement. This study concurs with the findings of Retirement Benefit Authority (2012) that 13% of retirees investments in businesses failed to survive while those that survived provided income that was inadequate to meet life needs.

The sub variable of financial education had nine items to assess the level of respondents' participation in activities geared towards financial education. The study findings found that the aggregate mean score was 2.46 and a standard deviation of 1.22 as shown in Table 4.6. Out of the nine items, only the item regarding respondents owning a residential house had a mean score of 4.00 with a standard deviation of 1.39. All the other eight items had a mean score of less than the level of indifference implying that pre-retiree teachers had very low engagement of pre-retiree teachers on financial education activities. Most of the respondents (M = 1.83; SD = 1.04) disagreed to having attended financial planning seminars at least once in a year. In addition, majority of the respondents (M = 1.77; SD = 1.01) reported that they do not participate in retirement preparation workshops. Furthermore, a large number of respondents (M = 1.87; SD = 1.09) indicated not to have actively participate in seminars organized for teachers by the TSC on financial planning. This reveals dire lack of access to financial education that provides capacity empowerment in prudent management of finances. From the foregoing it is not a wonder that over half of the respondents (M = 2.81; SD = 1.40), admitted lack of knowhow to calculate personal net worth. Likewise almost all of the respondents (M = 2.06; SD = 1.17) acknowledged that they had not sought information on how to spend lump sum pension after retirement besides not having made calculations to determine the expected retirement income (M = 2.58; SD = 1.32). Moreover, merely a quarter of the respondents (M = 2.72; SD = 1.24) reported having the knowledge whether the expected retirement income will be sufficient to cater for personal recurrent financial needs. This lack of knowledge is justified by the fact that more than half of the respondents (M = 2.58; SD = 1.32) admitted having done calculations on personal income requirement estimates to cater for financial needs during retirement. The aggregate mean score exhibit that involvement of pre-retiree teachers in financial education is below the level of indifference (M = 2.46; SD = 1.22). Consequently, the pre-retirees deficiency of financial education in return affects financial prudence. This finding tends to confirm the empirical findings of Thuku and Ireri (2013) that prospective retirees from the public sector had poor access to retirement education. Further still, the findings of this study concurs with the theoretical argument of Wang and Hesketh (2012) that lack of sufficient financial knowledge is also experienced by employees in America, Europe and other parts of the world. The findings further tends to affirm the notion of Ntalianis and Wise (2011) who theorized that growing literature suggests that a substantial number of employees lack adequate levels of financial literacy to restructure a retirement saving plan properly.

Saving culture was the last sub variable with eight items that measured employee engagements in financial programmes with an aggregate mean score of 3.02 and standard deviation of 1.24. It assessed the level of respondents' participation in activities geared towards as shown in Table 4.6. The study findings point out that, the saving of money through the SACCOs had the highest mean score (M = 4.32; SD = 0.92). In addition, only two other items namely respondents making savings to cater for emergencies and saving money through the pension scheme had a mean scores 3.61 and 3.53 respectively, and standard deviations of 1.13 and 1.45. All the other items had a mean score below the level of indifference. The study findings indicate that the respondents prefered to save through the SACCO than pension scheme perhaps because they can borrow loan facilities from the former. Moreover, although over a half of the respondents agreed that they make savings to cater for emergencies, an equivalent number acknowledged that they do not make monthly savings to use during retirement life (M = 2.86; SD = 1.40). This is in tandem with a sizeable number who disagreed to having a monthly saving plan which is implemented always (M = 2.73; SD = 1.31). Notably, a significant number of respondents claimed to save what remains after meeting the prevailing life needs (M = 2.81; SD = 1.34).

Conversely, majority of the respondents (M = 1.91; SD = 1.08) disagreed that the monthly income is equal to the re-current needs and hence do not see the need to save. Surprisingly, a large number of the respondents (M = 2.38; SD = 1.26) disagreed having predicted the personal income needed during retirement life and how much is required to be saved to achieve the income. From the study findings, the pre-retiree teachers to a certain extent have a saving culture which is sporadic and unplanned and hence may not guarantee financial retirement preparedness.

The findings concur with theoretical arguments old age poverty is because safe and reliable long term savings are rare and seldom make available prospects to convert savings to other instruments that would guarantee reliable payments throughout one's life (RBA, 2012). Further still, Mercer (2006) cited by Ntalianis and Wise (2011) had found that employees were not adequately saving for retirement and may not accumulate sufficient funds to provide for a comfortable retirement lifestyle. The study findings indicate that the overall aggregate mean score for the employee engagement in financial programmes was at the level of indifference when rounded off (M = 2.87; SD = 1.24). Consequently it can therefore be deduced that pre-retiree teachers in secondary schools engagement in financial programmes is inadequate despite their importance. For instance, Ntalianis and Wise (2011) found that exposure to financial education programmes can positively influence retirement planning behaviour of individual employees. The findings of this study confirm the theoretical arguments of Hesketh and Griffin (2010) that when employees with weak financial knowledge are confronted by the complexities of the modern world investing options, workers fail to carry out even the most basic planning activities like how much need to be saved for retirement.

For this study, the collinearity tests were conducted using correlation analysis, tolerance and variance inflation factors (VIF) analysis. The tolerance statistics was to be above 0.1 and VIF less than 10 for multicollinearity problem not be an issue (Menard, 1995; Field, 2012). The VIF values was 1.516 which was far well below ten (10) while the tolerance statistics 0.659, also far well above 0.1. Consequently, the study concluded that there was no problem of multicollinearity. Sampling adequacy for factor analysis is tested by high values of KMO greater than 0.5 and confirmed by Bartlett's test of sphericity significant at $p \leq 0.05$ (Field, 2013). After conducting the principal component analysis for all items with varimax rotation, the data sample of this study was adequate for factor analysis because because KMO was 0.868 (greater than 0.5) while the Bartlett's test of sphericity was significant, P = 0.000 (less than $p \leq 0.05$). In order to test Goodness of fit for the model, Hosmer and Lemeshow (H-L) test was employed to determine how well the proposed model fitted set of observations (Damodar, 2009). The H-L test provide for the Chi-square test of whether or not the model is adequate fit to the data, with the null hypothesis being that the model is of good fit to the data if P>0.05 and the model is poor fit to the data if P<0.05 (Chawla & Sondhi, 2011). Since the H-L test had a chi square 4.444 and P value of 0.815, the model passed the goodness of fit test. The null hypothesis (H_0) of the study was stated thus:

> *There is no significant effect of employee's engagement in financial programmes on retirement preparedness among public secondary school teachers' in Kirinyaga and Murang'a Counties, Kenya.*

The likelihood ratio, chi square of 68.292 and a P – value of 0.000 indicates that the model was significantly sound. The Nagelkerke R Square of 0.282 implied that the model variables identified explained 28.2% of the variation in the retirement preparedness (outcome) which is a significant relationship between prediction and grouping. The -2 Log likelihood was 314.426 indicating that the model fitted the research data. The prediction sensitivity (percentage correctly predicting that the event occurred) was 177/201 which translated to 88.1%. Conversely, the correctness of prediction that the event did not occur was 58/100 translating to 42.0%. The prediction had an overall success rate of 72.8%. The positive β coefficient (0.547) for the predictor variable indicated that increasing the financial programmes scores was associated with increased log odds of retirement preparedness. The Odds ratio expressed as Exp(B) was 1.728 and indicated the effect on the dependent variable upon increasing the predictor variables. This meant that, one unit increase in employee engagement in psychosocial programmes by the pre-retiree teachers increased the probability of retirement preparedness by 72.8%. Therefore, the study found a significant positive relationship between engagement in financial programmes and retirement preparedness.

From the study findings, employee engagement in psychosocial programmes was statistically significant in predicting whether a pre-retiree teacher was to be prepared for retirement or not. The effect had a Wald of 48.428 df = 1, P = 0.000. From the statistical test performed, the null hypothesis was not supported and the study therefore failed to accept H_0 that, there is no significant effect of employee's engagement in financial programmes on retirement preparedness among public secondary school teachers in in Kirinyaga and Murang'a Counties, Kenya since $\beta \neq 0$ and P – value was significant (P = 0.000) and less than 0.05. The study therefore

concluded that there is a significant positive relationship between the prevailing finanial programmes in pre-retiree teachers of public secondary schools in Kirinyaga and Murang'a and retirement preparedness.

In explaining the conclusion arrived at by the findings, the study first relied on the respondents characteristics and those of the independent variable reported in Tables 4.4, 4.15 and 4.17 respectively. The analysis revealed that not only were the baby boomers (25%) at risk of in adequate financial planning but also generation X (75% of respondents) of the pre-retiree teachers who were aged between 50 and 55 years. Further, the results indicated that most pre-retiree teachers were married and in with monthly income of between Kshs. 50,000 and Kshs. 90,000. The study deduced that the households enjoyed the combine income effect of between Kshs. 100,000 and Kshs. 180,000. The overall aggregate mean score revealed that pre-retiree teachers were uncertain of the level of engagement in financial activities in attempting to plan for separation into post-employment life (M = 2.87; SD = 1.24). Asset investment and saving culture activities had the highest aggregate mean scores while financial education activities had the lowest aggregate mean score an indication that pre-retirees had not planned adequately for retirement life.

In theory, pre-retirees face several financial risks that require an income strategy from investment professionals to reduce the risks during the consumption period of retirement. There is great concern that many aging baby boomers may retire without adequate financial resources for retirement (Gist, Wu & Verman, 2004). The study findings tend to support the theory of emphasizing consistency of life patterns accommodating life changes with mandatory retirement as a career stage and transition not having maladjustments due to prior planned activities (Atchely, 1989; Elder and Johnson, 2003; Nicolaisen, 2012). Similarly, pertaining financial education, the extent and veracity of one's domain specific in knowledge in finance is related to fiscal wellbeing in retirement (Lusardi, 2011). On the other hand, the importance of financial education cannot be overemphasized since it informs decision making to engage in investment and saving activities. Christelis, Jappelli and Padula (2010) argued that lack of financial knowledge to employees is a problem in America, Europe and other parts of the world. The research findings agrees with Wang and Hesketh (2010) that, among other attributes that influence fiscal wellbeing in retirement is financial literacy underscoring the importance of financial education. In the same wavelength, the studies of Ross and Wills (2007); Thuku and Ireri (2013) had found that employees' engagement in financial activities such as savings and investments geared towards meeting financial needs during retirement usually promote financial security. In furthering the same conception, the study results supported the findings of Noone, Stephens and Alpass (2010), Wang and Hesketh (2012) and, Thuku and Ireri (2013) that financial planning activities have a significant positive relationship on retirement preparedness. Moreover, the findings still concurs with past studies observation that despite more of retirement preparation research focusing on financial preparedness it persistently remain inadequate (Dalirazar, Vornovytskyy, & Hedengren, 2010; Feldman & Beehr, 2011; Muratore & Earl, 2010; Shultz & Wang, 2011). This underscores the need the need for pre-retirees to engage in deliberate financial activities such as a saving culture and sound asset investment not based on trial and error but informed by credible financial education.

Understanding the aforementioned empirical findings is imperative for successful pre-retirees' retirement planning to guarantee adequate retirement preparedness since the knowledge is generated from employees who are just about to retire raising a strong case of employee financial separation planning for post-employment life of public secondary school teachers. In addition, the findings on engagement on financial programmes are chiefly important because they reinforce the advancements by role, continuity and life course perspective theorists that life ought to continue without major disruptions (Wang, 2007; Donaldson Earl & Muratore, 2010). Moreover, it strengthens application of theory of planned behaviour that individual's decisions or behavioral intentions are influenced by the feasibility of one's perception about the opportunities and resources required to engage in the behavior and the desirability of behaviour or whether the benefits of behaviour outweigh the costs. Therefore, employees ought to actively engage in activities or programmes that increase capacity for finance wellbeing in retirement. From the research results on H_0, the study concluded that the financial programmes had a significant positive effect on retirement preparedness in the life of pre-retirees' teachers in public secondary schools. The uncertainty in the level of engagements in financial activities by the pre-retiree teachers suggested that proper financial planning mechanisms in readiness for retirement have not been given the attention they deserve. It is therefore not surprising that employee had not undertaken basic planning activities such as determining the amount required to be saved for retirement. The finding therefore makes an important contribution in terms of what the study had leaned on towards the need of pre-retirees embracing engagement in diverse financial activities that include a saving culture and sound asset investment not based on trial and error but informed by credible financial education.

V. Conclusions and Policy implications

The results of the study displayed a significant positive relationship between engagement in financial programmes and retirement preparedness. This meant that pre-retiree teachers' engagement in financial programmes was statistically significant in predicting retirement preparedness. The study therefore failed to

accept the null hypothesis that, there is no significant effect of employee's engagement in financial programmes on retirement preparedness among public secondary school teachers' in Kirinyaga and Murang'a Counties, Kenya. The study therefore found that, an increase in employee engagement in financial programmes by the pre-retiree teachers resulted to increased probability in preparedness for retirement.

The study leaned on scholarly underpinnings that, pre-retirees face several financial risks that require an income strategy from investment professionals to reduce the risks during the consumption period of retirement. The theoretical arguments have it that there is great concern that many aging baby boomers may retire without adequate financial resources for retirement (Gist, Wu & Verman, 2004). The study findings tend to support the theory of emphasizing consistency of life patterns accommodating life changes with mandatory retirement as a career stage and transition not having maladjustments due to prior planned activities (Atchely, 1989; Elder & Johnson, 2003; Nicolaisen, 2012). The theoretical argument defined financial programmes central role of separation planning by employees while still in employment in preparation for life in retirement. The study findings supported hypothesis H_{02} and offered a major step in the way forward in theory, practice and research. In practice, the human resource practitioners in employer organization will find it useful to comprehend the key elements that were measured in employee financial programmes which included financial education, asset investment and saving culture. Concerning research, to the extent that the elements used in this study produced desirable empirical results, it endorses them for acceptance and utilization in other empirical work. furthermore, the findings agrees with Ntalianis and Wise (2011) who found that exposure to financial education programmes can positively influence retirement planning behaviour of individual employees and this reinforces the theory of planned behaviour.

The findings of this study consequently confirm the theoretical arguments that employees with weak financial knowledge are confronted by the complexities of the modern world investing options, and hence fail to carry out even the most basic planning activities like how much is needed to be saved for one's retirement. The study thus established that employees should actively engage in activities or programmes that increases planning capacity for financial wellbeing in retirement. From the forgoing, the study makes a contribution towards comprehending the role played by financial programmes in retirement preparedness by pre-retiree teachers. The study strengthens and extends the theoretical conclusions earlier made by researchers on financial planning for retirement preparedness.

The empirical findings of the study have implications to the policer makers and practitioners for improving the likelihood of successful retirement preparedness by employees when still in employment through informed separation planning through engagement in psychosocial programmes for retirement. The government of Kenya should put in place a national strategy and partner with other institutions such as the County government to ensure employees engage in appropriate financial activities as enablers of senior citizens to age gracefully and independently, hence lessen the burden of retirees on the economy.

Recommendations for further research

The study sought to assess the effect of employee engagement in financial programmes on retirement preparedness among public secondary school teachers in Kirinyaga and Murang'a Counties, Kenya. The study was conducted in only two Counties and the respondents were from the educational sector only. In addition, the study employed cross-sectional design. Further research may be conducted to address some or all of the cited limitations. Future studies could therefore be extended to other industries (such as banking, manufacturing, technological, construction among others), in order to enrich the knowledge of retirement planning in terms of financial engagements for retirement preparedness.

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