

**RETIREMENT PREPARATION PRACTICES IN COMMERCIAL
BANKS IN KENYA**

ESTHER MAATI

**A RESEACH PROJECT SUBMITTED IN PARTIAL FULFILMENT
OF THE REQUIREMENT FOR THE AWARD OF THE DEGREE OF
MASTER OF BUSINESS ADMINISTRATION (MBA), SCHOOL OF
BUSINESS,
UNIVERSITY OF NAIROBI**

2015

DECLARATION

I hereby declare that this is my original work and has not been submitted for any award at any other institution.

Signature.....

Date.....

ESTHER MAATI

D61/63216/2010

This research project has been submitted for examination with my approval as the university supervisor.

Signature.....

Date.....

PROF. PETER K'OBONYO

DEPARTMENT OF BUSINESS ADMINISTRATION

SCHOOL OF BUSINESS

UNIVERSITY OF NAIROBI

DEDICATION

This Project is dedicated to my dear husband. For your sacrifices, great and small I am who I am today.

To my dear parents, I am indebted to you for the solid foundation on which my learning is built. I cannot ask for better parents.

ACKNOWLEDGEMENT

First and foremost I thank the Almighty God for giving me the ability and resources to pursue my course. I consider myself very honored to have had so many wonderful people guide me through the process of this project.

First and foremost, I express my deepest gratitude to my supervisor, Professor Peter K'Obonyo, for guiding me right from the inception of this project to its successful completion. I acknowledge his valuable guidance, support and critical reviews of the project and the report and above all the moral support he has provided.

A special thanks to the entire faculty staff who kindly and diligently shared with me their knowledge and experiences throughout this course, because of you I am a better person.

I also extend my gratitude to the managers of Commercial Banks who took time out of their busy schedules to give me the much needed feedback for my research. I gratefully acknowledge your contribution.

To my classmates, my heartfelt thanks for your unending support.

To God be the Glory.

TABLE OF CONTENTS

DECLARATION	ii
DEDICATION	iii
ACKNOWLEDGEMENT	iv
LIST OF TABLES.....	viii
LIST OF FIGURES.....	ix
ABSTRACT	x
CHAPTER ONE: INTRODUCTION	1
1.1 Background of the Study	1
1.1.1 Employee Retirement	3
1.1.2 Retirement Preparation Practices	4
1.1.3 Commercial Banks in Kenya	6
1.2 Research Problem.....	8
1.3 Research Objective.....	10
1.4 Value of the Study	10
CHAPTER TWO: LITERATURE REVIEW	11
2.1 Introduction	11
2.2 Theoretical Foundation.....	11
2.2.1 The Transition Theory.....	11
2.2.2 The Lifecycle Hypothesis.....	12
2.2.3 The Permanent Income Hypothesis.....	12
2.3 Retirement Planning Practices.....	13
2.4 Unpreparedness for Retirement.....	14

CHAPTER THREE: RESEARCH METHODOLOGY.....	18
3.1 Introduction	18
3.2 Research Design.....	18
3.3 Population.....	18
3.4 Sample Size	19
3.5 Data Collection.....	19
3.6 Data Analysis	20
CHAPTER FOUR: DATA ANALYSIS, FINDINGS AND DISCUSSION.....	21
4.1 Introduction	21
4.2 Response Rate	21
4.3 General Information	22
4.3.1 Work Duration.....	22
4.3.2 Policy for Retirement.....	23
4.4 Retirement Preparation Practices	25
4.5 Discussion of Findings	28
CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS	31
5.1 Introduction	31
5.2 Summary	31
5.3 Conclusion.....	32
5.4 Recommendations for Policy, Practice and Theory	33
5.4.1 Recommendation for Policy.....	33
5.4.2 Recommendation for Practice.....	34
5.4.3 Recommendation for Theory.....	34

5.5 Limitations of the Study	34
5.6 Suggestions for Further Research.....	34
REFERENCES	36
APPENDICES	43
Appendix I: Questionnaire for Retirement Preparation Practices in Commercial Banks in Kenya.....	43
Appendix II: List of licensed commercial banks in Kenya.....	47

LIST OF TABLES

Table 4.1: Retirement Preparation Practices.....	26
--	----

LIST OF FIGURES

Figure 4.1: Response Rate	21
Figure 4.2: Work Duration.....	22

ABSTRACT

The present-day workers are concerned about both debt and financial security hence they are continually looking for answers to the right practices when it comes to planning for their retirement. Employers take it upon themselves to help their employees understand retirement planning by giving them a defined-contribution retirement plan and going even further to educate them about effective long-term financial planning. There is little literature about retirement preparation practices among employees working in commercial banks, especially with respect to Kenyan Commercial banks. The study therefore sought to establish retirement preparation practices in commercial banks in Kenya. The study adopted descriptive research design. The population of study was the top management of the 44 commercial banks in Kenya. The study adopted simple random sampling to sample 35 commercial banks in Kenya. Data was analysed using descriptive statistics. The study found that most employees in the sampled banks had efficient knowledge on matters regarding retirement preparation practices in commercial banks in Kenya. The study established that increasing the maximum allowable normal retirement age would not require any plan to make a change, but would permit sponsors who wanted to raise their plan's normal retirement age to do so. The study found that one of the reasons why most employees opt for early retirement is the fact that employers tend to encourage older workers to retire early to give way to young workers who are just entering the labor market. This strategy is undertaken to prevent the growth of unemployment among young people, which has been noted in many EU countries. Effective as it is for this purpose, the implementation of the strategy adds to the problems of the ageing society. Most respondents also indicated that health condition and work capability are the main factors determining the worker's decision whether to continue working or quit the job and retire. The study recommends that public servants be more sensitized on the importance of retirement preparation and the need for retirement information as a way of ensuring a comfortable retirement. The government must also ensure that its employees are well informed about the challenges that come with retirement and also on how to effectively manage the pension money and free- time that comes with retirement.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Retirement is the transition from work life, to life after work- a point where an employee stops working employment completely (Healthfield, 2003). In Kenya, the normal retirement age is sixty years for employees in the public sector, with the exception of those working public universities. However, an employee may choose early retirement (before the normal retirement age) besides the normal reason of wishing to stop working. For instance, early retirement may be due to health conditions or debilitating physical condition, family problems, or other demanding responsibilities that may push an employee to early retirement. On the other hand, and employer might require employees to take early retirement in order to cut on costs and preserve the business. Regardless of the cause, retirement from employment marks the beginning of the next chapter in employee's life (Healthfield, 2003).

Magera (1999) claims that retirement planning is a strategic way of saving resources (funds) time, and business project for the purpose of providing income at old age. The goal of social protection is not only for mere survival, but also for social inclusion and preservation of human dignity (Keizi, 2006). It is critical to engage in basic retirement planning activities during working years besides updating retirement plans periodically. Since it is never too late to start sound financial planning, one can avoid serious and unnecessary difficulties by beginning this planning early. Therefore, saving for the future

requires dealing with the trade-off between saving and spending (Kapoor, Dlabay & Hughes, 1994).

Most contemporary societies have an ageing population supported by increasing life expectancy. As a result, it has impacted the global financial crisis that has directly influenced pension and superannuation funds hence underscoring the well-being and vulnerability of the wealth pool of retirees (Keizi, 2006). As a result, when preparing for retirement, both the employer and the employee should focus on the pension plans and other retirement benefits employees in their old age to avoid constraining the government and family members in taking providing basic needs for the retired and old people (Skiba, Smith & Marshall, 2009). Retirement decisions are heavily shaped by institutional context and in Kenya this has led to there being two distinct groups with very different 'retirement' experiences. At the top of the wealth distribution, early retirement has typically been influenced by private, occupational pensions; at the bottom of the wealth distribution individuals are even more likely to be not working in their 50s, but do not typically define themselves as retired, and draw on income support, or more usually, disability benefits (Skiba et al., 2009).

Therefore, policy-makers keen to increase effective retirement ages will need to consider the very different circumstances of these two groups. In order to the aforementioned changes, organizations have taken the first step towards securing their continuity through reducing not only their sizes, but also the costs of doing business, and redesigning their work processes to promote both efficiency and effectiveness (Carbery & Garavan, 2005; Cross & Travaglione, 2004). Consequently, many employees are laid off through avenues such as the headcount tactic buy-outs, early retirement incentives, transfers and attrition

(Skiba, Smith & Marshall, 2009). These factors are influencing employment trends (Shultz & Wang, 2011) leading to cessation of ‘permanent’ employment since employees are willing to retire despite being able to work. Employees are required to prepare for the transition out of employment.

The above mentioned trend creates retirement anxiety (MacEwen, et al., 1995). Employers are challenged to ensure employees’ continued productivity in spite of the reduced security of employment tenure and changing nature of retirement (Shultz & Wang, 2011). The employers also need to support their employees to psychologically and financially prepare for the post-employment [retirement] life (Shultz & Wang, 2011). The employers have to show that they value their employees and care about their contribution (Eisenberger, Armeli, Rexwinkel, Lynch & Rhoades, 2001). Employees would accordingly be physically, cognitively, and emotionally involved during their role performances increase their productivity and immerse themselves in organization activities to a level beyond the call of duty, which is organizational citizenship behavior.

1.1.1 Employee Retirement

Despite the obvious importance of retirement to employees, their families and employing organizations, and the larger society, the last comprehensive review of employee retirement in the field of management and organizational science—Beehr (1986) appeared in *Personnel Psychology*—was published more than 20 years ago. Employees who retire now have to work longer to receive the full Social Security benefit. In addition, most employers in the private sector have replaced defined-benefit pensions with defined-contribution plans, which put investment risks on the employees’ side. Most

employers are also eliminating health care benefits for retirees. Both image theory and role theory have been used to tie workers' demographic status, work experience, marital life, type of industries, and productivity to their retirement decision making (Adams et al., 2002). The theory of planned behavior has typically been used to link workers' work attitudes (job satisfaction, organizational commitment), retirement attitudes, and workplace norms to their retirement decision (Wang, Zhan, Liu, & Shultz, 2008).

1.1.2 Retirement Preparation Practices

Conceptualizing retirement as a part of human resource management emphasizes the values of managing retirement in helping organizations to reach their goals. This conceptualization not only promotes the examination of organizational practice in influencing individual employee's retirement decisions and retirement planning but also facilitates the examination of organizational-level changes caused by systematic retirement practice, such as providing early retirement incentives and offering flexible and reduced work schedules (Kim & Feldman, 1998). Retirement-related human resource policies and benefits, such as generous pension payment (Shuey, 2004), low standard for pension eligibility (Lund & Villadsen, 2005), postretirement medical care benefit (Fronstin, 1999), and life-long employment system (Hayes & VandenHeuvel, 1994), have been used as tools to strengthen employees' job satisfaction and promote their commitment to the organization. Furthermore, human resource management also has to serve the organization's strategic goal in terms of maintaining a good personnel structure, achieving optimal skill and knowledge combinations, and keeping labor costs acceptable. On this front, retirement-related human resource policies and practices, such as early retirement incentives (Birati & Tziner, 1995; Feldman, 2003), phased retirement (e.g.,

Greller & Stroh, 2003; Penner, Perun, & Steuerle, 2002), and job sharing (e.g., Rix, 1990), have been used to downsize and restructure the organization's human resource.

Retirement planning may also facilitate goal setting on the part of older workers planning for retirement. Hershey, Jacobs-Lawson, and Neukam (2002) noted that having clear goals for retirement is a critical determinant of life satisfaction and adjustment during the postemployment transition period. In a recent empirical study, Stawski, Hershey, and Jacobs-Lawson (2007) found that retirement goal clarity significantly predicted retirement planning practices, which in turn predicted saving tendencies. In addition, Kim, Kwon, and Anderson (2005) found that retirement preparation and planning as well as workplace financial planning, were strong predictors of feelings of retirement confidence. A recent line of research by Hershey and his colleagues (e.g., Hershey, 2007; Hershey, Henkens, & Van Dalen, 2007). This research explored the factors associated with designing effective financial planning seminars. For example, Hershey et al. (2007) found that Dutch workers were less involved in retirement planning activities and had lower goal clarity scores than U.S. workers. This is not surprising given that the vast majority of older Dutch workers are covered by guaranteed defined benefit pension plans, whereas most U.S. organizations now offer much more volatile and uncertain defined contributions plans. However, their research did highlight the need to look at potential cross-cultural differences with regard to the antecedents and outcomes of retirement planning.

1.1.3 Commercial Banks in Kenya

A bank is an institution that deals largely in money. It receives deposits from investors and in turn offers long term loans and advances to customers which get repaid at future pre-agreed dates. Banks can be categorized according to their role. They can be mainly categorized as: Commercial Banks, Investment Banks, Development Banks and Central Banks. The role of a commercial Bank is: Taking money deposit from the public and lending it out to its customers at an interest business, issuing securities, managing assets and dealing in foreign exchange trading. Examples of commercial banks in Africa include Barclays Bank, Standard Bank of South Africa, Standard Chartered Bank, Kenya Commercial Bank, National Bank of Kenya and Ecobank. Some of these banks such as Barclays Bank, Standard Chartered and Standard Bank of South Africa operate in a number of African countries (Odadi 2012).

Agency banking is the new innovation that commercial banks are using to take services to the unbanked and under-banked at a cheaper rate. Agency banking was introduced during the 2009 budget and was enshrined in the Finance bill of 2009. Agency banking takes customers out of the bank halls to kiosks and villages. Investors have pumped billions into new platforms that offer agency banking services (Mulupi, 2011). Among the platforms are M-kesho and 24/7 from Equity bank, Co-op kwa jirani of Co-operative bank among others. Given that more Kenyans without bank accounts will gain access to mobile banking services, transaction fees charged to mobile banking customers have reduced. One notable feature mobile platforms share is that their agents also serve as banking agents (Mulupi, 2011).

The rapid rise in the growth of mobile technology throughout the world is a phenomenon that has been particularly remarkable among poor people, largely because of the prepaid model. As a result, all classes of society now have access to financial services as people become increasingly familiar with a mobile-money system. In fact, mobile technology, viewed as a payment or banking channel, has the potential to allow two important questions to be addressed at the same time: on the demand side, it represents an opportunity for financial inclusion among a population that is underserved by traditional banking services. On the supply side, it opens up possibilities for financial institutions to deliver a great diversity of services at low cost to a large clientele of the poorest sections of society and people living in remote areas (Leishman, 2010).

In establishing the Credit Reference Bureaus, what needed to be done first was to convince banks and other financial institutions that if one institution benefits, they all benefit (Leonard, 1996). Customers are then well served and, consequently, receive products that they can afford. Thus there will be fewer loan losses, as the credit institutions loan money responsibly, and then fewer write-offs. In the end, much as with the fraud detection models, savings can be passed on to customers in the form of lower interest rates and better customer service. However, Cavelaars and Passenier (2012) cautions that although individual banks may find it hard to resist following these trends as a result of market pressure, such an increased homogeneity of business models may augment the vulnerability of the banking sector as a whole.

The current study focuses on commercial Banks in Kenya. There were 42 commercial Banks in Kenya with a total workforce of 17,891 as at 31st December 2007(Market Intelligence, 2008). The number of institutions under statutory management stood at 4

while the number of forex bureaus increased to 48 in December 1999 from 44 in December 1998. In the meantime, the Central Bank approved four applications for merger of eight commercial banks. This will subsequently reduce the number of commercial banks to 49 from 53. Some of the major commercial banks include Barclays bank, Co-operative bank, Kenya Commercial Bank, National Bank, Standard Chartered Bank, Equity Bank, K-rep Bank, Diamond Trust Bank, among others.

1.2 Research Problem

The present-day workers are concerned about both debt and financial security hence they are continually looking for answers to the right practices when it comes to planning for their retirement. Helman (2014) points out that the Employment Benefit Research Institute (EBRI) projects that both the younger and older workers are counting on their employees to obtain financial security through various benefits. Employers take it upon themselves to help their employees understand retirement planning by giving them a defined-contribution retirement plan and going even further to educate them about effective long-term financial planning. This trend offers smart companies the opportunity to recruit and retain a loyal workforce. Some of the best retirement preparation practices that these smart companies offer their employees include educating employees on different investment choices and risk factors and offer interactive features that calculate the results of savings that are left intact for 20 or 30 years (Helman, 2014). For instant, employees can provide online planning tools to estimate the size of the nest egg needed to replace income at various levels.

Onduko, Gweyi and Nyawira (2015)'s study explored the determinants of retirement planning in Kenya; a survey of registered pension schemes in Nairobi. The findings indicated that financial literacy, income and a respondent's education level are a significant determinant of retirement planning. On the other hand, age and years a respondent has been married are not significant determinants of retirement planning. Overall however, the financially literacy was a major determinant for members of pension schemes largely because financial literacy has an effect on both savings and portfolio choice. However, this study was not replicated to include information on how Kenyans working in other sectors such as banks and other informal sectors prepare for their retirement. It does not point out whether they people planning to retire use personal pension plans or by saving in the banks.

RBA (2011) carried out a survey of pension scheme members in Kenya to determine the financial literacy needs, assess the levels of finance and pension literacy, establish the obstacles of participating in finance and pension education, and suggest the strategies that must be put in place to enhance financial and pension literacy among the members of pension schemes in Kenya. The results indicated that the pension scheme members have higher level of knowledge on pension scheme practices than general financial literacy issues and identified the lack of forum for involvement and lack of understanding of pension fund matters as the major hindrances to participation in pension scheme affairs.

Although previous studies have provided important knowledge regarding retirement, there is a gap in the knowledge available. None of the studies has delved deeper into retirement preparation practices among employees working in commercial banks, especially with respect to Kenyan Commercial banks. In order to bridge this gap, this

study utilized the research question, “what are the retirement preparation practices among employees in Kenyan Commercial banks?”

1.3 Research Objective

To establish retirement preparation practices in commercial banks in Kenya.

1.4 Value of the Study

This study helped the government of Kenya to develop policies on the retirement systems in Kenya. To the Kenyan government and its policy makers, the study sought to offer more insight on the role played by the relevant authorities in enhancing financial literacy on future financial planning and the associated Retirement Benefits Authority through helping them discover the training requirements of Kenyans. This study might benefit commercial policy makers, individual employees in these banks and their employers. It helped the commercial policy makers take care of their staff during their retirement.

To individuals, this study sought to benefit employees who obtained importance of acquiring financial literacy in regard with retirement planning. This insight comprised financial management practices like savings, asset accumulation, better budgeting, credit and cash flow management. These practices potentially diminished individual stresses caused by poor financial behaviors.

On the other hand, the study benefited commercial bank employers by enabling them to discover the importance of introducing workplace financial education to promote financial literacy among employees in order to influence worker efforts in planning and saving for retirement. Financial illiteracy leads to poor finance management.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This section deals with theoretical framework of the study, process of preparing for retirement and also unpreparedness for retirement.

2.2 Theoretical Foundation

The study has dealt with transition theory, life cycle hypothesis, and the permanent income hypothesis.

2.2.1 The Transition Theory

Retiring presents a critical life adjustment. Experts from the counseling field assert that since career roles correlate with status, money, identity, and power, retirement is a transition that could be perceived as a potential time of crisis that is as devastating to the older employees as job loss at a time in life (LaBauve & Robinson, 1999). Although employees when choose when to retire instead of having to retire at or before a formal/normal retirement age, the retirement transition still represents a major adjustment for both the employer and the employees. LaBauve and Robinson (1999) presented a three phase theoretical foundation for employee retirement transition including preretirement, retirement, and postretirement. The preretirement phase represents the preparation and planning stage which falls typically within five years of an employee's retirement; however, it can begin earlier. On the other hand, retirement is the period

within six months of retirement to six months after retirement. This period represents what the counseling experts refer to as the “action stage.” The postretirement phase is called the “maintenance stage.” (LaBauve & Robinson, 1999).

2.2.2 The Lifecycle Hypothesis

Modigliani (1963)’s lifecycle hypothesis deals with economic decisions on retirement saving in particular the rationalization of an individual’s income in order to maximize its utility over his lifetime. It stated that households accumulate savings during their working careers up to their retirement, and de-accumulate wealth thereafter. This type of saving behavior enables households to smooth their marginal utility of consumption over the lifecycle. Their achievement laid primarily in the rationalization of the idea in to a formal model which they developed in different directions and integrated within a well-defined and established economic theory. This model assumes the following assumptions about human behavior. They are forward looking across the span of their lifetimes; they can predict the financial resources they will have over their lifetime, they understand something about the financial resources they will need in successive periods of their lives, they make informed choices about the use of their financial resource.

2.2.3 The Permanent Income Hypothesis

Friedman (1957)’s permanent income hypothesis investigated the pre-and post-retirement living standards with the aim of “straightening out the consumption stream”. It theorized that individuals base their consumption on a long-term perception of an income measure, perhaps a notion of lifetime wealth or a notion of wealth over a reasonably long horizon. The basic theory posited is that employees consume a fraction of this “permanent

income” every period and this is the average. Propensity to consume would equal the marginal propensity to consume.

2.3 Retirement Planning Practices

Research on retirement planning over the last two decades has primarily focused on how planning for retirement influences retirement timing, postretirement satisfaction, and adjustment. As a result, the theoretical conceptualizations most employed are retirement as decision making and retirement as adjustment. For example, retirement planning predicts higher levels of postretirement adjustment across a variety of occupational settings, such as the public sector (Taylor & Doverspike, 2003), private sector (Mutran, Reitzes, & Fernandez, 1996), and military settings (Spiegel & Shultz, 2003). In addition, those who have prepared for retirement and feel ready to make the transition are more likely to exit the workforce at an earlier age (Reitzes, Mutran, & Fernandez, 1998; Taylor & Shore, 1995). Taylor-Carter et al. (1997) found that preparation for retirement both formally and informally increased subject’s confidence in their abilities in making the retirement transition (Elder & Rudolph, 1999). Specifically, formal retirement planning works because it contributes to improving people’s actual financial and activity planning for retirement through formal planning seminars, whereas informal planning works as it sets up the psychological expectations about retirement.

Retirement planning may also facilitate goal setting on the part of older workers planning for retirement. Hershey, Jacobs-Lawson, and Neukam (2002) noted that having clear goals for retirement is a critical determinant of life satisfaction and adjustment during the postemployment transition period. In a recent empirical study, Stawski, Hershey, and

Jacobs-Lawson (2007) found that retirement goal clarity significantly predicted retirement planning practices, which in turn predicted saving tendencies. In addition, Kim, Kwon, and Anderson (2005) found that retirement preparation and planning as well as workplace financial planning, were strong predictors of feelings of retirement confidence. Hence, setting and clarifying retirement related goals are important components of the retirement planning process. This would be in line with conceptualizing retirement as decision making, which typically takes a more purposeful and motivated choice behavior perspective.

2.4 Unpreparedness for Retirement

Stephen (2001)'s study about, 'psychological preparation for retirement, perceived organizational support, financial preparation for retirement, employee engagement and organizational citizenship behavior in Uganda revenue authority' recommends that organizations need to enrich their employees' preparation for retirement programmes with elements of psychological preparation for retirement, and depart from focusing on financial preparation for retirement. Discounting psychological preparation for retirement dilutes the impact of the preparation for retirement programmes on sustaining organizational climate that builds positive behaviors like employee engagement and organization citizen behavior. The preparation for retirement programmes will also elicit from employees positive retirement expectations.

There is an escalated tendency of inadequate pension literacy levels amongst general populations in modern contemporary societies. For instance, DFID (2008) asserts that only half of the adult population in Africa knows how to use basic financial products. In

addition, the study pointed out that in seven African countries only 29% of adults had a bank account, and approximately 50% used no financial products whatsoever, not even informal financial products. In Kenya, 59.5% of the population was excluded from the use of formal financial services FSD (2009). According to FSD (2009), exclusion decreases as the level of education increases from 55.9% for those with no education to 8% for those with tertiary education. Magera (1999)'s study on planning for retirement indicated that the retirement benefit sector in Kenya was still underdeveloped. He recommended that the Kenya social security sector be structured so that it can be able to provide adequate security to its members with choice and provide effective education to prepare people psychologically for retirement and also harmonizing of pay to reduce the gap between the poorly paid public sector and highly paid private sector.

Like in other developing and developed economies, the commercial banks in Kenya play an important role in promoting growth and offers job to the rapidly increasing number of graduates. In addition, life expectancy is rapidly improving among many Kenyans hence Kenyan employees are now living longer in retirement. Further as retirement benefits continue to diminish medical costs escalate with age. Internationally many studies have been done in the area of financial literacy and retirement planning. Financial literacy has been studied from different aspects. Government entities and private organizations in developed nations have conducted surveys to measure the financial literacy level of their population.

Victoria and Olukuru (2014)'s study on the impacts of pension reforms on the Kenyan Pension industry indicated that the emergence of full-fledged reforms in Kenya from the introduction of the Retirement Benefits Authority in 1997 has rekindled hopes among the

ageing population in Kenya. These reforms are geared towards creating good social welfare conditions for Kenyans. The Kenyan Pension industry remains a significant growth area which needs structural changes in management and governance in order to meet the ever changing scheme member needs. This is what forms the basis of the NSSF Act 2013. In their study, Victoria and Olukuru asserts that the effect of the NSSF Act contribution rate has been examined through use a Contribution rate model. Additionally, Kenyans' perception towards the yet to be implemented NSSF Act has been observed by use of questionnaire analysis. Therefore, Victoria and Olukuru (2014)'s study's seeks to identify the main social welfare reforms put in place, as well as find out the effects and challenges towards implementation of these reforms on the performance of the industry with a critical theoretical look at the NSSF Act 2013.

Other previous studies have focused on financial literacy and retirement planning as separate subjects. Monyoncho (2010) found preliminary evidence that working in a finance and investment environment does not make one have drastically different behaviors compared to those who do not. Some studies have been done on various aspects of retrenchment, for example: The nature of responses of survivors to downsizing by Moi (2002); A survey of factors that influence the attitudes of survivors of downsizing towards management and job security in the banking sector by Mwangi (2002); The problems experienced by organizations in managing the survivors of downsizing by Karimi (2002); A survey of the practices of staff downsizing among the major oil firms in Kenya by Guyo (2003).

Although extensive studies have been done on retrenchment, many of the employees in Kenyan commercial banks remain inefficient in making better retirement plans because

of the lack of sufficient information and education. Many employees end-up working longer into their old age because of either poor adapted retirement practices or lack of proper knowledge to guide them on how they should adequately prepare for their retirement. As a result, this study seeks to cover how employees in Kenyan commercial banks can prepare for their retirements, and practices they can adopt in order to achieve better results. In addition, it discusses how commercial banks are influencing retirement practices among employees.

Kenya's vision 2030 (defined as Kenya's strategic plan to obtaining key economic milestones by the year 2030) enlists pension provision as an important pillar to achieving economic growth and faster development of the financial markets. In the long-term, the population working in the Kenyan commercial banks should be empowered to make financial decisions which will therefore contribute to the reduction in old age poverty as the population will be empowered to make rational financial decisions for their interests in both the short term and the long-term (Kefela, 2010). Despite the strategies that have been proposed in Kenya's vision 2030, the Kenya population working in Kenyan commercial banks lack proper financial education to help prepare better for retirement.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the research approach that will be used to achieve the aforementioned research objectives. The chapter is divided into five major sections namely research design, population, sample size, data collection, and data analysis.

3.2 Research Design

The study used a descriptive research design. Descriptive studies had a clearly stated hypotheses or research question or problem. One of the unique characteristics of a descriptive study was that it described a phenomenon or discussed characteristics of a subject population, estimates of proportions of a population that possess these characteristics and discovery of correlations among multiple variables. Descriptive research design was used to explain occurrences in their natural phenomenon. This design fitted the proposed study in the sense that it enabled the researcher to examine retirement preparation practices of employees of all commercial banks in Kenya and comparatively analyzed the retirement preparation practices of all commercial banks in Kenya.

3.3 Population

The population of study was the top management of the commercial banks in Kenya. Kenyan commercial banks were found appropriate for this study because they were

considered to be among the most active employment firms in Kenya and they also played a significant role in the growth of the Kenyan economy. This study considered the top management and is considered suitable correspondents in offering insight on how they prepare for retirement. The population was 44 commercial banks (Central Bank, 2015). The target population was therefore 44 commercial banks in Kenya.

3.4 Sample Size

The study used simple random sampling methodology to select a sample that represents the entire population because the population is homogeneous. Hence the study took 80% of the target population of 44 commercial banks in Kenya thereby obtaining a sample size of 35 bank managers. This is considered sufficient according to experts including Mugenda and Mugenda (2003).

3.5 Data Collection

This study used a semi structured questionnaire to collect primary data from all the commercial banks in Kenya. The close ended questions was asked using the likert type of questions based on “agree to a very great extent” to “agree to a very less extent”. The open ended questions was asked to get the insights and get the attitudes of the respondents. The questionnaires were sent to Human Resource managers of the 35 commercial banks in Kenya. In order to collect relevant data, the questionnaire consisted of two sections. The first section sought to collect information on biographical data of the correspondents and their respective banks. The second section sought to collect information on retirement preparation practices by the banks.

3.6 Data Analysis

Data was analyzed using descriptive statistics namely Mean, Standard Deviation, Frequency distributions and percentages. The data was presented in tables, pie charts and graphs. Qualitative analysis was done on the open ended questions using content analysis.

CHAPTER FOUR

DATA ANALYSIS, FINDINGS AND DISCUSSION

4.1 Introduction

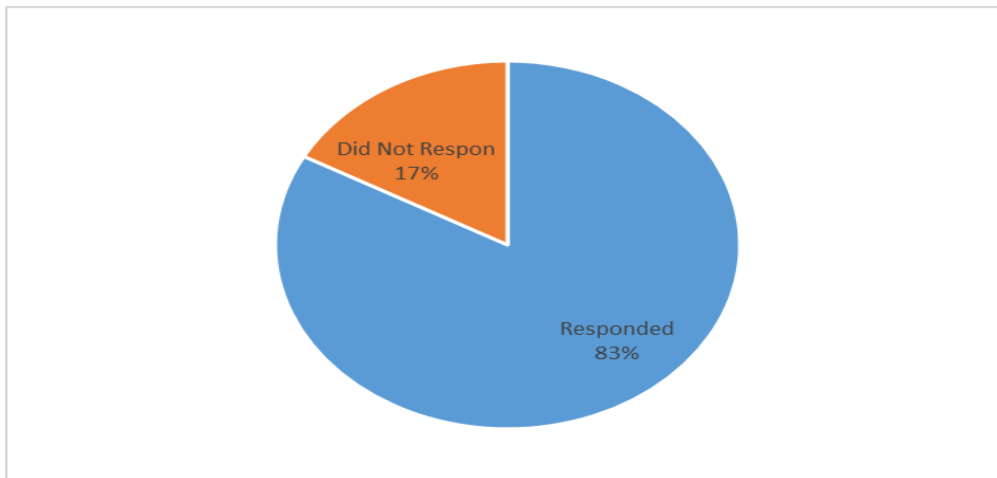
This chapter discusses the interpretation and presentation of the findings. This chapter presents analysis of the data on the retirement preparation practices in commercial banks in Kenya. The chapter also provides the major findings and results of the study.

4.2 Response Rate

The study was conducted on a sample of 35 commercial banks in Kenya. This was to establish if the response rate was sufficient for analysis. The findings are in Table 4.1

Figure 4.1: Response Rate

Out of the sample size, 29 returned duly filled in questionnaires making a response rate of 83%.



Source: Researcher (2015)

This response rate was good and sufficient for data analysis. According to Mugenda and Mugenda (1999), a response rate of 50% is adequate for analysis and reporting; a rate of 60% is good and a response rate of 70% and over is excellent.

4.3 General Information

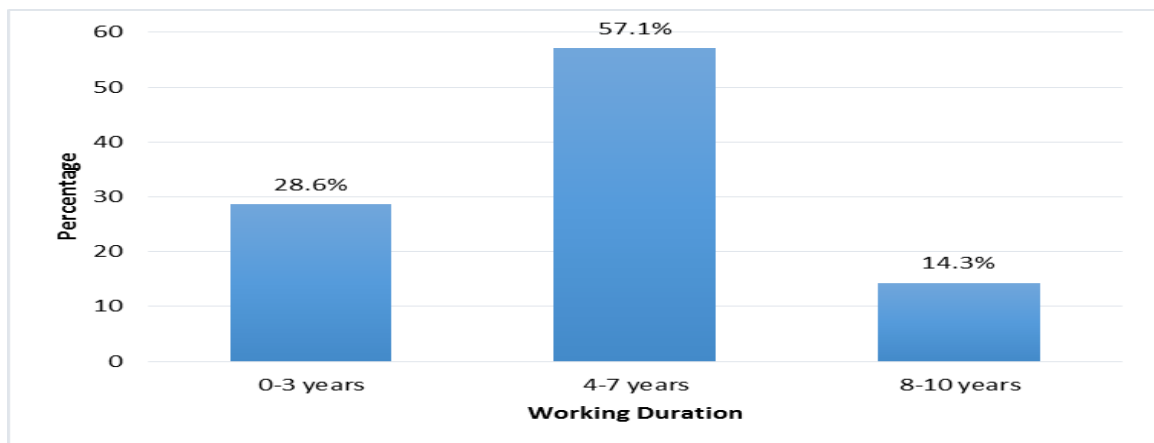
The study sought to establish the background information of the respondents. It asked questions about the duration they have worked with the bank, whether the bank has any policy for retirement, normal retirement age and if there are employees opt for early retirement from the bank. The findings are presented below.

4.3.1 Work Duration

The study asked the respondents to indicate the duration they had worked in the banks. Figure 4.2 indicates the results.

Figure 4.2: Work Duration

The Figure presents the years of working period in the bank. Majority of the respondents (57.1%) indicated that they had worked for a period of 4-7 years.



Source: Researcher (2015)

Some of the respondents (28.6%) had worked for 0-3 years and 14.3% indicated that they had worked for a period of 8-10 years respectively. The findings therefore indicate that most employees in the sampled banks had efficient knowledge on matters regarding retirement preparation practices in commercial banks in Kenya.

4.3.2 Policy for Retirement

The study sought to find out whether the respondents' banks had any policy for retirement. From the findings, all the respondents (100%) indicated that their banks had a policy for retirement. The findings show that most employees agree that basic retirement plan will provide sufficient income in retirement whereas the policies minimize limited knowledge of financial markets, the level of risks associated with specific assets and how much they need to save to achieve their retirement income goals.

In regard to normal retirement age, most of the respondents (60%) indicated that the normal retirement age for the employees of the bank was 55 years while 40% of the respondents stated that normal retirement age for the employees of the bank was 60 years. It was established from the findings that increasing the maximum allowable normal retirement age would not require any plan to make a change but would permit sponsors who wanted to raise their plan's normal retirement age to do so. Encouraging employees to retire later can result in increasing retirees' standards of living in multiple ways. Extending one's working career enables additional wage earnings and facilitates personal saving accumulations. Delaying retirement also has the effect of reducing the expected pay-down period allowing for higher payouts. As a result, even a comparable savings balance can support a higher standard of living because the retirement period is

shorter. Furthermore, if improved it will result in delaying retirement, more retirees would receive benefits at their Social Security normal retirement age rather than electing to receive those benefits early in a reduced amount.

Human Resource Managers explained that many commercial bank employees do not have access to retirement planning information. Ideally, retirement preparation should be more than just financial planning and should include preparation for physiological, social and health challenges. A manager from Equity Bank stated that the banks' employees are better prepared for retirement. This shows that there is are retirement preparation practices in commercial banks in Kenya.

Besides the normal retirement age, employees were asked to indicate if there were employees who opted for early retirement from the bank. Most of the respondents (95.2%) stated that there were employees who opted for early retirement from the bank while 4.8% stated that there were no employees who opted for early retirement plan. The study established that one of the possible reasons why most employees opt for early retirement is the fact that employers tend to encourage older workers to retire early to give way to young workers who are just entering the labor market. This strategy is undertaken to prevent the growth of unemployment among young people. Effective as it is for this purpose, the implementation of the strategy adds to the problems of the ageing society. Most respondents also indicated that health condition and work capability are the main factors determining the worker's decision whether to continue working or quit the job and retire at an early age.

4.4 Retirement Preparation Practices

The study also required the respondent to indicate the extent to which they agree with the statements on retirement preparation practices. The responses were rated on a five point Likert scale where: 5= Strongly agree; 4= Agree; 3= Neutral 2= Disagree 1= Strongly disagree. The mean and standard deviations were bred from SPSS and are indicated in Table 4.1 below.

Table 4.1: Retirement Preparation Practices

Retirement Preparation Practices	Mean	Std. Deviation
My bank offers retirement preparation programs for the employees	3.43	1.192
I am well informed about the details of the retirement program	3.57	1.417
My bank provides a conducive environment to discuss retirement plans.	3.00	1.623
I am convinced that my bank's retirement arrangement is adequate to cater for my retirement.	3.29	1.043
My bank provides financial education training courses.	2.86	1.372
My bank has a comprehensive retirement planning programme for the employees that include financial education and [individualized] financial planning professional advice.	3.14	1.261
I am satisfied with the way my bank informs and prepares staffs that are due to retire.	3.29	1.043
My bank encourages me to save for retirement	3.67	1.265
My bank communicates effectively about retirement plan benefits	4.00	0.937
My bank will provide a health or medical insurance provision for both myself and my family during retirement	2.29	1.503
My bank ensures that I always get timely Information on retirement planning	3.71	0.891
I am satisfied with the timing and ground covered by the financial education course provided by my bank	3.29	1.503
I feel that my bank has psychologically prepared me for retirement	3.86	1.261
My bank has provided me with sufficient financial capacity and literacy to make appropriate decisions on investment options and financial products.	3.57	1.309
My bank assists its employees to undertake pre-retirement financial planning	3.29	1.402
My bank contributes to NSSF a large amount than the employees	2.71	1.503
My employer has prepared me for retirement through training	3.29	1.293
My bank helps in contribution to pension schemes	4.00	0.937
This bank educates employees on leisure and recreation activities to engage in after retirement	1.86	0.843

From the findings, majority of the respondents agreed to a great extent that their bank communicates effectively about retirement plan benefits with a mean score of 4. Most of the respondents also were in agreement that their bank helps in contribution to pension schemes which prepares them for retirement having a mean score of 4. It was established that respondents agreed to a moderate extent that they feel their bank has psychologically prepared them for retirement with a mean score of 3.86, their bank ensures that they always get timely information on retirement planning (3.71) and that their bank encourages them to save for retirement (3.67). The findings indicate that commercial banks in Kenya communicates effectively about retirement plan benefits and contributes to its employees' pension schemes which helps employees when they retire.

It was established from the findings that respondents had neutral agreement that they are well informed about their details of the retirement program having a mean of 3.57 and that their bank had provided them with sufficient financial capacity and literacy to make appropriate decisions on investment options having a mean score of 3.57. Most respondents disagreed that their bank educates employees on leisure and recreation activities to engage in after retirement having the lowest mean of 1.86, their bank will provide a health or medical insurance provision for them and their family during retirement (2.29) Their bank contributes to NSSF a large amount than the employees (2.71) and that their bank provides financial education training courses (2.86).

These findings show that most employees in Kenya Commercial banks agreed to a great extent that their bank communicates effectively about retirement plan benefits and their bank helps in contribution to pension schemes. Thus, having adequate coping skills in the transition to retirement could affect the outcome of this transition. Despite the centrality

of this life-event, preparation towards it is often insufficient. Retirement preparation programs aim to enhance prospective retirees' adaptation to retirement and provide assistance in managing this new phase in life as they form realistic perception of retired life and reduce anxiety about retirement. Retirement planners propose that before one can create an effective plan to save for retirement, one has to have a reasonably good estimate of how much he/she needs to sustain his/her lifestyle during retirement, and also to cover the anticipated extra costs to fund any unforeseen costs.

4.5 Discussion of Findings

Most of the findings of this study correspond with the existing research literature. The study found that basic retirement plan will provide sufficient income in retirement whereas the policies minimize limited knowledge of financial markets, the level of risks associated with specific assets, and how much they need to save to achieve their retirement income goals. This concurs with the study done by Karatu (1991); Atchley (1988); and Schwarz (2003) which indicates that many retirees had insufficient access to retirement planning information. This is unfortunate because the findings also confirmed that insufficient access to retirement planning information led to inadequate preparations for retirement.

The study found that most employees opted for early retirement from the bank. The study established that one of the possible reasons why most employees opt for early retirement is the fact that employers tend to encourage older workers to retire early to give way to young workers who are just entering the labor market. This concurs with Watson Wyatt Worldwide (2004) who found that 57% of employees are currently in early retirement

voluntarily in order to have more leisure time that they do not get while in employment. However, the findings of employees opting for early retirement disagree with the findings of Brown (2005) who reported that about 76% of workers ages 50 to 65 plan to continue working after age 65 primarily because of financial reasons. Such a gradual pathway to complete retirement enables older workers to adjust better to life in retirement and simultaneously allows employers to make gradual changes instead of coping with the abrupt departure of a well-integrated employee (Rix, 2004). Atchley (1988) advised that opting for early retirement or take pension as a lump sum is not a decision you may change later. Employees leave their jobs for a number of reasons on both a voluntary and involuntary basis. An employee may have been encouraged to retire early through the offer of certain payments from an employer.

Furthermore, the study found that bank communicates effectively about retirement plan benefits and bank helps in contribution to pension schemes. This concurs with the study done by Taylor and Doverspike (2003) which argue institutions communicates retirement plan to their employees which reduces their retirement anxiety and anchorages their retirement experience. Communication of the factors that contribute to the fostering of positive attitudes toward retirement or retirement confidence plays a major role to help employees better prepare for their retirement and achieve successful postretirement adjustment.

The study established that employees of commercial banks in Kenya feel their bank has psychologically prepared them for retirement. This concurs with the findings of Mutran, et al. (1997) who found employees are prepared psychologically for retirement through reading about retirement; attending a preretirement program, lecture, or seminar; and

actively planning for retirement such as calculating retirement expenses and income. The proximity to retirement, retirement fund calculation, savings amount, confidence in government program such as Social Security, and workplace financial education seem to be indicative of anticipation and/or psychological preparation for retirement.

The study found that most banks provide their employees with sufficient financial capacity and literacy to make appropriate decisions on investment options and financial products. This is in agreement with Monyoncho (2010) who states that financial education is growing in leaps and bounds in the western world because of financial intricacies that have increased in the world economy and Africa is not exempted as it is part of the global village. Financial literacy plays a critical role in influencing the savings behavior and member participation in pension schemes in addition to reducing debt loads and accumulating wealth and managing it effectively (Lusardi et. al., 2010).

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the discussion of key data findings, conclusion drawn from the findings highlighted and recommendation made there-to. The conclusions and recommendations drawn are focused on addressing the objective of the study.

5.2 Summary

The study found that most employees in the sampled banks had efficient knowledge on matters regarding retirement preparation practices in commercial banks in Kenya. It found that the normal retirement age for the employees of the bank was 55 years while some of the respondents stated that normal retirement age for the employees of the bank was 60 years. It found that basic retirement plan provide sufficient income in retirement whereas the policies minimize limited knowledge of financial markets, the level of risks associated with specific assets and how much they need to save to achieve their retirement income goals. It found that many commercial bank employees have access to retirement planning information. Ideally, retirement preparation should be more than just financial planning and should include preparation for physiological, social and health challenges. It found that the banks' employees are better prepared for retirement. This shows that there are retirement preparation practices in commercial banks in Kenya.

The study found that one of the reasons why most employees opt for early retirement is the fact that employers tend to encourage older workers to retire early to give way to

young workers who are just entering the labor market. The study found that that commercial banks in Kenya communicates effectively about retirement plan benefits to employees. The retirement practices that commercial banks practice most include contributions to its employees' pension schemes, inform employees about their details of the retirement program and provision of sufficient financial capacity and literacy to make appropriate decisions on investment options. The study found that commercial banks in Kenya rarely educates employees on leisure and recreation activities to engage in after retirement and provide a health or medical insurance provision for them and their family during retirement.

5.3 Conclusion

The study concluded that commercial banks in Kenya communicates effectively about retirement plan benefits and their bank helps in contribution to pension schemes. Having adequate coping skills in the transition to retirement could affect the outcome of this transition. Despite the centrality of this life-event, preparation towards it is often insufficient. Retirement preparation programs aim to enhance prospective retirees' adaptation to retirement and provide assistance in managing this new phase in life as they form realistic perception of retired life and reduce anxiety about retirement. Commercial banks ensures that before employees can create an effective plan to save for retirement, they have to have a reasonably good estimate of how much they need to sustain their lifestyle during retirement and also to cover the anticipated extra costs to fund any unforeseen costs.

The study concluded that commercial banks in Kenya contributions to its employees' pension schemes, inform employees about their details of the retirement program and provision of sufficient financial capacity and literacy to make appropriate decisions on investment options. However, they rarely educates employees on leisure and recreation activities to engage in after retirement and provide a health or medical insurance provision for them and their family during retirement. The study concludes that to a moderate extent, commercial banks have prepared their employees psychologically for retirement, they always get timely information on retirement planning, and that their bank encourages them to save for retirement. Commercial banks also informs employees about their details of the retirement program and provides them with sufficient financial capacity and literacy to make appropriate decisions on investment options.

5.4 Recommendations for Policy, Practice and Theory

Based on the study's findings, the following recommendations were made on the retirement preparation practices in commercial banks in Kenya.

5.4.1 Recommendation for Policy

The study found that commercial banks in Kenya do not educate employees on leisure and recreation activities to engage in after retirement and do not provide a health or medical insurance provision for them and their family after retirement. The study therefore recommends that Human Resource managers formulate a policy that considers their employees medical cover after retirement.

5.4.2 Recommendation for Practice

The study recommends that commercial banks should ensure retirement practices are put into practice so that employees are well informed about the challenges that come with retirement and also on how to effectively manage the pension money and free-time that comes with retirement.

5.4.3 Recommendation for Theory

The study recommends that researchers need to continue to focus on discerning what factors influence the propensity to plan both informally and formally for retirement, and what additional benefits might be realized from retirement planning so as to add to the body of knowledge for theory development.

5.5 Limitations of the Study

The study was limited to commercial banks in Kenya and the findings represent retirement preparation practices for commercial banks alone.

Commercial banks falls under formal sector which further limited the study to formal sector only and did not look at retirement preparation practices in the informal sector.

5.6 Suggestions for Further Research

Based on the Limitations above, the study recommended further research in the following areas:

Further research should be undertaken in other industries like manufacturing in order to assess the retirement preparation practices in these industries.

There is need to conduct a study on retirement on individuals from the informal sector because this study only focused on the formal sector. Informal sector in this case includes small business enterprises mostly owned by private individuals and have more than two employees.

REFERENCES

- Adams, G. A., Prescher, J., Beehr, T. A., & Lepisto, L. (2002). Applying work-role attachment theory to retirement decision-making. *International Journal of Aging and Human Development*, (54), 125-137.
- Agnew, J., Szykman, L., Utkus, P., & Young, J. (2007). *Literacy, Trust and Savings Behaviour*. Centre for Retirement Research.
- Atchley, C. R. (1988). *Social Forces and Ageing* (5th edition). Belmont: Wadsworth Publishing Company.
- Basu, S. (2005). Financial literacy and the life cycle. *White House Conference on Aging*. Retrieved from http://216.87.66.5/member/govt_relation.
- Beehr, T. A. (1986). The process of retirement: A review and recommendations for future investigation. *Personnel Psychology*, (39), 31-56.
- Brown, S. K. (2005). *Attitudes of individuals 50 and older toward phased retirement* (AARP Research Report). Retrieved May 21, 2008, from <http://assets.aarp.org/rgcenter>
- Carbery, R. & Garavan, T. (2005). Organizational restructuring and downsizing: issues related to learning, training and employability of survivors, *Journal of Industrial Training*. 29(6), 488-508
- Cardona, P., Lawrence, B. S., Cross, B. & Travaglione, A. (2004). The times they are a-changing: Who will stay and who will go in a downsizing organization? *Personnel Review*. 33(3), 275-290

- Cavelaars, P., & Passenier, J. (2012). Follow the money: What does the literature on banking tell prudential supervisors about bank business models? *Journal of Financial Regulation and Compliance*, 20(4), 402 – 416
- DFID (2008). *UK backs lessons in banking to help Africa's poor*. Retrieved from www.dfid.gov.uk/news/files/alexander-lessons-in-banking.asp.
- Eisenberger, R., Armeli, S., Rexwinkel, B., Lynch, P.D. & Rhoades, L. (2001). Reciprocation of perceived organizational support; *Journal of Applied Psychology*. 86(1), 42-51
- Elder, H. W., & Rudolph, P. M. (1999). Does retirement planning affect the level of retirement satisfaction? *Financial Service Review*, 8: 117-127.
- Feldman, D. C., & Beehr, T. A. (2011). A three-phase model of retirement decision making: *American Psychologist*. 66(3), 193-203
- FSD (2009). *Fin access national survey: Financial Capability in Kenya*. Retrieved from www.fsdkenya.org/publications.
- Ginneken, V. (1998). *Social security and income distribution*. Sankaram.
- Goodman, J. & Pappas, J.G. (2000). *Applying the schlossberg 4s transition model to retired university faculty: Does it Fit?* Adultspan: Theory Research & Practice.
- Guyo, C.H. (2003). *A survey of the practices of staff downsizing among the major oil firms in kenya*, (Unpublished MBA Project, University of Nairobi).

- Healthfield, (2003). *Retaining immigrants in rural communities' employee retention strategies*. 55, 163-179.
- Helman, R. (2014). *The 2014 retirement confidence survey: confidence rebounds—for those with retirement plans*. Monthly research report from the EBRI Education and Research Fund.
- Hershey, D. A., Jacobs-Lawson, J. M., & Neukam, K. A. (2002). The influence of aging and gender on workers goals for retirement. *International Journal of Aging and Human Development*, 55: 163-179.
- Kapoor, J., Dlabay, L., & Hughes, R.J. (1994). *Personal finance, retirement planning*. McGraw-Hill/Irwin.
- Karatu, K. (1991). *Retirement and ageing experience: The case of murang'a district, Kenya*. (M.A Thesis: University of Nairobi).
- Karimi, J.W. (2002). *The problems experienced by organizations in managing the survivors of downsizing*, (Unpublished MBA Project, University of Nairobi).
- Kefela, G. (2010). Promoting access to finance by empowering consumers – financial literacy in developing countries. *Education Research Reviews*. 5(5), 205-212
- Keizi, L.K. (2006). *Barriers of pension schemes, participation by workers in the informal sector*. RBA news.
- Kim J., Kwon J. & Anderson, E.A. (2005). Factors related to retirement confidence: retirement preparation and workplace financial education. *Financial Counseling and Planning*. 135(2), 203-213

- LaBauve, B. J., and Robinson C. R. (1999). *Adjusting to retirement: considerations for counselors*. Adultspan: Theory Research & Practice.
- Leishman, P. (2010). *Insights from Southeast Asia: cambodia's wing & thailand's true money*. PowerPoint presentation at GSM World Congress, Barcelona, February.
- Leonard, K. J. (1996). Information systems and benchmarking in the credit scoring industry. *Benchmarking for Quality Management & Technology*, 3(1), 38 – 44
- MacEwen, K. E., Barling, E. J., Kelloway, E. K., & Higginbottom, S. F. (1995). Predicting retirement anxiety: the role of parental socialisation and personal planning, *Journal of Social Psychology*. 13(11), 32 – 64.
- Magera, S. (1999). *Planning for retirement*. Unpublished mba project. University of Nairobi.
- Modigliani, A. (1963). The life cycle hypothesis of saving: aggregate implications and tests. *American Economic Review*. 53(1), 55-84.
- Moi, D. J. (2002). *The nature of responses of survivors to downsizing*, (Unpublished MBA project, University of Nairobi).
- Monyoncho, J. (2010). *Effect of financial literacy on personal financial management practices*, (Unpublished MBA project, University of Nairobi, Kenya).
- Monyoncho, J. (2010). *Effect of financial literacy on personal financial management practices*, (Unpublished MBA project, University of Nairobi).

- Mulupi, D. (2011). *Kenya: taking mobile money a step further*. Nairobi. Retrieved from www.audiencespace.org field blog. Retrieved: 17th November 2012.
- Munjuri, M. G. (2011). A survey of the criteria used by commercial banks in Kenya to determine employees to retrench. *International Journal of Business Administration*. 4 (2), 9-12
- Muratore, A. M. & Earl, J. K. (2010). Predicting retirement preparation through the design of a new measure: *Australian Psychologist*. 45(2), 98-111
- Mutran, E. J., Reitzes, D. C., & Fernandez, M. E. (1996). Factors that influence attitudes toward retirement. *Research on Aging*, 19: 251-273.
- Mutran, E. J., Reitzes, D. C., & Fernandez, M. E. (1997). Factors that influence attitudes toward retirement. *Research on Aging*, 19, 251-273.
- Mwangi, E. N. (2002). *A survey of factors that influence the attitudes of survivors of downsizing towards management and job security in the banking sector*. 19: 251-273.
- Noer, D. M. (1995). *Healing the Wounds. Overcoming the Trauma of Staff Retrenchment and Revitalizing Retrenched Organizations*. Jossey-Bass Inc. Publishers.
- Odadi, W. (2012). *The influence of personal and institutional factors on the relationship between organizational restructuring and employee quit decisions in commercial banks in Kenya*. (PhD thesis, University of Nairobi).

- Odundo, E. (2003). *Retirement benefits authority. Kenya on pension reforms: an agenda for sub-saharan africa seminar*. World Bank. Retrieved from www.worldbank.org
- Onduko, E. M., Gweyi, M. O., & Nyawira, J. (2015). *Analysis of the determinants on retirement planning in kenya: a survey of registered pension schemes in nairobi*.
- RBA (2011). *Financial and pension literacy: a survey of pension scheme members*. Retrieved from [www.rba.go.ke/research papers](http://www.rba.go.ke/research_papers).
- Reitzes, D. C., Mutran, E. J., & Fernandez, M. E. (1998). The decision to retire early: a career perspective. *Social Science Quarterly*, 79: 607-619.
- Rix, S. E. (2004). *Aging and work: a view from the United States* (aarp public policy institute paper no. 2004- 02). Retrieved may 21, 2008, from [http://assets.aarp.org/ rgcenter](http://assets.aarp.org/rgcenter)
- Schwarz, A. (2003). *Old age and security pensions*. <http://info.worldbank.org>
- Shultz, K.S. & Wang, M. (2011). Psychological perspectives on the changing nature of retirement: *American Psychologist*. 66(3), 170-179.
- Skiba, M., Smith, D., & Marshall, K. (2009). Applying merton's theory of anomia to career disruptions. *Management Research News*. 32(4), 392-404.
- Spiegel, P. E., & Shultz, K. S. (2003). The influence of preretirement planning and transferability of skills on naval officers' retirement satisfaction and adjustment. *Military Psychology*, 15: 285-307.

- Stawski, R. S., Hershey, D. A., & Jacobs-Lawson, J. M. (2007). Goal clarity and financial planning activities as determinants of retirement savings contributions. *International Journal of Aging and Human Development*, 64:13-32.
- Taylor, M. A. & Doverspike, D. (2003). Retirement planning and preparation. In g. A. Adams & t. A. Beehr (eds.). *Reasons, processes, and results*: 53-82. New York: Springer.
- Taylor, M. A. & Shore, L. F. (1995). Predictors of planned retirement age: an application of beehr's model. *Psychology and Aging*, 10: 76-83.
- Taylor-Carter, M. A., Cook, K., & Weinberg, C. (1997). Planning and expectations the retirement experience. *Educational Gerontology*, 23: 273-288.
- Victoria, M., & Olukuru, J. (2014). Impacts of pension reforms on the kenyan pension industry. *European Scientific Journal*. 19, 251-273
- Wang, M., Zhan, Y., Liu, S., & Shultz, K. (2008). Antecedents of bridge employment: a longitudinal investigation. *Journal of Applied Psychology*, 93, 818-830.
- Watson Wyatt Worldwide, (2004). *Phased retirement: Aligning employer programs with worker preferences survey report*. Washington, DC: Author
- Zappala, S., Depolo, M., Fraccaroli, F., Gugliemi, D. & Sarchielli, G. (2008). Postponing job retirement? Psychosocial influences on the planning of work career exit: *Career Development International*. 13(2), 150-167.

APPENDICES

Appendix I: Questionnaire for Retirement Preparation Practices in Commercial Banks in Kenya

Dear Respondent,

This questionnaire is aimed at collecting information on retirement practices in commercial banks in Kenya. You are kindly requested to participate in this study by genuinely providing responses to the following questions. Kindly note that there is neither a right nor wrong answer. Tick (✓) appropriately.

Section 1: Biodata

1. Name of your Bank.....

2. How long have you worked for the bank?

0-3 years ()

4-7 years ()

8-10 years ()

Over 10 years ()

3. Does your bank have any policy for retirement?

Yes () No ()

4. What is the normal retirement age for the employees of the bank?

.....

5. Besides the normal retirement age, are there employees who opt for early retirement from the bank?

Section 2: Retirement Preparation Practices

6. Rate the extent to which you agree with the following statements on retirement about your bank

Statement of Retirement Practices	To a very great extent (5)	To a great extent (4)	To a moderate extent (3)	To a less extent (2)	To a very less extent (1)
1. My bank offers retirement preparation programs for the employees					
2. I am well informed about the details of the retirement program					
3. My bank provides a conducive environment to discuss retirement plans.					
4. I am convinced that my bank's retirement arrangement is adequate to cater for my retirement.					
5. My bank provides financial education training courses.					
6. My bank has a comprehensive retirement planning programme for the employees that include financial education and [individualized] financial planning					

professional advice.					
7. I am satisfied with the way my bank informs and prepares staffs that are due to retire.					
8. My bank encourages me to save for retirement					
9. My bank communicates effectively about retirement plan benefits					
10. My bank will provide a health or medical insurance provision for both myself and my family during retirement					
11. My bank ensures that I always get timely Information on retirement planning					
12. I am satisfied with the timing and ground covered by the financial education course provided by my bank					
13. I feel that my bank has psychologically prepared me for retirement					
14. My bank has provided me with sufficient financial capacity and literacy to make appropriate decisions on investment options and financial products.					
15. My bank assists its employees to undertake pre-retirement					

financial planning					
16. My bank contributes to NSSF a large amount than the employees					
17. My employer has prepared me for retirement through training					
18. My bank helps in contribution to pension schemes					
19. This bank educates employees on leisure and recreation activities to engage in after retirement					

Appendix II: List of licensed commercial banks in Kenya.

1. ABC Bank (Kenya)
2. African Development Bank
3. Bank of Africa
4. Bank of Baroda
5. Bank of India
6. Barclays Bank
7. CFC Stanbic Bank
8. Chase Bank (Kenya)
9. Citibank
10. Commercial Bank of Africa
11. Consolidated Bank of Kenya
12. Cooperative Bank of Kenya
13. Credit Bank
14. Development Bank of Kenya
15. Diamond Trust Bank
16. Dubai Bank Kenya
17. Ecobank
18. Equatorial Commercial Bank
19. Equity Bank
20. Family Bank
21. Fidelity Commercial Bank Limited
22. Fina Bank 23. First Community Bank

24. Giro Commercial Bank
25. Guardian Bank
26. Gulf African Bank
27. Habib Bank
28. Habib Bank AG Zurich
29. Housing Finance
30. I&M Bank
31. Imperial Bank Kenya 63
32. Jamii Bora Bank
33. Kenya Commercial Bank
34. K-Rep Bank
35. Middle East Bank Kenya
36. National Bank of Kenya
37. NIC Bank
38. Oriental Commercial Bank
39. Paramount Universal Bank
40. Prime Bank (Kenya)
41. Standard Chartered Kenya
42. Trans National Bank Kenya
43. United Bank for Africa
44. Victoria Commercial Bank

Source: Central Bank of Kenya (CBK).