

Understanding Retirement Savings among Mid-Career African-American Professionals Using Theory of Planned Behavior

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Abstract

This qualitative study was designed to understand participation and behavioral intent of mid-career African-American professionals toward retirement savings plans using the theory of planned behavior. Twenty individuals were interviewed as the study looked at several factors that are believed to influence decisions concerning saving for retirement. The study also examined the impact of attitude, subjective norm, and perceived behavioral control on behavioral intent of the subjects regarding their behavior to participate in a retirement savings plan. This research raises questions about the habit of prior participation, its implication in determining behavioral intent and the effect on behavior. Finally, this study contributes to future research on seeking an effective alternative solution to improving participation in retirement savings among African-Americans.

Keywords: Retirement savings, Attitude, Subjective norm, African American

Introduction

Retirement savings is described in this study as a deliberate process of saving from current income to ensure financial wellbeing during retirement, using employer-sponsored retirement programs and Individual Retirement Accounts (IRAs). The lack of participation in retirement savings plans by African-Americans has reached enough of a critical state to arouse public concern and prompt a search for possible solutions. A report from the first National Summit on Retirement Savings, held in Washington, D.C., in June of 1998, documented that elderly African-Americans are three times more likely to live in poverty as elderly white Americans due to inadequate retirement planning during the working years (Williams-Harold and Smith, 1998, p 24). Supporting this finding is a recent study conducted by Ohio State University that showed a substantial gap in accumulation of wealth between the average African-American household and the average American household: Over a nine-year period, ending in 1998, the average wealth accumulated by African-Americans was \$15,500, while the average American household with the same level of income accumulated \$71,000 ("Help Blacks," 2002). The Minority Confidence Survey of 2001, moreover, showed that only 54% of African-Americans save for retirement compared to 69% of all workers (Joinson, 2001, p80). This study seeks (a) to understand the reason for participation and non-participation in retirement savings plans among this group and (b) to understand the behavior of this target group regarding retirement and saving for retirement. The expectation is that the results from this research will provide a valuable resource for future research in this area, as well as improving participation in retirement savings among the target group and the large group of African-Americans.

Literature Review

The following preliminary conceptual model (see below) guides research in fieldwork and literature as well as provides answers to the research questions in the following areas:

1. To examine how the three sources of savings knowledge (financial class, family experience, and financial adviser) or any other that affect knowledge of retirement savings among

2. To identify the impact of indebtedness compared to cash flow among this group and its effect on the ability to participate in retirement savings plans.
3. To examine the reason for participation and non-participation of mid-career African-American professionals in retirement savings plans.
4. To examine participant and non-participant attitude, subjective norm, and perceived behavioral control and to see how these factors contribute to behavioral intent and behavior to participate in retirement savings plans.

Independent Variable - Savings Knowledge

Savings knowledge as an independent variable is defined in this study as the understanding of the benefits of saving. A survey of 180 employees conducted by a Virginia Polytechnic Institute researcher on investment education showed that acquiring investment knowledge increases 401k participation, improves an employee's chance of retiring early and reduces employee stress (Bearden, 1999, p169). I postulate that this knowledge could be acquired through education in a financial class, financial adviser, or family experience. Financial class. Savings knowledge through financial class in this study means acquiring savings knowledge by either attending a class where saving is taught. Over the past 40 years, a majority of states have adopted consumer education policies and a sizable minority has mandated that high school students receive instruction on topics related to household financial decision-making (Bernheim, Garrett, and Maki, 2001). The target audience has a high level of educational experience and one would expect a knowledge of the benefits of saving. Financial adviser. Savings knowledge through a financial adviser refers to individuals learning about the benefit of saving for retirement through acquaintance with a financial consultant. Mary Moriarty, vice president of retirement plans, at Sony Music Entertainment believes that two questions come to mind when human resource specialists notice pockets of employees not participating in investment plans: First, do they understand the plan? Second, do they value it? (Joinson, 2001, p82). Family experience. Savings knowledge through family experience in this study refers to individuals learning from their family, the importance or the benefit of savings through their everyday lives. Family influence may also come from parents instilling the benefit of savings for retirement earlier in life because of their own experience, which may be positive or negative.

Independent Variable – Indebtedness / Cash Flow

Indebtedness is defined in this study as the amount of revolving credit debt obligation in relation to cash flow, payable on a monthly installment. The report on household financial conditions issued by the Federal Reserve Bank of Cleveland, November 1999, supports the author's postulation that there is a relationship of debt to savings. According to Dr. Ashib, a mortgage banker in Houston, the average debt-to-income ratio is about 38% of household income. Twenty-eight percent of the 38% is allowed for a mortgage payment and the remaining 10% for monthly credit obligations. So, a household with a monthly income of \$8,000 is allowed a debt of \$3,040 per month to be within the acceptable ratio. While \$2,240 of this amount is allowed for mortgage expense, only \$800 can go to monthly credit obligations. Therefore, a mid-career professional household with monthly revolving credit debt of 10% or lower of income would be considered a low debt ratio. Conversely, high debt would be a household with more than 10% of monthly income committed to monthly revolving credit obligations. According to Watkins (2000), credit provides consumers with an immediate claim to goods and services. In exchange, corporations receive a claim to the future income of consumers (Watkins, 2000). Espousing debt and spending indiscriminately may have a negative effect on an individual's ability to save for retirement. The relationship between the independent and dependent variables is anticipated to show the following effects: When savings knowledge is high, there is a high propensity for African-American professionals to participate in retirement savings. Conversely, when this factor is low, the resulting effect is low participation in both the employer-sponsored retirement plans and IRAs. As previously noted, a high rate of indebtedness in relation to cash flow corresponds to a low rate of savings.

Dependent Variable – Participating / Non-participating Behavior

The dependent variable in this research study is behavior of participating or non-participating in a qualified retirement savings plan. In 2000, "almost 60 percent of contributions are to personal retirement accounts, including 401(k), IRA, and Keogh plans" (Poterba, et al., 2000, p297). While "these individuals make participation, contribution, asset allocation and withdrawal decisions" (Poterba, et al., 2000, p297), the number of African-American professionals among them is estimated to be small.

Mediating Variable – Behavioral Intent

The mediating variable discussed in this paper is the behavioral intent of mid-career professionals toward participation in retirement savings. According to the theory of planned behavior, “people act in accordance with their intentions and perceptions of control over the behavior, while intentions in turn are influenced by attitudes toward the behavior, subjective norms, and perceptions of behavioral control” (Ajzen, 2001). The author postulates that the behavioral intent of this target group determines the behavior of participation or non-participation in a retirement savings plan. And the attitude, subjective norm, and perceived behavioral control determine the behavioral intent of the professionals in this study. Attitude and behavioral belief. According to Fishbein’s theory, attitudes are determined by beliefs about the likelihood of consequences of the behavior and evaluation of how good or bad those consequences would be if they occurred (Traimow, et al., 2002, p77). Attitudes (AB) — AB is determined by the sum of the expected outcomes and is weighted by an evaluation of the desirability of the outcome (Kalafatis and Pollard, 1999, p443). The expectancy is measured as a likely belief (b) of the outcome occurring if the action is taken and the value measured as an evaluation (e) of the outcome when it does occur (Kalafatis and Pollard, 1999, p443). “The evaluation of each outcome contributes to the attitude in direct proportion to the person’s subjective probability that the behavior produces the outcome in question” (Hrubes et al., 2001, p167). Thus, the sum of the expected values of biei determines attitudes (AB) = biei Subjective norm and normative belief. Subjective norm (SN) controls behavior that is instigated by the desire to meet another’s expectation (Kalafatis and Pollard, 1999, p443). It is also “subjective” because it is what the agent thinks and a “norm” because it is the agent’s understanding of what others think he or she should do (East, 1997). And like the attitude, “SNs are based on salient beliefs, called normative beliefs” (Kalafatis and Pollard, 1999, p443). Subjective norm (SN) Like the expected values of attitude, these referent influences are covered by two measures: (n) the likelihood that the referent holds the normative belief and (m) the motivation to comply with the views of the referent (Kalafatis and Pollard, 1999, p443). Thus, the sum of nimi determines SN Subjective norm (SN) = nimi Perceived behavioral control and control belief. Perceived behavioral control represents an individual’s assessment of his or her capacities and facilities regarding his or her behavioral engagement (Hagger, et al., 2002, p4). “PBC is also held to exert both direct and interactive (with behavioral intentions) effects on behavior” (Amitage, et al., 2001 p472). Perceived behavioral control (PBC) PBC like attitude and subjective norm is composed of beliefs, called control beliefs, and can be determined as the product of two measures the power (p) of a factor to assist the action and perceived access to the factor (c) (Kalafatis and Pollard (1999). Thus, the sum of cipi is posited to measure PBC - Perceived behavioral control. (PBC) = cipi The author believes that the savings knowledge and the level of indebtedness relative to cash flow positively or negatively affect the behavioral intent of this target group. A high savings knowledge and low indebtedness relative to cash flow would lead to high favorable results in attitude, subjective norm, and perceived behavioral control, which determines the behavioral intent and behavior. Thus, more would be understood from this target group by understanding:

1. How the savings knowledge affect knowledge of retirement savings among this group; how indebtedness compared to cash flow influences the ability to participate in retirement savings plans among the target group.
2. The reason for participation and non-participation among the group
3. How the participant and non-participant attitude, SN, PCB contribute to behavioral intent and behavior to participate in retirement savings plans.

Method

The study is designed to understand retirement savings behavior among mid-career African-American professionals using qualitative research methods. Interviews were used as the primary data collection method. The interview method suggested by Steinar Kvale (1996) in *Interviews: An Introduction to Qualitative Research Interviewing* was utilized. Interviewees were contacted directly and through referrals from churches, schools, work places, and associations. Contacts made through referrals received follow-up calls from the researcher confirming their willingness to participate in the study. Upon agreement to participate, the researcher arranged an interview time, mode, and place convenient for the subject. Interviews were conducted with 20 professionals that were employed full-time. Nine of the interviewees were not participating and eleven were participants in a retirement savings plan. Twelve interviews were conducted in person while eight were completed by telephone. And each interview lasted between 45 minutes and one hour.

Certain controls were instituted to maintain consistency in this research. Yieh and Ching-Yao (2000) suggest that age, gender, number of children, working years, education, occupation, race, permanent income, current income, net worth, credit constraints, and Social Security benefits are factors that affect consumers' precautionary savings (Yieh and Ching-Yao, 2000).

Therefore, it was necessary to control for income and other related factors to better understand the savings problem among the target group. Income in this study is defined as total earnings in salary and wages in a household. The range of income considered in this study is between \$50,000 and \$80,000 per year per household. The definition of income is further modified to include only households with two wage earners and two dependents in each household. The age group used in this research is between 30 and 45 years. Rationale for adopting this group is that this group has the incentive to save because its members have a stable income and potential retirement benefits from employers. They are also at the stage where retirement planning starts to arouse their interest.

The Interview Guide

Data were gathered from individual respondents using a structured interview. An interview guide was developed to elicit information from each group of respondents—participating and non-participating. Literature in TPB and a sample of the questionnaire were examined to construct questions regarding respondent's behavioral intent that will shed light on the behavior. Attitude was measured using interview questions suggested by Ajzen and Fishbein (1980). SN was measured as suggested by Courneya and Bobick (1999) and perceived behavioral control measurement was measured as suggested by Ajzen and Madden (1986). Literature on precautionary savings, annuity markets and investment, savings, consumer behavior, and trust also provided guidance in framing questions on retirement benefits and behavior, savings knowledge, indebtedness, and cash flow. The instrument was tested by conducting sample interviews to attain clarity, and understanding and to meet the objectives of this study. Questions were not distributed in advance, a decision reached after the sample test showed respondents who had not seen the questions tended to discuss their perspective more and longer. However, the respondents with prior knowledge of the questions gave short answers.

Method of Analysis

All the interviews were recorded and transcribed. Transcription was done by a professional transcriber, which allowed the researcher to maintain a neutral attitude. This process also provided a second-party analysis of what had been recorded. Recorded tapes were listened to after the transcription several times for clarifications and deep understanding of the conversation. Open coding was used to analyze data to allow for as many themes as possible regardless of the outcome as recommended by Robert Maxwell (1996) in *Qualitative Research Design: An interactive Approach*. Data were analyzed by variables, participating and non-participating group to fully understand the differences between the non-savers and savers. Remarks and phrases were constructed according to the variables to guide in the level one coding process from the respondent's understanding of the questions as follows:

□ Dependent variable— What are the factors in the respondent's mind as the reasons for participating or not participating in a retirement savings plan? □ Independent variable— What are the sources of savings knowledge from the respondent's mind that contributed to his or her knowledge of retirement savings? What is the respondent's view of indebtedness in relation to cash flow? □ Mediating variable Attitude - What is the respondent's view of the importance of saving and outcome of not saving for retirement? SN What kind of opinion does the respondent have of the people important to him or her? What is the respondent's view of complying with this individual's wishes regarding retirement savings? PCB What are the factors in respondent's mind that would hinder participation in a retirement savings plan? What type of control does the respondent think he or she has over this barrier? Coding was done manually by cut and paste, showing quotes and constructs of respondents in each group of participant and non-participant. Themes were created among members of each group participating and non-participating in the first-level coding to develop second-level coding. Collapsing similar themes in the second-level coding developed the third-level coding. The construct "desire financial freedom" in level three from the sample emerged from level one and two coding. In level one are quotes and phrases from respondents that are participating in retirement savings. These phrases were clustered together by similar themes, which provided the phrases in level two of wealth accumulation, adequate income, and financial stability. The relevant questions are attached to the beginning of the coding sheet to help understand the sequence from the first-level coding. Respondents were asked what reasons motivated them to participate in a retirement savings plan.

From the clusters of similar phrases emerged “wealth accumulation, adequate income and financial stability.” It became obvious in level three coding that all the respondents have a common interest they desired financial freedom when they retire hence they are participating in retirement savings now.

Results

Savings Knowledge

This study shows a financial adviser is the most effective sources of savings knowledge. While 89.9 percent of the non-savers did not receive any knowledge from a financial adviser, about 82 percent of the savers did. About 55 percent of the non-savers learned from family teaching. However, 82 percent of the savers learned from their family. Some of the savers credit their savings knowledge to paternal experience and many cite parents’ teaching about savings. The author regards phrases from some savers in level one coding indicating the teaching was from the father as a profound discovery. The literature review indicated more single females are the heads of households among African-American families compared to whites, which may have contributed to the poor savings record. “The majority of Blacks households are headed by a single female whereas the majority of White household are headed by married couple” (Gutter, et al, 1999, p156). Other Source. This study shows that people learn about savings from informal sources, which is indicated by the two groups. Informal source is defined as different sources of savings knowledge apart from the three listed, indicated by respondents as a source of knowledge. Magazines, television shows and advertisements, and casual discussions make up the informal sources of savings knowledge. However, savers also learned from their employers’ human resources department about retirement saving during benefits discussions.

Indebtedness Relative to Cash flow

The difference between the groups of participants and non-participants is the level of indebtedness compared to cash flow. The non-savers have higher indebtedness compared to cash flow compared to savers.

Participating / Non Participating Behavior

Study shows that the reason for participating comes from the desire for financial freedom during retirement, which is defined as a respondent’s need for adequate income and financial stability during retirement by accumulating wealth. Individual respondent phrases that make this construct are from the first-level coding. Phrases like “building up a nest” from some respondents indicate accumulation of wealth. The study also shows the non-savers’ lack of financial liquidity, which is defined in this study as the respondent’s inability to participate in a retirement savings plan due to high financial obligations relative to income. Another significant difference between the groups is the habit of prior participation in retirement savings plans, which is defined as a respondent’s habit of prior experience as a participant in a retirement savings plan. The savers have a common habit of prior participation in a retirement savings plan while the non-savers did not have this experience.

Behavioral Intent

Attitude. In attitude, the study shows that savers desire a favorable retirement experience. This conclusion emerged from the phrases in the first level coding in which savers expressed how they feel about retirement savings and why they are participating in the savings plan. Determining the value of attitude of both groups using the TPB and the bipolar way means finding the value of $(AB) = biei$. With a -3 and $+3$ representing unfavorable and favorable events respectively, (b) will have a value of three in both groups as they both indicate same belief of negating feelings. However, (e) in evaluation of occurrence is more favorable in savers, meaning savers would have higher value in contribution toward favorable behavioral intent. Subjective norm. In SN, the study shows that non-savers have no influence from the people they regard highly despite the expectation of these people of them to save. “No influence” is defined as the inability of the highly regarded person or people to effect favorable behavior of retirement savings on the respondent. Phrases like “They expect it, but I do things because I want to” and “I cannot if I do not have the resource,” not only shows the lack of influence on some individuals but also lack of motive by these individuals to comply with this expectation. Thus unwillingness of respondents to respond to the wishes of the highly regarded person or people to participate in a retirement savings plan. Compared to savers, where there is influence from the highly regarded people regarding retirement savings and having a motive to comply. This could be observed from individual comments like “My wife’s opinion is important to me because it affects both of us.” Determining the value of SN using the TPB means $(SN) = nimi$, where n is the likelihood that the referent holds the normative belief and m is the motive to comply.

Applying the same logic as in attitude shows that the value of the subjective norm among non-savers would be highly unfavorable compared to the favorable value of the savers. The savers hold normative belief and have a motive to comply while the non-savers do not. This finding indicates that factors favoring behavioral intent will influence savers more strongly than non-savers. Perceived behavioral control.

In perceived behavioral control the non-savers have low financial liquidity which is perceived as a hindrance to participating in a retirement plan. And many in the group think the only solution is to delay participation. Conversely, many of the savers see an unfavorable economic environment as a barrier to savings and would seek other means to continue saving in the event this situation arises. Again, determining the value using the TPB means the sum of (PBC) = ci pi, where p is the belief of the barrier and c becomes the control. The value of the savers will be high compared to the non-savers because they would be assigned a more favorable figure (seek alternative, economic environment) than the non-savers with lack of financial liquidity as reason for non-participation and delay participation as the only alternative. Habit of prior participation. This study shows that prior participation in retirement saving plans contributes to intent and the behavior to participate in a retirement savings plan. According to Perugini and Bagozzi (2001, p84), Quelling and Wood proposed that when a behavior is well practiced in a constant environment, frequency of past behavior reflects habit strength and has therefore a direct effect on future behavior.

Below is a summary of results of this study.

Variables	Participating Level II	Non-participating Level II
Dependent Reason for participating Or Non-participating behavior.	<input type="checkbox"/> Wealth accumulation <input type="checkbox"/> Adequate income <input type="checkbox"/> Financial stability <input type="checkbox"/> Participated previously in a retirement saving plan Level III <input type="checkbox"/> Desire financial freedom <input type="checkbox"/> Habit of prior participation	<input type="checkbox"/> High financial obligation relative to income <input type="checkbox"/> Have not participated previously in retirement saving plan Level III <input type="checkbox"/> Low financial liquidity <input type="checkbox"/> No habit of prior participation experience
Independent Variable	Level II	Level II
Saving Knowledge <input type="checkbox"/> Class	<input type="checkbox"/> Learned savings benefit <input type="checkbox"/> Learned product benefit	<input type="checkbox"/> Took class because part of curriculum <input type="checkbox"/> Gathered information <input type="checkbox"/> 66.6% did not take class Level III <input type="checkbox"/> No incentive
<input type="checkbox"/> Family Experience	Level II <input type="checkbox"/> Paternal experience benefit of savings <input type="checkbox"/> Parental teaching benefit of savings <input type="checkbox"/> Family good role model <input type="checkbox"/> Responsive experience regarding hardship Level III <input type="checkbox"/> Learned from family <input type="checkbox"/> Inspiring experience	Level II <input type="checkbox"/> Discussed about savings <input type="checkbox"/> Family not a role model <input type="checkbox"/> Unresponsive experience <input type="checkbox"/> Apathetic experience regarding hardship Level III <input type="checkbox"/> Learned family teaching <input type="checkbox"/> Uninspiring experience
<input type="checkbox"/> Financial Adviser	Level II <input type="checkbox"/> Use financial adviser <input type="checkbox"/> Received consulting advise on savings and investment products <input type="checkbox"/> Motivated to participate by financial presentations	Level II

	<p>Level III</p> <ul style="list-style-type: none"> <input type="checkbox"/> Learned from financial adviser <input type="checkbox"/> Gained knowledge about product and benefits 	<ul style="list-style-type: none"> <input type="checkbox"/> No financial adviser
Other source of saving knowledge	<p>Level II</p> <ul style="list-style-type: none"> <input type="checkbox"/> Learned from informal source <input type="checkbox"/> Learned from Employer HR department 	<p>Level II</p> <ul style="list-style-type: none"> <input type="checkbox"/> Learned from informal source
Rank source of knowledge for effectiveness	<p>Level II</p> <ul style="list-style-type: none"> <input type="checkbox"/> Financial adviser 	<p>Level II</p> <ul style="list-style-type: none"> <input type="checkbox"/> Family experience
Indebtedness/Cash flow	<p>Level II</p> <ul style="list-style-type: none"> <input type="checkbox"/> 15% of household income goes into housing expense <input type="checkbox"/> 10% of household income goes into monthly credit obligation <input type="checkbox"/> 30% of household income goes into housing and monthly credit obligation <p>Level III</p> <ul style="list-style-type: none"> <input type="checkbox"/> Low indebtedness compared to income 	<p>Level II</p> <ul style="list-style-type: none"> <input type="checkbox"/> 30% of household income goes into housing expense <input type="checkbox"/> 25% of household income goes into monthly credit obligation <input type="checkbox"/> 55% of household income goes into housing and credit obligation <p>Level III</p> <ul style="list-style-type: none"> <input type="checkbox"/> High indebtedness compared to income
Mediating Variable Attitude	<p>Level II</p> <ul style="list-style-type: none"> <input type="checkbox"/> Desire for favorable retirement experience <input type="checkbox"/> Negative belief of consequence of not saving for retirement 	<p>Level II</p> <ul style="list-style-type: none"> <input type="checkbox"/> Participation in savings not a priority <input type="checkbox"/> Negative feeling towards outcome of not saving <p>Level III</p> <ul style="list-style-type: none"> <input type="checkbox"/> Low priority <input type="checkbox"/> Negative belief of consequence of not saving for retirement
Subjective norm	<p>Level II</p> <ul style="list-style-type: none"> <input type="checkbox"/> High regard for opinion of important people <input type="checkbox"/> Need to comply with expectation <p>Level III</p> <ul style="list-style-type: none"> <input type="checkbox"/> Influenced <input type="checkbox"/> Motive to comply 	<p>Level II</p> <ul style="list-style-type: none"> <input type="checkbox"/> No influence of regarded person <input type="checkbox"/> Savings expectation from regarded person <input type="checkbox"/> Unable to comply <p>Level III</p> <ul style="list-style-type: none"> <input type="checkbox"/> No influence <input type="checkbox"/> Savings expectation <input type="checkbox"/> Lack motive to comply
Perceived Behavioral Control	<p>Level II</p> <ul style="list-style-type: none"> <input type="checkbox"/> Unfavorable economic environment <input type="checkbox"/> Seek alternative means to continue participation <p>Level III</p> <ul style="list-style-type: none"> <input type="checkbox"/> Economic environment <input type="checkbox"/> Seek alternative 	<p>Level II</p> <ul style="list-style-type: none"> <input type="checkbox"/> High financial obligation relative to income <input type="checkbox"/> Postpone saving to future date <p>Level III</p> <ul style="list-style-type: none"> <input type="checkbox"/> Low financial liquidity <input type="checkbox"/> Delay participation

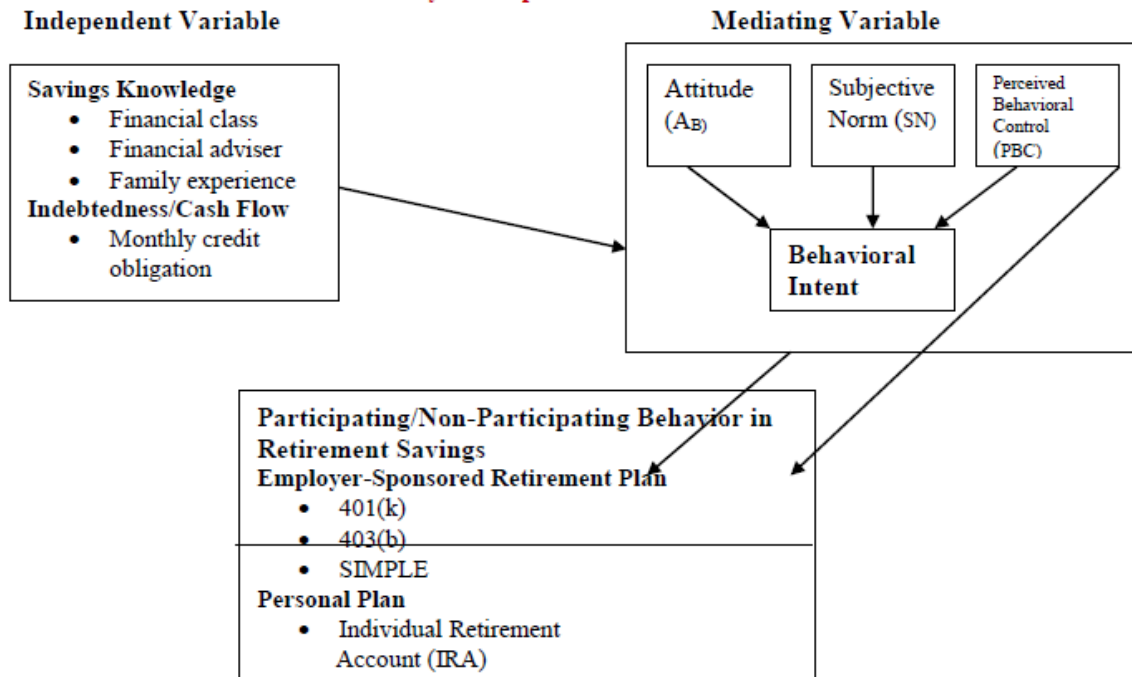
Discussion

The objective of this study was to understand retirement savings behavior among a target group of African-Americans. Included in this study were the sources of knowledge and indebtedness relative to cash flow and behavioral intent. A value of conducting research with qualitative methods is the flexibility it has in accommodating new findings. The new findings are (a) informal learning means and employer HR department in the independent variable and (b) habit of prior participation as a contributing factor to behavioral intent and behavior. The original conceptual model has been revised to reflect the new findings regarding the behavior of the target group as it relates to retirement savings. The study shows that the employers’ matching contribution incentive and other benefits that come with qualified plans are nugatory without a favorable behavior to participate. The author believes that the willingness to participate in a savings plan is increased by having savings knowledge, low indebtedness relative to income and favorable behavioral intent. Also, having a habit of prior participation contributes favorably toward intent and behavior to participate in a retirement plan. The sources of knowledge identified that eighty-two percent of participants in retirement savings learned about savings plans from family. The same percentage also learned from a financial adviser and gained valuable knowledge about products and services. A financial adviser is also regarded as the most effective source of knowledge. Fifty-five percent of the savers attended a financial class. Only twenty-seven percent of savers and 44 percent of non-savers did not learn from other sources. It is evident from the study that there is a correlation between savers and savings knowledge. It is the author’s belief that the indebtedness relative to cash flow, contributes to the behavior of professionals regarding retirement savings participation.

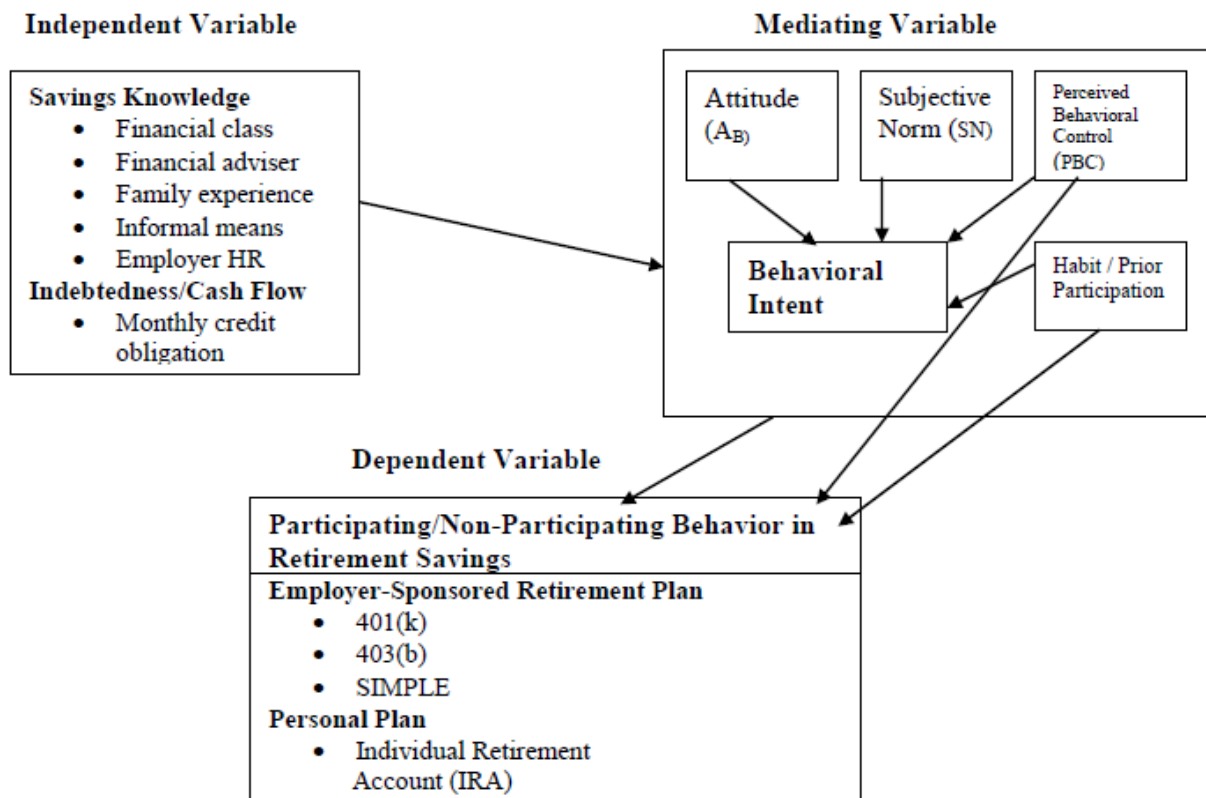
Behavioral Intent

The study shows that savers demonstrate high factors in attitude, SN, and PCB, which lead to high behavioral intent. Also contributing to behavioral intent and behavior is the newly added factor of the habit of prior participation. The effect of favorable behavioral intent is influence on behavior to participate in retirement savings. This research shows that all these factors are favorable in the savers leading to the behavior to participate in retirement savings plans. Conversely, the opposite is the situation for non-savers leading to unfavorable behavior regarding participation in retirement savings plans. A high behavioral intent favorable to retirement savings participation is a result of the desire for financial freedom during retirement. The habit of prior participation in a savings plan increases not only the behavioral intent but could also affect the behavior directly especially if the experience is recent.

Preliminary Conceptual Model



Revised Conceptual Model



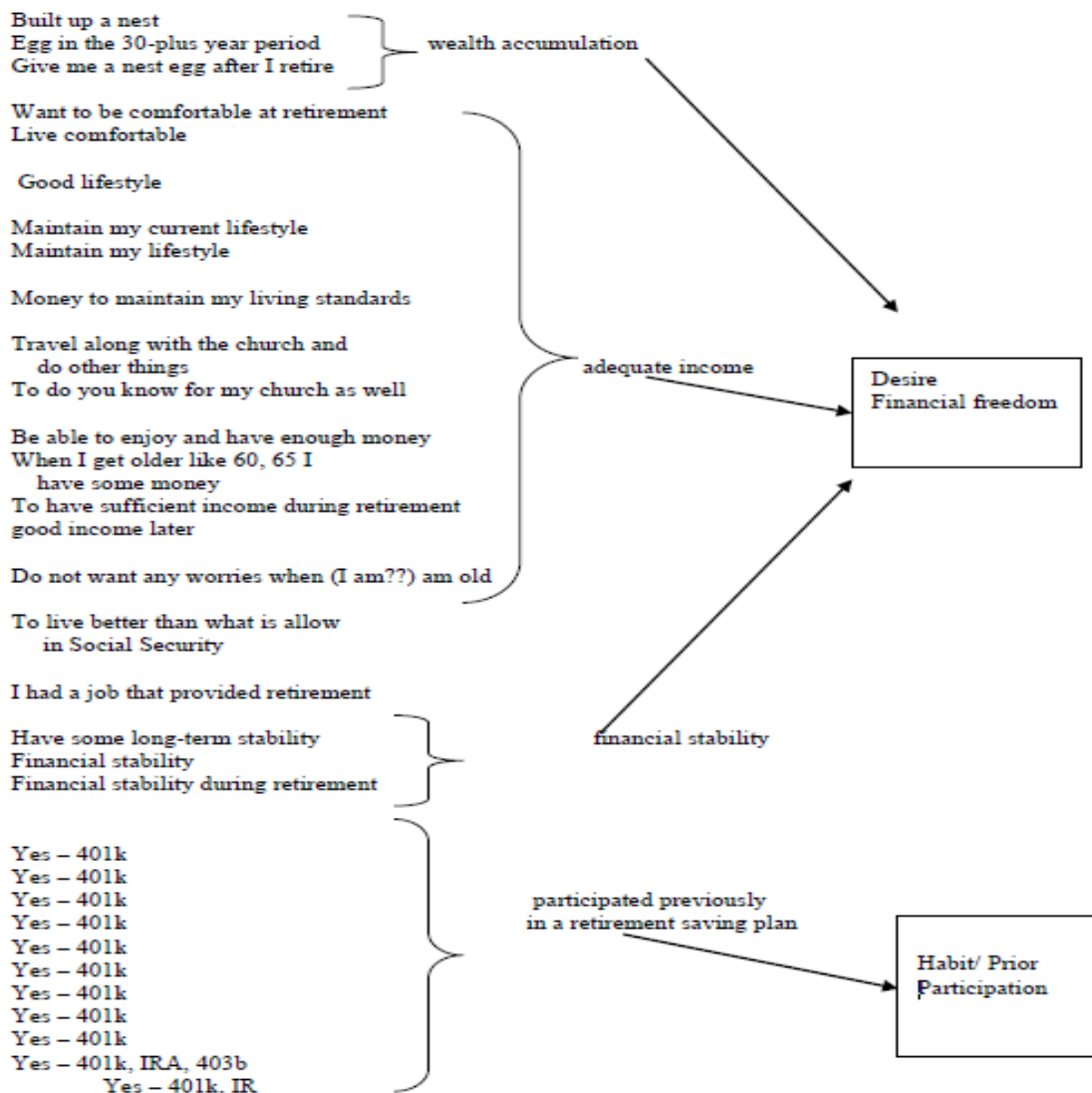
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Appendix 1 Dependent variable participating

Level I Coding Level II Coding Level III Coding
 Question 6 - Reason for participation Question 7 – Previous participation



Appendix 2 Summary of Data by Variable *Dependent Variable Reasons for behavior Prior Participation*

Participating behavior **Desire Financial freedom** Yes

Non-participating behavior **Financial liquidity** No

Mediating Variable	Non-Participating	Participating
Attitude	44.4% considered saving as important Low priority regarding saving Have negative feeling toward consequence of not saving for retirement	90.9% considered saving very important Desire favorable retirement experience Have negative feeling toward consequence of not saving for retirement
Subjective Norm	Not influenced by people highly	Influenced by highly regarded people

	regarded Savings expectation from people highly regarded Lack motive to comply with the expectation	Has motive to comply with expectation
Perceived Behavioral Control	Perceived financial liquidity to prevent participation in retirement saving Delay participation as the best solution	Perceived unfavorable economic environment to prevent participation in retirement saving Seek alternative means to continue participation
Independent Variable	Non-Participating	Participating
Savings Knowledge – Class	66.6% did not attend financial class 33.3% that attended has no incentive for attending the class	54.5% attended financial class 45% did not take class Learned about Savings benefit Learned about product
Family Experience	54.6% learned about savings from family They had uninspiring experience 44.4% had no family teaching	82.2% Learned about savings from family Had inspiring experience to motivate them to participate 18.8% had no family teaching
Financial Adviser	88.9% did not learn from financial adviser	81.8% learned from financial adviser Gained knowledge about product and benefits 18.2% did not learn from financial adviser
Other source of savings knowledge	Learned from informal means 44.4% did not have other source of saving knowledge	Learned from informal means Learned from employer HR department during discussion of benefit 27.3% did not have other source of saving knowledge
Ranking the source most effective to acquiring savings knowledge	44.4% rank family as the most effective source of saving knowledge	54.5% rank adviser as the most effective source of saving knowledge 63.6% rank family as the second most effective source of savings knowledge