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AN ASSESSMENT OF FACTORS INFLUENCING RETIREMENT SAVING AMONG YOUTH IN NAIROBI COUNTY, KENYA

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MPPM 2019: 123793

A Dissertation Submitted in Partial Fulfilment for the Degree of Master of Public Policy and Management at Strathmore University

May 2025

DECLARATION

I declare that this work has not been previously submitted and approved for the award of a degree by this or any other university. To the best of my knowledge and belief, the thesis contains no material previously published or written by another person except where due reference is made in the proposal itself.

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This proposal was reviewed and approved for examination by:

Dr. Thomas Kibua

Signature: ………………………… Date:………21/05/2025…………………

ABSTRACT

This study examined the factors influencing retirement saving behaviour among youth in Nairobi County, Kenya, and their implications for reducing old-age poverty. Despite economic growth and improved financial inclusion over the years, retirement savings among the youth remain critically low. This is largely due to unemployment, informal employment, financial illiteracy, and a focus on short-term consumption needs. The research was guided by the life-cycle hypothesis and the theory of planned behaviour and aimed to assess how socioeconomic, psychosocial, and institutional factors affect youth retirement saving practices. To achieve these objectives, the study employed a mixed-method approach. Quantitative data was collected from youth respondents, and qualitative insights were drawn from interviews with policymakers and financial service providers. Socioeconomic factors such as income level, education, and employment type emerged as significant predictors of saving behaviour. In contrast, family obligations were found to have a negative impact on the ability to save. Psychosocial factors, particularly financial literacy and future orientation were positively associated with saving, although risk attitude was statistically insignificant. Institutional factors such as awareness of pension schemes, access to financial services, and trust in financial institutions also significantly influenced saving behaviour. The findings underscore the need for a multifaceted approach to improve youth retirement saving. Key recommendations include strengthening financial literacy through education, expanding digital pension platforms for informal workers, and revising policy frameworks to encourage voluntary contributions. This study provides a foundation for future research and policy action to build a savings culture and address the risk of old-age poverty among Kenya's youth.

TABLE OF CONTENTS

VT OMNES VNVM SINT

LIST OF TABLES

LIST OF FIGURES

VT OMNES UNVM SINT

LIST OF APPENDICES

VT OMNES VNVM SINT

DEFINITION OF TERMS

Financial Literacy	The ability to understand and effectively use various financial skills, including personal financial management, budgeting, and investing.
Informal Employment	Work that is not regulated by formal contracts or covered by labour legislation, often lacking social protection and pension benefits.
Life-Cycle Hypothesis (LCH)	An economic theory suggesting individuals plan consumption and savings behaviour over their lifetime to maintain a stable standard of living.
Pension Scheme	A structured program that enables individuals to contribute toward a fund that provides income upon retirement.
Retirement Benefits Authority (RBA)	The regulatory body established under the Retirement Benefits Act to supervise, regulate, and promote retirement schemes in Kenya.
Retirement Saving	The act of setting aside financial resources during one's working life to ensure income security during retirement.
Theory of Planned Behaviour (TPB)	A behavioural theory that explains how attitudes, social norms, and perceived control influence an individual's intention to perform a behaviour.
Youth	Individuals aged between 18 and 35 years, as defined by Kenya's national youth policy.

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DEDICATION

This work is lovingly dedicated to the memory of my beloved “twin” Chebet Toroitich. Though you are no longer physically present, your spirit has remained with me every step of the way. Your unwavering belief in me, your laughter, and your light continue to inspire and strengthen me. This achievement is a tribute to the bond we will always share.

To my dear husband, thank you for your love, patience, and steadfast support. Your encouragement has been my anchor throughout this journey.

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CHAPTER 1: INTRODUCTION

1.1. Introduction

This chapter introduces the study by presenting the background and rationale behind examining retirement saving behaviour among youth in Nairobi County, Kenya. It begins by contextualising the issue of old-age financial insecurity and the global and local challenges related to youth participation in pension systems. The chapter further outlines the statement of the problem, research objectives, and research questions, followed by the significance and justification of the study. It also details the scope, limitations, and organisation of the thesis. Collectively, these elements provide a comprehensive foundation for understanding the purpose and structure of the research.

1.2. Background to the Study

Old-age poverty and financial insecurity in retirement are growing global concerns, particularly as populations age and traditional support systems erode. According to the United Nations (2015), nearly half of all people of retirement age globally do not receive a pension. In developing countries, pension systems are especially vulnerable, often covering only a small fraction of the population (Lyons et al., 2018). These challenges reflect the evolving and often fragile nature of social protection systems, especially across Africa, where pension infrastructure is still maturing. Rapid urbanisation, shifting demographics, and economic transitions have compounded the complexity of ensuring long-term financial security, especially for vulnerable populations (ILO 2022).

Historically, many African societies, including Kenya, relied on informal social protection structures primarily extended families to support the elderly (Cohen et al., 2006). However, urbanisation, modernisation, and changing family dynamics have significantly weakened these informal systems, leaving many older adults without support and perpetuating cycles of old-age poverty. In response, governments have established formal retirement systems to reduce reliance on family and public resources.

In Kenya, the formal retirement system was introduced in 1965 with the establishment of the National Social Security Fund (NSSF) under Cap 258 of the Laws of Kenya. Initially designed as a provident fund, the NSSF was later restructured into a defined contribution scheme through reforms in 2013. Despite these changes, NSSF continues to face challenges such as low coverage, especially among informal sector workers, limited investment diversity, and delays in benefits disbursement factors that undermine its effectiveness in securing old-age income (World Bank, 2023; Cytonn Investments, 2024).

To strengthen regulatory oversight, the Retirement Benefits Authority (RBA) was established in 1997. Over time, the Authority has introduced reforms to improve scheme governance and compliance. Nevertheless, the pension system remains limited in reach and inclusivity. Informal workers remain largely excluded, and uptake of voluntary contributions among youth is low. These gaps have resulted in persistently low participation rates, especially among young people, further increasing the risk of future old-age poverty (RBA, 2023).

Kenya's demographic profile underscores the urgency of addressing youth retirement preparedness. Over 60% of the population is aged between 18 and 35 years; a group that holds immense economic potential for the country. However, studies show that Kenyan youth are poorly prepared for retirement (Safari et al., 2021). Many lack the knowledge, motivation, and attitudes necessary to cultivate long-term saving habits.

Several barriers contribute to this trend. Youth often prioritise immediate financial needs such as education, housing, and family support, leaving little room for retirement savings. This behaviour reflects a broader poor saving culture in Kenya, which, if left unaddressed, could translate into widespread dependence and poverty in later life (Enwealth, 2022). Financial planning and early savings are, therefore, critical to ensuring long-term financial security. As Hershey & Mowen (2000) argue, inadequate pre-retirement planning is a key contributor to economic challenges in retirement.

Further complicating the situation is the structure of Kenya’s labour market. According to IPSOS (2020), a large proportion of Kenyan youth work in the informal sector or gig economy, which often falls outside the formal pension system. This makes it difficult for many young people to access or contribute to retirement savings plans. Despite these challenges, there is limited data on how Kenyan youth perceive and prioritise retirement savings.

Existing studies on saving behaviour tend to focus on either economic or demographic factors (Yusof & Sabri, 2017). They often neglect the influence of psychosocial and institutional dynamics. A more holistic understanding of these interconnected factors is essential to design effective policy interventions. In the Kenyan context, research that integrates socioeconomic, psychosocial, and institutional dimensions is urgently needed to inform inclusive policies that promote a saving culture and improve retirement preparedness among youth.

1.2.1. Retirement saving

Retirement refers to permanent withdrawal from paid working life (Denton & Spencer, 2009). It is normally associated with exit from employment at defined retirement age but can also be performed prior to attaining the prescribed age due to a variety of reasons (Atchley, 1982). Upon retirement, individuals who have saved and planned accordingly can access their retirement benefits savings and use it as a source of income post work life. The retirement benefits can take various forms of payments which include a lump sum- where the retiree gets full access to their entire benefits; pension- where a retiree gains access to a percentage of their benefits upon retirement and receives smaller subsequent payments on a regular basis. Retirement benefits are therefore necessary to help alleviate old age poverty (Stewart & Yermo, 2009) .

Recent statistics from the Retirement Benefits Authority reveal that only about 20% of Kenya's working population participates in formal retirement schemes (Retirement Benefits Authority, 2024). The situation is particularly dire among Kenyan youth, where participation rates are even lower. This low participation rate is concerning given that Kenya's old age dependency ratio is projected to increase significantly in the coming decades, potentially creating a substantial social and economic burden. Retirement planning is therefore necessary to equip one with the necessary skills and abilities required to ensure adequate retirement preparedness and savings that will eventually lead to reduced old age poverty.

1.2.2. Factors influencing retirement saving behaviour among the youth

Studies by Foster (2017), Indapurkar et al. (2024), and Xie et al. (2023) indicate a knowledge gap when it comes to retirement planning and saving among young people. Many young people have been noted to have inadequate knowledge on basic financial concepts, investment options and the importance of early retirement savings for their retirement security. This has resulted in poor retirement savings decision making and financial insecurity in the retirement years. Compounding this challenge with high costs of living makes it challenging for Kenyan youth to save for retirement.

The high cost of living in Nairobi, coupled with irregular income patterns and unemployment challenges, creates immediate financial pressures that often override long-term saving considerations. Youth frequently prioritize immediate needs and short-term investments over retirement saving, creating a significant gap in their future financial security (IPSOS, 2020).

The current pension system structure may not adequately address the needs and circumstances of young workers, particularly those in the informal sector. Complex registration processes, minimum contribution requirements, and limited flexibility in pension products can discourage youth participation (World Bank, 2023).

The rapid growth of financial technology (fintech) in Kenya, particularly mobile money services like M-PESA, has created new opportunities for retirement saving. These innovations have the potential to increase financial inclusion and make retirement saving more accessible to youth. However, the impact of these technological advances on youth retirement saving behaviour remains understudied (FSD Kenya, 2021).

The Kenyan government has implemented various policies aimed at enhancing retirement security and promoting saving. The recent reform of the NSSF Act in 2013 and initiatives to expand pension coverage to informal sector workers demonstrate policy commitment to addressing retirement security (World Bank, 2023). However, the effectiveness of these policies in encouraging youth participation in retirement saving schemes requires further evaluation.

1.3. Statement of the Problem

Globally, increased life expectancy has highlighted the urgent need for robust retirement saving practices to mitigate old-age poverty. In Kenya, this challenge is particularly acute, as only 3% of the elderly population receives a regular pension income (Kakwani et al., 2006). Despite notable economic growth and financial sector expansion in recent years, a significant proportion of Kenyan youth remain inadequately prepared for retirement. This lack of preparedness poses a growing threat to their future financial security and risks compounding the burden on families and public support systems.

Prior studies underscore the importance of early retirement planning and saving in achieving financial stability in old age (Hershey & Mowen, 2000; Yusof & Sabri, 2017). However, youth in Kenya particularly those in Nairobi continue to face significant structural and behavioural barriers. These include high unemployment rates, irregular income, high living costs, and competing financial priorities. The situation is further complicated by Kenya's labour market composition, where over 80% of the workforce operates in the informal sector and lacks access to formal retirement arrangements (Paklina, 2018). With youth comprising more than 70% of the national population, the exclusion of this demographic from pension systems signals a looming crisis.

Although the Retirement Benefits Authority (RBA) has introduced reforms to expand coverage, current data show that only about 20% of Kenya's working population participates in formal retirement schemes (RBA, 2023). This coverage is even lower among youth, who are often unaware of or excluded from institutional pension products. Social shifts such as urbanisation and weakening family safety nets have further diminished traditional old-age support mechanisms (Cohen et al., 2006; Thuku, 2013). These developments make personal retirement planning more essential than ever.

Previous studies have examined economic and demographic factors influencing saving behaviour (Fan et al., 2021; Githui & Ngare, 2014). However, few have comprehensively explored how socioeconomic, psychosocial, and institutional factors interact to shape retirement saving behaviour among youth in Kenya. Notably, the role of psychosocial variables such as financial literacy, future orientation, and motivation remains underexplored in this context (Ibeme, 2014). Additionally, institutional barriers such as rigid contribution structures and inadequate policy incentives continue to discourage participation (The National Treasury, 2023).

This study, therefore, addresses a critical research gap by investigating the interplay of socioeconomic, psychosocial, and institutional factors influencing retirement saving behaviour among youth in Nairobi County. By building on previous work while extending it to include underexamined variables, the study aims to inform inclusive policies and interventions that can foster a savings culture and enhance long-term financial security for Kenya's youth.

1.4. Research objectives

1.4.1. General Objective

The overall objective of this research was to examine the factors influencing retirement saving behaviour among the youth in Kenya and their implications for old age poverty mitigation.

1.4.2. Specific Objectives

The specific objectives of the study were to:

i. Evaluate the impact of socioeconomic factors (income levels, employment status, education, and family obligations) on retirement saving decisions among youth in Nairobi County.
ii. Determine the relationship between psychosocial factors and retirement saving practices among youth in Nairobi County.
iii. Examine the influence of institutional factors (access to formal financial services, pension scheme features, and regulatory framework) on youth participation in retirement saving programs in Nairobi County.

While retirement saving is influenced by various factors including cultural, economic, and policy related dynamics, this study focused on socioeconomic, psychosocial, and institutional factors due to their strong theoretical grounding and practical relevance in the Kenyan context. Socioeconomic conditions affect the ability to save, psychosocial traits shape saving intentions, and institutional factors influence access and trust in retirement saving mechanisms. Together, these dimensions offer a comprehensive and policy-relevant lens for understanding youth saving behaviour, especially within urban and informal employment settings

1.5. Research questions

To achieve the general objective, this study addressed the following questions.

i. How do socioeconomic factors (income levels, employment status, education, and family obligations) impact retirement saving decisions among youth in Nairobi County.
ii. To what extent do perceptions and attitudes determine retirement saving practices among youth in Nairobi County.
iii. To what extent do institutional factors (access to formal financial services, pension scheme features, and regulatory framework) influence youth participation in retirement saving programs in Nairobi County?

1.6. Significance of the study

This study provides a multidimensional understanding of the factors influencing retirement saving behaviour among youth in Kenya, focusing on the intersection of socioeconomic, psychosocial, and institutional variables. It is significant for theory, policy, and practice. From a theoretical standpoint, the research contributes to the academic body of knowledge by integrating and empirically applying the Life-Cycle Hypothesis and the Theory of Planned Behaviour. While most existing studies in Kenya concentrate narrowly on financial literacy, this research broadens the scope to include behavioural intent and institutional factors such as access to pension products and trust in financial systems. By doing so, it fills a knowledge gap and offers contextualised evidence on youth saving patterns in an environment characterised by high informality and economic precarity. The findings thus enhance the explanatory power of the two frameworks when applied in developing country settings.

From a policy perspective, the study provides valuable insights to support the development of inclusive, evidence-based strategies and regulatory frameworks aimed at promoting early and consistent retirement saving behaviour among youth. This includes informing the work of the Retirement Benefits Authority (RBA), the National Treasury, and other key policy actors. The findings highlight the importance of implementing youth-targeted financial education, mobile-enabled pension solutions, simplified registration procedures, and incentive-based mechanisms such as tax reliefs and government matching contributions. These insights are particularly crucial in addressing the long-term risk of old-age poverty and improving the standards of living among future retirees.

Practically, the study offers useful recommendations to pension and provident scheme providers on how to structure retirement saving products that are attractive and accessible to the youth. It highlights the need for flexible contribution mechanisms, trust-building measures, transparent communication, and simplified onboarding processes. In doing so, it guides providers in adopting best practices that resonate with young savers. Furthermore, the study has implications for financial educators, curriculum developers, and civil society actors, reinforcing the need to incorporate retirement planning into secondary and tertiary education as part of a broader strategy to instil a savings culture from an early age.

Overall, the study's findings present an in-depth understanding of the complex dynamics influencing retirement saving behaviour among youth and provide actionable recommendations for improving financial inclusion, supporting policy reforms, and guiding institutional innovation in Kenya's pension landscape..

1.7. Scope of the study

The study focused on the factors influencing retirement savings among the youth in Nairobi. Nairobi was chosen by the researcher as the area of study due to its evolving socioeconomic landscape and being the largest urban centre in the country. Nairobi also has the highest number of Kenyan youths seeking employment and economic opportunities. The diversity of the neighbourhoods offered by the geographical location creates varying socioeconomic and psychosocial conditions that influence retirement saving behaviours making it suitable for the study. The scope of the unit of analysis of the study was employed Kenyan youth. The scope of the research instrument was limited to semi-structured questionnaires and Key Informant Interviews (KIIs). The scope of the respondents of the study was therefore Nairobi youth working in both formal and informal employment. In the context of this study, youth was regarded as employed persons aged 18 to 35 years as defined by (Constitution of Kenya, Chapter 17, Article 260 (2010).

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CHAPTER 2: LITERATURE REVIEW

2.1. Introduction

This chapter reviews the literature on the retirement savings and factors that determine retirement saving patterns. The chapter will begin with the theoretical review of theories and empirical literature that underpin this study which form the basis of establishing a conceptual framework.

2.2. Theoretical literature

2.2.1. Life cycle hypothesis

The life-cycle hypothesis was developed by Franco Modigliani in 1957. The hypothesis is an economic theory that explains how people manage their spending and saving throughout their lives. It suggests that individuals aim to maintain a stable level of consumption by borrowing during periods of low income and saving during times of high income. Accordingly, it infers those individuals plan their consumption, saving, and dissaving behaviour with a mind to smoothen out changes in their lifestyles over the course of their lifetimes (Fan, Stebbins, & Kim, 2021).

The life-cycle hypothesis assumes that people earn majority of their income during their working years. Further, it assumes that consumers are logical, forward-thinkers and proactive planners. This means that people will plan accordingly during their working age to ensure wealth accumulation. Wealth accumulation according to Franco Modigliani follows a hump-shaped curve where it is assumes that individuals have a low saving rate when younger as there have less income; high rate of saving when middle- aged/ working age as they earn more income and low rate of savings when old (Hayes, 2021). Another assumption is that individuals will maintain the same level of consumptions by saving when their income is high and borrowing when income is low. The theory suggests that savings are corelated to income levels where it assumes that those with more income will save more while those with less income will save less. Additionally, it assumes that those with higher income are considered to be more financially savvy and are more likely to make better financial decisions as compared to those that have less disposable income.

In practice, people vary greatly in their consumption habits which are subject to erratic fluctuations across periods of relative success and hardship. There are also several factors that modulate old age poverty. These include positive structural factors such as government welfare programmes for retirees and negative structural factors such as the economic effects of pandemics. They also include positive sociocultural factors, such as private cash transfers and care from relatives as well as negative sociocultural factors such as an unexpected need to care for relatives (Kwan & Walsh, 2018). Such factors are distinct from the individualistic economic activities of borrowing, saving and dissaving advocated by Modigliani as the core of lifestyle stability. The life-cycle theory is, therefore, less useful as a descriptive model of lifetime consumption behaviour and is better used to identify the considerations useful to retirement planning during employment instead.

The life cycle theory has also faced criticisms due to its assumptions that may not be reflective on today's society. It assumes that people are rational and forward thinkers; however, this is not the case as individuals have been shown to be poor planners. Additionally, they lack the discipline to prioritise their spending vis a vie savings. It also assumes that people do not work during old-age and that wealth generated is depleted during this stage of people's life. This is not the case as individuals have been shown to have an attachment to wealth and a reluctance to spend. Further, it has been observed that the elderly do not fully retire from employment with many choosing to work during retirement. They also do not run down the wealth they have accumulated but rather save up with the intention of bequeathing to the next generation. Additionally, people may not have intentions to save where a governments have provided social security (Pettinger, 2019).

Despite all the criticisms of the life-cycle hypothesis, Deaton (2005) argues that it is an essential theory that informs on issues such as provision of private and public social security, the impact of demographic shifts on national savings, the significance of savings in economic growth, and the factors influencing national wealth. It also provides a guide on how individuals should prioritize spending and saving where it encourages borrowing during low income phase and saving during high income cycles (Mpaata et al., 2020).

The life-cycle hypothesis can be observed in saving for retirement as it is assumed to be part of a normative lifecycle. This is viewed in individuals who save during their earning period to be able to afford a similar lifestyle upon retirement. Majority of those in formal employment save for their retirement through an employer-sponsored program where contributions are directly remitted from wages. However, those in non-formal working arrangements with an irregular income are often observed to save less towards their retirement savings.

This theory directly informs the first and third objectives of the study. The first objective explores how socioeconomic factors like income, education, and employment type influence retirement saving. According to the hypothesis, these are critical determinants because they impact an individual's capacity and motivation to save during high-income years. The third objective, which examines institutional factors, also aligns with the life-cycle hypothesis framework. Institutional arrangements such as pension access, policy incentives, and trust play a significant role in determining whether individuals, especially those in informal employment, can participate in retirement saving during their peak earning years. This theory therefore supports the research objectives hypothesis that demographic and socio-economic and policy factors have an influence on retirement savings.

2.2.2. Theory of planned behaviour.

The theory of planned behaviour was developed by Icek Ajzen in 1985 and is aimed at understanding human behaviour. It builds upon the theory of reasoned action, suggesting that individuals make rational and well-thought-out decisions to engage in certain behaviours by assessing the information they have. It states that three factors affect individual behaviour, and they include positive or negative attitude toward actual behaviour, subjective norms, and perceived behavioural controls. Therefore, an individual's intention to engage in a behaviour becomes stronger when they have a more positive attitude toward it, perceive greater social approval, and feel a higher sense of control over their actions (Kimiyagahlam et al., 2019).

The theory of planned behaviour can be summarised into six main influences on an individual's behaviours. These include attitudes, intention to act, subjective norms, social norms, perceived authority, and perceived control over behaviour (LaMorte, 2022). In the context of saving, Rahmawati & Asandimitra (2018) found that social environment have an impact on saving behaviour. This is because individual background such as experience, knowledge, age, and gender have an influence on their behaviours. Additionally, subjective norms such as social pressure also influence saving intentions. She et al. (2023) found that financial knowledge is positively related to retirement attitude which in turn had a positive relationship towards retirement planning.

Criticism of the theory of planned behaviour argue that it is limited by its assumptions. The theory bases it assumption that individuals act rationally which is not the case. Additionally, it does not take into consideration the economic and environmental factors that may influence a person's behaviour. Furthermore, the theory assumes that individual have all the resources and opportunities available to make successful behavioural action. It also assumes that decision making is linear and does not take into consideration that can change over time (LaMorte, 2022).

The theory of planned behaviour model provides a basis for a comprehensive measure of retirement planning. In considering the factors, this theory supports the second objective of the study, which investigates the influence of psychosocial factors specifically financial literacy, attitudes toward saving, and future orientation on retirement saving behaviour. The theory of planned behaviour provides a framework for understanding how behavioural intent is formed and how it translates into action i.e. saving. The theory is especially relevant in the Kenyan youth context, where saving for retirement often competes with more immediate financial needs and limited behavioural reinforcement. It explains why even financially capable individuals may not save if they lack motivation, face social discouragement, or feel that saving is outside their control due to external constraints.

In this regard, the theory of planned behaviour enhances the study's behavioural dimension by illustrating how individual cognition and social influences shape retirement planning decisions, beyond purely economic considerations

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2.3. Empirical literature

This section presents a critical review of empirical studies that explore the socio-economic, psychosocial and institutional factors influencing retirement saving behaviour. It adopts a funnel approach, beginning with global studies, narrowing to other developing countries, and concluding with evidence from Kenya. The review identifies the methodologies used in each study, outlines their geographic scope, and provides an analytical critique of their findings, limitations and policy relevance.

2.3.1. Socio-Economic Factors Influencing Retirement Saving Behaviour

At the global level, Lusardi and Mitchell (2011) conducted a series of surveys across the United States and Europe using cross-sectional data from the Health and Retirement Study (HRS) and

Financial Literacy Surveys. Their econometric analysis showed that individuals with higher education, stable income and full-time employment were more likely to plan for retirement. These findings support the Life-Cycle Hypothesis, which assumes people smooth consumption over their lifetime. The strength of their work lies in the breadth of datasets and rigorous modelling. However, the assumption of rational decision-making and formal income structures limits its relevance for populations with irregular earnings and weak social protection systems.

In Indonesia, Rahmawati and Asandimitra (2018) used a structured questionnaire to collect data from 100 respondents in Surabaya, applying multiple linear regression to test the impact of income and self-efficacy on saving behaviour. While their study provided useful behavioural insights, the limited sample size and urban-only setting reduce generalisability. Similarly, Gunu and Tsado (2012) conducted a descriptive survey in Kwara State, Nigeria, to assess knowledge and participation in Nigeria's contributory pension scheme. They identified low income and irregular employment as key deterrents. Their study offered practical insights but lacked robust statistical controls, weakening causal interpretation.

In South Africa, Tustin and Strydom (2015) employed a comparative survey across formal and informal urban settlements. Their stratified random sampling approach highlighted stark differences in saving patterns, attributing them to job informality and limited employer-sponsored pensions. While comprehensive, the study's primary limitation was its lack of psychological or institutional variables.

In Kenya, Githui and Ngare (2014) used a quantitative research design with structured questionnaires distributed among Nairobi's informal sector. Their regression analysis found a strong positive relationship between income level and retirement planning. Similarly, Gitau, Njuguna and Otsola (2011) surveyed formal sector workers in Nairobi, using descriptive and inferential statistics to link employment tenure and financial training to saving outcomes. These studies offer useful local insights. However, they focus predominantly on formal employees, lack longitudinal depth, and do not explore how informal workers adapt to income volatility.

According to an Enwealth (2022) pension report, economic burdens from dependents and competing saving priorities significantly undermine pension uptake. The study's strength is in its wide geographic coverage and integration of qualitative and quantitative findings. Still, it does not apply statistical controls to test specific relationships or explore youth-specific dynamics.

These findings suggest that income stability, employment formality, and financial capacity are central to retirement saving. However, most existing studies rely on cross-sectional methods, do not target youth, and fail to examine informal sector dynamics, which dominate Kenya's labour market.

2.3.2. Psychosocial Factors Influencing Retirement Saving Behaviour

A study by Hershey and Mowen (2000) using structural equation modelling based on data from the United States Retirement Confidence Survey, found that individuals with high financial literacy and future orientation were more likely to save. Their theoretical grounding in the Theory of Planned Behaviour allowed for rigorous modelling of behavioural constructs. However, the reliance on U.S. data and assumptions of financial access limit its application to developing contexts.

Ismail (2013) conducted a survey of 385 university students in Malaysia, using regression analysis to explore the influence of social norms and peer influence on saving. While the study's youth focus is commendable, the student-only sample may not reflect broader socioeconomic diversity. In Uganda, Mpaata et al. (2020) applied a cross-sectional survey to staff at five public universities. Their ANOVA analysis showed that staff exposed to financial education had higher saving discipline. The study linked psychological traits to institutional exposure, but it lacked disaggregation by age and did not address informal employment.

In Kenya, Githui and Ngare (2014) incorporated questions on financial literacy and behavioural beliefs in their survey of informal workers in Nairobi. They found that individuals with basic financial knowledge were more likely to engage in long-term financial planning. Similarly, Gitau, Njuguna, and Otsola (2011) reported that only 5.7% of respondents enrolled in registered pension schemes demonstrated comprehensive pension literacy. Additionally, Gathiira et al. (2019), using a mixed-method approach, found that goal setting and social reinforcement enhanced retirement preparedness in Nyeri County. While these studies offer valuable insights, they remain largely descriptive and do not evaluate the impact of specific interventions.

The reviewed studies suggest that psychosocial traits such as financial knowledge, future orientation, and peer norms significantly shape saving behaviour. Yet most empirical work in Kenya and similar contexts fails to combine these factors with structural or policy variables.

Furthermore, few studies measure behavioural change over time or assess the impact of targeted education interventions.

2.3.3. Institutional Factors Influencing Retirement Saving Behaviour

At the international level, the OECD (2016) used comparative policy reviews to show that participation in pension systems increases when transparency, regulatory oversight, and incentives are in place. However, these findings are based on countries with stable financial systems and may not address the fragmented regulatory landscapes seen in Africa.

In Ghana, the National Pensions Regulatory Authority (NPRA 2020) conducted stakeholder interviews and surveys to examine the challenges hindering pension uptake among informal sector workers. Their findings pointed to low enrolment rates, largely attributed to limited awareness and poor alignment between pension products and the needs of informal workers. This underscores a critical gap in market segmentation and product design that fails to accommodate the irregular income patterns typical in informal employment.

In Nigeria, Ilesanmi and Olayemi (2018) used descriptive survey methods to explore pension participation among youth. They found that distrust in pension providers was a major barrier, rooted in bureaucratic inefficiencies and negative service experiences. While the study identifies important structural constraints, its reliance on descriptive analysis limits its ability to establish how institutional trust interacts with other variables such as financial literacy or income stability.

Similarly, Tustin and Strydom (2015) examined South Africa's hybrid pension schemes through a comparative survey of formal and informal sector workers. Their results revealed that weak implementation and insufficient outreach to younger demographics significantly hindered youth engagement. Despite highlighting institutional shortcomings, the study did not disaggregate findings by age or socio-economic status, which weakens its capacity to inform targeted interventions. Together, these studies provide useful insights into the institutional challenges affecting pension participation in African countries. However, many lack strong research methods. Most do not use advanced analysis techniques like predictive modelling, and few explore how factors such as trust, access, and communication work together to influence youth saving behaviour. As a result, their findings offer limited guidance for designing pension systems that effectively meet the needs of young people.

In Kenya, Aluodi et al. (2017) conducted a survey among pension contributors and found that individuals with access to formal pension schemes were more likely to save. However, the study sample primarily consisted of salaried workers, limiting its applicability to informal sector participants. A study by Enwealth (2022) identified several practical barriers to pension uptake, including complex documentation requirements, inadequate customer service, and limited integration with mobile platforms. Similarly, Githui and Ngare (2014) emphasised the impact of mistrust arising from past mismanagement of pension funds, which further discourages youth from participating. While these studies offer valuable insights into structural challenges, they fall short of examining how trust, access, and financial literacy collectively shape retirement saving behaviour.

The reviewed studies indicate that institutional access, trust in financial systems, and the design of pension services are critical factors in influencing retirement saving. However, most empirical research in Kenya and similar contexts remains largely descriptive and does not adequately explore how institutional reforms impact youth, particularly those in informal employment. Additionally, there is limited empirical testing of mobile-based or digital pension innovations, despite their increasing relevance in expanding access and engagement among younger populations.

2.3.4. Summary of reviewed literature

The reviewed literature demonstrates that retirement saving behaviour is shaped by a complex interplay of socio-economic, psychosocial, and institutional factors. Two key theories underpin this understanding. The Life-Cycle Hypothesis (Modigliani, 1957) emphasises the role of income, employment, and forward planning, suggesting that individuals save during high-income periods to maintain consumption in later life. However, this model assumes rational behaviour and income stability, which are often absent in contexts like Kenya where informal employment is widespread. Consequently, the model's assumptions limit its relevance for low-income earners and young people with irregular income streams.

To address these behavioural dimensions, the Theory of Planned Behaviour (Ajzen, 1985) provides a complementary perspective. It posits that saving behaviour is influenced by individual attitudes, perceived social norms, and the perceived ability to act. This theory explains why even financially capable individuals may not engage in retirement saving if they lack motivation, face peer pressure, or perceive external constraints beyond their control. It is particularly relevant for youth, who may prioritise short-term financial needs and lack consistent behavioural reinforcement.

Empirical studies affirm that income stability, formal employment, and financial literacy are key predictors of retirement saving across both developed and developing countries. However, much of this evidence is drawn from formal sector contexts and cross-sectional designs, limiting its applicability to youth and informal workers. In Kenya, studies reveal that youth participation in retirement saving remains low, with limited access to pension products, inadequate service delivery, and deep-seated mistrust in pension providers continuing to hinder engagement.

While behavioural traits such as future orientation, goal setting, and peer influence are positively linked to saving, these are often studied in isolation from structural constraints. Very few studies integrate psychological and institutional factors in a unified model. Moreover, there is limited use of longitudinal or experimental approaches, which restricts understanding of behavioural change over time or in response to specific interventions.

Across both theory and practice, a consistent message emerges: improving retirement saving among youth requires addressing both behavioural intent and structural opportunity. Most existing research mainly describes patterns. It does not use advanced analysis, and rarely tests practical solutions like digital pension plans, financial reminders, or peer-based education programmes. This gap is especially critical in developing countries, where economic vulnerability, low trust, and fragmented financial systems reduce participation in long-term saving schemes.

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These findings highlight the need for research that focuses on youth and considers their economic, behavioural, and institutional challenges . Such research is key to creating pension solutions that are practical, inclusive, and suited to Kenya’s changing job and financial environment.

2.3.5. Research gaps

A review of the empirical literature reveals several important gaps. These gaps relate to both the content and design of existing studies. They also highlight missed opportunities to examine youth saving behaviour in settings like Nairobi. Using the framework developed by Miles

(2017), seven distinct gaps can be identified in the literature. These gaps help justify the current study.

First, there is a clear population gap. Most studies focus on adults in formal employment. Youth, especially those working informally, are often left out. For example, Gitau, Njuguna and Otsola (2011) focus on scheme members with regular jobs. Study by Enwealth (2022) presents national data, but it does not explore saving behaviour among young people in informal settings. This creates a blind spot in understanding a population that faces high levels of income insecurity and long-term financial vulnerability.

Second, there is an empirical gap. While several studies provide descriptive insights, few offer strong empirical testing. Most do not use robust data to evaluate the relationship between financial literacy, trust, access, and saving outcomes. For example, Gathiira et al. (2019) and Aluodi et al. (2017) provide helpful observations, but they stop short of testing these relationships in a structured way. A lack of rigorous empirical work limits our ability to draw firm conclusions or inform policy.

Third, there is a methodological gap. Many of the reviewed studies use simple survey methods and cross-sectional designs. For example, Rahmawati and Asandimitra (2018) rely on a small sample in a single city. These approaches do not support causal inference. They also fail to show how saving behaviour may change over time or in response to interventions. There is a need for more advanced methods such as multi-variable regression, mixed methods, or longitudinal approaches.

Fourth, there is a knowledge gap. There is limited information on how young people make financial decisions under conditions of uncertainty. Studies such as Mpaata et al. (2020) and Ismail (2013) highlight the role of peer influence and education. However, they do not explain how these behavioural factors interact with broader issues such as product design or institutional trust. In Kenya, there is little research on how mobile money and digital platforms affect retirement saving among youth.

Fifth, there is a theoretical gap. Many studies use traditional models such as the Life-Cycle Hypothesis or the Theory of Planned Behaviour. These models assume stable incomes and access to formal employment. Yet, most Kenyan youth work in informal jobs with unpredictable earnings. Applying these theories without adjustment fails to reflect the financial realities faced by many young savers. There is a need to rethink or adapt theory to better match local conditions.

Sixth, there is an evidence gap. The literature includes some conflicting results. For instance, Enwealth (2022) suggests that people want to save but are held back by low incomes. In contrast, Githui and Ngare (2014) argue that lack of knowledge is the bigger problem. These contradictions point to the need for further investigation. It is important to test how economic and behavioural factors work together to influence saving.

Finally, there is a practical knowledge gap. Most studies do not lead to practical action. While regulators such as the Retirement Benefits Authority promote financial literacy, these programmes are not always informed by evidence. Few studies assess the impact of digital pension tools or simplified registration systems on saving behaviour. Bridging this gap requires research that produces recommendations relevant to both policy and practice.

In light of these gaps, this study focuses on youth in Nairobi County. It includes informal sector workers who are often overlooked in retirement research. The study uses a mixed-method approach to explore the interaction of socio-economic, behavioural, and institutional factors. It also tests how these factors shape saving decisions. The goal is to generate findings that are both empirically sound and useful for designing products and policies that support youth retirement saving in Kenya

Table 2.1: Summary of Reviewed Literature and Identified Gaps

Author(s)	**Focus of Study**	**Methodology and Findings**	**Knowledge Gaps**	**Focus of the Current Study**
Modigliani (1957)	Life-cycle savings and consumption behaviour	Theoretical; saving increases in high-income years to smooth lifetime consumption	Neglects institutional and social influences	The current study draws on Modigliani's theory to explore how income and employment affect saving behaviour among youth in informal employment settings.
Ajzen (1985)	Planned behaviour theory for decision-making	Theory development; intentions influenced by attitudes, norms, and control	Ignores economic and policy constraints	The current study uses Ajzen's model to examine how financial literacy, attitudes, and perceived control influence youth saving intentions in Kenya.

Author(s)	Focus of Study	Methodology and Findings	Knowledge Gaps	Focus of the Current Study
Lusardi and Mitchell (2011)	Financial literacy and retirement planning in the US and Europe	Cross-sectional econometric survey; education and employment increase planning	Assumes rationality and stable income, lacks informal sector perspective	Building on Lusardi and Mitchell, this study extends the analysis of financial literacy and employment to informal youth in Nairobi.
Rahmawati and Asandimitra (2018)	Income and self-efficacy in retirement saving in Indonesia	Regression on structured questionnaires; income and self-confidence predict saving	Small urban sample, limits generalisation	The current study builds on Rahmawati and Asandimitra by applying self-efficacy and income constructs to youth saving behaviour in a low-income Kenyan context.
Gunu and Tsado (2012)	Pension awareness and participation in Nigeria	Descriptive survey; low income and mistrust reduce participation	No robust statistical control, weak inference	This study responds to Gunu and Tsado by investigating how trust and income barriers affect pension participation among youth in the informal sector.
Tustin and Strydom (2015)	Saving behaviour in formal vs informal sectors in South Africa	Comparative stratified survey; informal work weakens saving patterns	Lacks behavioural and institutional variables	The current study addresses gaps identified by Tustin and Strydom by integrating behavioural and institutional variables in the analysis of Kenyan youth.
Githui and Ngare (2014)	Income and saving behaviour in Nairobi's informal sector	Quantitative regression; income linked positively to retirement saving	Focuses on formal sector, no longitudinal data	Expanding on Githui and Ngare, the current study focuses on informal youth in Nairobi and incorporates recent economic changes.
Gitau, Njuguna and Otsola (2011)	Employment and pension training among Nairobi workers	Descriptive and inferential statistics; tenure and training support saving	Ignores informal worker dynamics	The current study extends Gitau et al.'s findings by incorporating informal employment and examining the behavioural drivers of youth saving.
Enwealth (2022)	Barriers to pension uptake in Kenya	Mixed-method; documentation, service, and digital access as barriers	Descriptive only, lacks youth focus and causal insight	This study builds on Enwealth's findings by investigating practical access barriers for informal youth and testing behaviour-based solutions.

Author(s)	Focus of Study	Methodology and Findings	Knowledge Gaps	Focus of the Current Study
Hershey and Mowen (2000)	Behavioural traits and saving confidence in the US	Structural modelling; future orientation and literacy improve saving	Formal-only context, limited Low & Middle Income Countries relevance	The current study applies Hershey and Mowen's behavioural insights to a youth-specific, informal Kenyan context to evaluate saving readiness.
Ismail (2013)	Social norms and saving among Malaysian students	Regression; peer norms affect saving behaviour	Unrepresentative sample, narrow scope	Expanding on Ismail's findings, this study examines the impact of peer norms on saving behaviour among youth outside the formal education system.
Mpaata et al. (2020)	Financial education and saving among Ugandan university staff	Cross-sectional ANOVA; financial education improves saving discipline	No youth focus, lacks behavioural analysis	The current study builds on Mpaata et al. by focusing on the effects of financial education on retirement saving behaviour among youth in Kenya.
Gathiira et al. (2019)	Goal setting and saving behaviour in Nyeri County, Kenya	Mixed-method; goal setting boosts preparedness	No experimental design, descriptive	This study adopts Gathiira et al.'s focus on goal-setting but applies it to youth in Nairobi's informal economy using a more analytical approach.
Aluodi et al. (2017)	Access to pensions and saving behaviour in Kenya	Survey; access to formal pensions increases saving	Salaried bias, excludes informal sector	Expanding on Aluodi et al., this study investigates access and trust issues among informal sector youth rather than salaried employees.
Ilesanmi and Olayemi (2018)	Trust and participation in pensions in Nigeria	Descriptive survey; mistrust and poor service reduce participation	No modelling or youth-specific analysis	This study addresses gaps in Ilesanmi and Olayemi by modelling the interaction between trust, financial literacy, and pension uptake among youth.
OECD (2016)	Policy and regulation impact on pension participation	Policy review; transparency and incentives increase engagement	Limited applicability to fragmented systems	The current study uses OECD policy lessons to inform youth-focused recommendations that respond to fragmented regulatory realities in Kenya.

2.4. Conceptual Framework

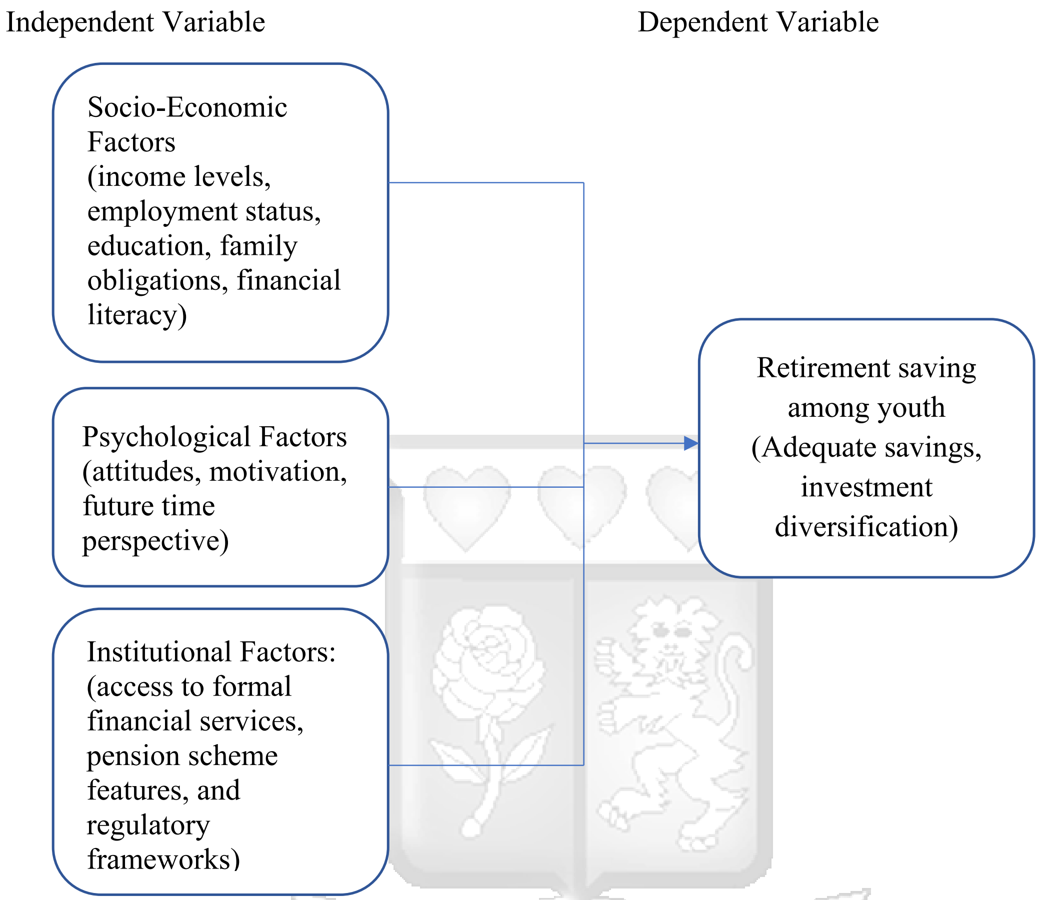

Figure 2.1: Conceptual Framework

The study sought to examine factors that influence retirement saving of youth. The dependent variable is retirement saving. The independent variables include socio-economic factors: income levels, employment status, education, family obligations, financial literacy; psychological factors: attitudes, motivation, future time perspective; institutional factors: access to formal financial services, pension scheme features and regulatory frameworks. Predications were made to demonstrate the relationship between the factors as shown on figure 2.1.

2.5. Operationalization of variables

The following framework (Table 2.2: Definition and measurement of variables) describes the variable and measurements that was used in the study.

Table 2.2: Definition and measurement of variables

VARIABLE		**DEFINITION**	**MEASUREMENT**
Dependent Variable	Retirement saving	Savings set aside for retirement	Average monthly savings in Kenya shillings
Socio-Economic factors	Age	Number of years lived	Ordinal variable
	Gender	Classification of individual as male female or other	Binary variable
	Marital status	Relationship status	Categorical Variable
	Education	Highest level of education attained	Categorical Variable
	Dependents	Individual that relies on the survey participant	Number of individuals who rely on the survey participant
	Income	Amount of money earned by an individual	Average monthly income in Kenya shillings
	Employment type	Classification of an individual’s work status	Binary variable
	Occupation period	Span of time during which an individual is actively engaged in employment	Number of years worked

VARIABLE		DEFINITION	MEASUREMENT
	Employment sector	Classification of employment sector	Binary variable
	Saving rate	Proportion of income that is saved	Monthly saving as percentage of income
	Saving approach	Methods used to save	Categorical Variable
	Savings as part of household Budget allocation	Savings as a priority in household budget allocation each month	Likert Scale
Psychological factors	Financial literacy	Rating of knowledge needed to make informed financial decisions	Likert scale
	Financial goals	Retirement saving as priority financial goal	Likert scale
	Retirement saving	Retirement Saving activity	Binary variable
	Retirement saving rate	Proportion of income that is retirement savings	Monthly retirement savings as percentage of income
	Retirement saving plan	Type of retirement saving plan	Categorical Variable
	Financial risk tolerance	Financial risk tolerance level	Likert scale

VARIABLE		DEFINITION	MEASUREMENT
	Retirement saving challenges	Challenges/ barriers to saving for retirement	Identified key challenges to saving for retirement
	Saving motivation	Mindset/beliefs/feelings that individuals hold towards retirement saving.	Key motivators to save or not save for retirement
Institutional Factors	Retirement age policy	Retirement age as factor to start planning and saving early.	Likert Scale
	Tax incentives	Extent to which measures provide for favourable participation in retirement saving	Likert Scale
	Availability of public and private pension plans	Perceptions that individuals hold towards retirement saving in public or private pension plans	Motivation towards saving in public or private pension plans

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CHAPTER 3: RESEARCH METHODOLOGY

3.1. Introduction

This chapter examines the methodology that was used in this study. The chapter looked into the research philosophy, research approach, research design, population sample, data collection, data analysis and ethical considerations.

3.2. Research Philosophy

Research philosophy refers to the assumptions that guide the development of a study and contribute to the generation of new knowledge (Saunders et al., 2015). According to Saunders et al. (2015), these assumptions can be categorised into three types: ontological, which relate to the nature of reality; epistemological, which concern how knowledge about that reality can be acquired; and axiological, which address the researcher's values and how they may influence the research process.

This study followed a positivist research philosophy. This is because positivism is anchored to the view that real knowledge is gained from observations that involve measurements which are trustworthy (Collins, 2010). Additionally, positivism relies on a deductive method where a researcher has to verify a priori hypotheses using factual data, deriving relationships between causal and explanatory factors (Park et al., 2020). This made the philosophy appropriate for this researcher as it sought to establish the relationship between socioeconomic, psychological and institutional factors and the impact on retirement savings among the youth in Nairobi, Kenya. This way, the research would establish which factors were enablers or impeded retirements saving among the youth.

Researchers who have employed the positivist approach to studies argue that knowledge should be developed objectively without the biases and beliefs of the researcher influencing the study (Park et al., 2020). In order to achieve the truth, Hansen (2004) suggests separating the researcher from the study's participants through dualism and objectivity. This is done through research protocols to reduce biases in studies.

Positivist research philosophy limits the researcher to data collection only and interpreting the data in an objective manner. Positivist research relies solely on quantifiable and measurable observations that can be statistically analysed for generalisation, interpretation, and knowledge production (Yee & Khin, 2010). Given these characteristics, it was an appropriate approach for this study. Moreover, the researcher was distinct from the participants to achieve objectivity in its findings.

3.3. Research Approach

Given the research philosophy adopted by the study, a mixed method approach was employed. This involved the use of both qualitative and quantitative data to assess the factors influencing retirement saving behaviours among youth in Nairobi County, Kenya. Creswell (1999) explains that a mixed-method approach, particularly in policy research, enables researchers to gain an in-depth understanding of complex phenomena through quantitative data and to validate or elaborate on findings using qualitative insights. Similarly, Rossman and Wilson (1985) argue that mixed methods enable researchers to examine problems from multiple perspectives. This approach allows for the application of diverse methodologies that are better suited to addressing the varied needs of stakeholders. As a result, mixed methods offer more balanced and comprehensive solutions compared to single-method designs.

For the quantitative part, the study undertook a cross-sectional survey to examine the relationships between socio-economic, psychological and institutional factors and how they influence retirement savings among the youth. On the other hand, qualitative data was gathered using unstructured interview guides. However, the study acknowledges certain limitations inherent in the chosen methodology, including reliance on self-reported data, which may be subject to recall bias or social desirability effects, and the cross-sectional design, which restricts the ability to draw causal inferences from observed relationships.

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3.4. Research Design

A study's research design is the blueprint on how data will be collected from a target population. According to Creswell & Creswell (2018), there exists three main mixed methods research designs: the convergent design, the explanatory sequential design, and the exploratory sequential design. This study adopted the explanatory sequential design. Both qualitative and quantitative data are collected and analysed separately. The results are then merged and interpreted to compare whether they confirm the phenomenon under study or not.

The study was cross-sectional in nature and utilised an explanatory design. This design allows researchers to collect both quantitative and qualitative data by first collecting quantitative data and analysing it and then collecting qualitative data to explain further the quantitative results

(Ivankova et al., 2006). This design was better suited for this study because it gave a general representation of the research problem and more qualitative data was used to give in-depth insights to explain the research problem. In this case, the quantitative data was used to show the relationship between socio-economic, psychological and institutional factors with regard to their influence on retirements saving behaviour among the youth in Nairobi. With the correlation between the variables under study, qualitative data from industry experts and policymakers was used to explain further how these factors influence retirement savings behaviour among the youth.

3.5. Population of the Study

The study population for this research was Kenyan youth aged between 18-35 years as prescribed by the Kenyan constitution, and who reside in Nairobi County working in the formal or informal sector. The 2019 census report placed Nairobi County at 4,397,073 with youth making up 2,154,266 of the population (KNBS, 2019). The focus on youth in this study of retirement saving behaviour in Kenya is highly significant from demographic, economic, developmental, and policy dimensions. Kenya's population is estimated to be youthful with at least 70% of the population being under 35 (KNBS, 2019). This implies that in the future, there will be a significant impact on national economic stability on social welfare systems at the point of the youth retiring. The youth are therefore a significant demographic for this study in identifying how to alleviate possible old age poverty in coming years while ensuring national economic stability on social welfare systems.

The research employed stratified sampling to generate the target population of the study. This means using the administrative boundaries of subcounty level. The table 3.1 shows the total population of the Nairobi sub counties.

Table 3.1: Population of Nairobi sub counties

Subcounty	2009 Census Population	2019 Census Population	Proportion of Population
Dagoretti	294,222	434,208	10%
Embakasi	663,211	988,808	22%
Kasarani	525,624	780,656	18%

Subcounty	2009 Census Population	2019 Census Population	Proportion of Population
Njiru	283,449	626,482	14%
Westlands	247,102	308,854	7%
Kamukunji	220,659	268,276	6%
Starehe	159,709	210,423	5%
Mathare	193,416	206,564	5%
Lang'ata	178,282	197,489	4%
Makadara	160,434	189,536	4%
Kibra	212,261	185,777	4%

The total population of Nairobi County is 4,397,073 people according to the 2019 Population Census. Given that 49% of the population is made up of the youth between 18 -34 years, it implies that this research study would be targeting a population of 2,154,566 youth. It is important to note that there are no studies documenting the number of youths engaged in both formal and informal employment hence this target population.

3.6. Sampling and Sample Size

In determining the population sample, the sample size for this study was determined using (Cochran, 1977) formula as follows:

$$n = \frac{N}{1 + N(e^2)}$$

Where:

n = Sample size

N = Target population size (2,154,566 youth in Nairobi County)

e = Margin of error

Consequently,

$$n = \frac{2{,}154{,}566}{1 + 2{,}154{,}566\ (0.05^2)} = 399.8$$

Assuming a confidence level of 95% and a margin of error of 5%, the sample size was determined to be 400 participants. To achieve the number of respondents making up the sample size (400 youth), this study employed proportional allocation of the sample size to each of the strata (subcounty). Table 3.2 shows the number of respondents expected from each subcounty.

Table 3.2: Calculated Sample Size

Subcounty	2019 Census Population	Proportion of Population	Allocated Sample Size
Embakasi	988,808	22%	90
Kasarani	780,656	18%	71
Njiru	626,482	14%	57
Dagoretti	434,208	10%	39
Westlands	308,854	7%	28
Kamukunji	268,276	6%	24
Starehe	210,423	5%	19
Mathare	206,564	5%	19
Lang'ata	197,489	4%	18
Makadara	189,536	4%	17
Kibra	185,777	4%	17

The sampling procedure included all the 11 sub counties within Nairobi County. The sample included a further stratification of socioeconomic status was undertaken as follows:

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i. Higher socioeconomic status: Parts of Westlands, Langata, and portions of Dagoretti North.
ii. Middle-income areas: Parts of Kasarani, Embakasi East, and Roysambu
iii. Lower-income areas including Mathare, Kibra, parts of Embakasi West, and Kamukunji.

With regard to the formal and informal sectors, the study used findings from a working paper by KIPPRA (Okara & Obiero, 2018) that shows:

i. Formal sector employment: More prevalent in central business districts and commercial hubs like Westlands, Central Business District (in Starehe sub-county), and industrial areas in Embakasi.

ii. Informal sector employment: Widespread throughout the county but particularly concentrated in areas like Gikomba (Kamukunji), Githurai (between Roysambu and Kasarani), and various markets in Embakasi and Eastlands areas.

iii. Self-employment: Distributed across all sub-counties but with different characteristics - high-end professional services in wealthier areas like Westlands and Kilimani, and small-scale entrepreneurship in middle and lower-income areas.

A control group of youth who are not in gainful employment were surveyed as a part of the sample size to compare the factors affecting retirement saving among the youth with gainful employment and those without. This was important to the study to determine whether gainful employment does or does not influence retirement saving among the youth.

After the socioeconomic and sectoral stratification, the study adopted simple random sampling to select the eligible respondents for the study from the sub counties in Nairobi. This means that every individual had an equal chance of being selected to participate in the study. To get to the actual number required per sub county, the study considered proportional allocation after socioeconomic stratification of the sub counties (20% came from the formal sector, 20% came from the informal sector, 20% came from self-employed – formal sector, 20% from the self-employed informal sector while the remaining 20% came from those who are unemployed) as shown on table 3.3. The selection considered gender (targeting 50% male and 50% female participants) and age brackets (33.3% for each of the 3) to allow for representation of the target population.

Table 3.3: Sample size per sector per subcounty

Subcounty	Allocated Sample Size	Formal sector employment	Informal sector employment	Self-employed - Formal sector	Self-employed - Informal sector	Unemployed
Embakasi	**90**	18	18	18	18	18
Kasarani	**71**	14	14	14	14	14
Njiru	**57**	11	11	11	11	11
Dagoretti	**39**	8	8	8	8	8
Westlands	**28**	6	6	6	6	6

Subcounty	Allocated Sample Size	Formal sector employment	Informal sector employment	Self-employed - Formal sector	Self-employed - Informal sector	Unemployed
Kamukunji	**24**	5	5	5	5	5
Starehe	**19**	4	4	4	4	4
Mathare	**19**	4	4	4	4	4
Lang'ata	**18**	4	4	4	4	4
Makadara	**17**	3	3	3	3	3
Kibra	**17**	3	3	3	3	3

To validate and give further insights on the retirement savings behaviour among the youth in Kenya, the study sought to collect data from at least twelve key informants who included financial institutions and policymakers in pension and retirement benefits bodies in Kenya. This was to give further insights into the unique social, economic, and institutional contextual factors that influence retirement savings behaviour among the young people in Kenya. Purposive sampling was used to identify key informant participants based on their expertise, willingness and availability. The key informants included policymakers from Retirement Benefits Authority (RBA) and National Social Security Fund (NSSF); and financial providers/ pension administrators from Association of Kenya Insurers (AKI), Enwealth Financial Services, Liaison Financial Services. Further, a snowball sampling technique was adopted where the first group of respondents enlisted future participants from their circle of associates. An interview schedule was carried out by the researcher until the point of saturation (when additional participants to the study do not yield new insights or perspectives) was reached. According to Hennink & Kaiser (2022), there are no adequate sample sizes known for saturation. However, the researchers concluded that saturation can be achieved in a narrow range of interviews of between 9 to 17 participants. This study realised that after 9 interviews, there were no new insights or perspectives that were being added to the phenomenon under study and thus completed the interviews after 11 key informants.

3.7. Data Collection methods

To comprehensively examine the factors influencing retirement saving behaviours among Kenyan youth, this study used a semi structured questionnaire as the primary data collection tool. The questionnaire was designed to have Likert scales and closed ended questions to collect quantitative data on the factors influencing retirement saving behaviours among youth in Nairobi County, Kenya. This approach allowed participants to express their opinions objectively. Moreover, the quantitative data gained allowed for statistical evaluation to identify any patterns and trends among the variables. Open ended questions were added to the semi structured questionnaire to allow participants to give their perceptions and insights regarding the research questions. The questionnaire was digitised and administered using tablets/ smartphones in order to maximise efficiency of data collection and analysis and full cross-tabulation of information about retirement saving among the youth in Kenya.

In addition to the survey, an unstructured interview guide was developed to gather qualitative insights from experts and policymakers on the factors influencing retirement saving behaviour among the youth. Unstructured interview guides gave flexibility to the respondents to explore emerging themes and further insights that would guide the study. The key informants, among them RBA, NSSF, Association of Kenya Insurers, Enwealth Financial Services and Liaison Financial Services were identified from key literature review sources and the researcher used purposive and snowballing techniques to identify and locate them.

3.7.1. Data Collection Procedure

The researcher received the required approvals from Strathmore University and NACOSTI before the data collection exercise. The second process of the data collection exercise involved the researcher having an introduction letter of the researcher and the participant informed consent outlining the purpose of the study for the respondents (targeted youth, financial service providers and policymakers in the field of pension). Given the sample size and time constraints, the researcher used research assistants who helped with the data collection exercise. The researcher identified, interviewed, selected, engaged and trained research assistants who were residents of or very well versed with the sub counties under study. The researcher trained the research assistants in the data collection methodology and administered the questionnaire together with them after receiving the consent to collect data from the targeted respondents

A pilot study was conducted before the main data collection exercise to test the validity and reliability of the questionnaire items. Necessary recommended corrections were made before rolling out the main data collection.

For respondents who wanted to self-administer the questionnaire, they were given up to two weeks to fill in the questionnaire. Follow ups were made via emails and phone calls to make sure that the respondents completed filling the questionnaires. Throughout the data collection process, ethical standards were strictly adhered to. These included confidentiality and anonymity of respondents, strict adherence to the Data Protection Act of Kenya (2019), and respect of all respondents.

Data was collected from at least 350 youth within Nairobi and 11 key informants who included, policy makers, pension providers/ administrators and financial providers/educators. The researcher collected the primary data in April 2025.

3.8. Reliability and validity of instruments

To guarantee the reliability and validity of data collection instruments, the use of standardised tools was crucial in maintaining objectivity and consistency. Ensuring high research quality requires employing a well-established and dependable data collection method, selecting a sample size that accurately represents the target population, and implementing a rigorous and systematic data analysis procedure. By adhering to these principles, the research produced credible and meaningful findings that contribute to a more accurate understanding of the subject matter (Mugenda & Mugenda, 1999).

3.8.1. Reliability

To ensure the reliability of the survey questionnaire, a pilot study was conducted with a sample drawn from the population under the study. The purpose of the pretest was to allow the assessment of the validity and gauge the consistency and stability of the questionnaire. The respondents involved in the pretest were separate from those who took part in the main study, contributing to the external validity of the research. Moreover, any ambiguities and inconsistencies identified by the pilot study were used to adjust the questionnaire.

Internal consistency reliability was determined using statistical measures-Cronbach's alpha coefficient. This analysis evaluated the extent to which the items in the questionnaire are interrelated and measure the same construct consistently. A strong relationship with a

Cronbach's alpha value of more than 0.70 therefore indicated good internal consistency (Tavakol & Dennick, 2011).

Table 3.4: Reliability test results

Scale	Number of Items	Cronbach's Alpha	Interpretation
Financial Literacy	5	0.82	Good reliability
Risk Attitude	4	0.78	Acceptable reliability
Future Orientation	4	0.81	Good reliability
Trust in Financial Institutions	3	0.73	Acceptable reliability
Retirement Planning Behaviour	6	0.85	Good reliability

Note: Alpha values > 0.7 indicate acceptable reliability, > 0.8 indicate good reliability

Table 3.4 shows the results of the diagnostic test that was conducted. The results indicate that all the statements had a Cronbach's alpha value that was greater than 0.7, indicating internal consistency within the questionnaire hence reliable data.

3.8.2. Validity

Validity refers to how well a study accurately measures the specific concept that research is attempting to examine. It's a crucial concept that ensures that study findings are credible, accurate and that the measurement tool is relevant and is suitable for its intended purpose. Shadish et al., (2002, p.34) further infers that "*without validity, research results can be misleading, leading to incorrect conclusions and potentially flawed applications*."

Content validity by experts of the topic under study was used to examine whether this study comprehensively covers the concepts to be measured. Content validity according to Creswell & Creswell (2018) ensures that the assessment tool used in a study represents the concept under review. The experts panel assessed the clarity, relevance, and appropriateness of each questionnaire item, providing valuable insights to enhance its content and ensure alignment with the research objectives. Further, pilot testing was undertaken to assess performance of the measurement tool where feedback was analysed for suitability and any other issues to be reviewed to enhance content validity as recommended by (Tan, 2014).

3.9. Data analysis

The data analysis process involved clean-up of collected data, synthesis, analysis, and interpretation of both qualitative and quantitative data using an appropriate statistical analysis program. The quantitative data that was collected was analysed using IBM's SPSS software version 25 while qualitative data was analysed using thematic coding.

3.9.1. Quantitative Data Analysis

For quantitative data, descriptive and inferential statistical analysis was used for this study. Descriptive statistical analysis was employed to provide an overview of the demographic characteristics of the respondents and key variables. The study used frequencies and percentages for categorical variables (socio-economic variables, saving methods, enablers and barriers to retirements savings, among others); measures of central tendency and dispersion including mean, median, mode, variance and standard deviation for continuous variables (age at planned retirement, percentage of income supporting dependents, years in employment, number of dependents, percentage contribution to retirement savings, financial literacy score, risk tolerance score, etc.); cross-tabulations to examine relationships between variables and identify patterns that might not appear in simple frequency distributions. These cross-tabulations may include demographic variables versus retirement saving behaviour (for example education level versus contribution proportion to retirement savings), psychological factors versus saving behaviour ("I find it difficult to sacrifice current consumption" × proportion currently saving for retirement) and institutional factors versus saving behaviour (financial education received × percentage currently saving for retirement). Statistical testing was employed on the cross tabulations to ensure statistical significance. For this study, the Chi-Square test was used to determine if the observed distributions were significantly different from expected distributions.

Further to descriptive statistical analysis, inferential statistical methods was applied to the quantitative data to explore relationships and patterns within the data. Chi-square tests were used to examine associations between demographic variables and retirement saving behaviour while correlational analysis was used to examine relationships between continuous variables. ANOVA and t-tests were used to compare means across different groups in the study variables (for instance different educational levels, age groups, etc.).

3.9.2. Qualitative Data Analysis

The first step for the data was collected from the key informants that included policy makers, pension providers/administrators and financial providers/educators for transcription and coding. Recurring themes and patterns were coded according to the variables under study. These included:

i. Barriers to retirement saving
ii. Motivations for saving
iii. Cultural influences
iv. Institutional factors
v. Potential interventions

Further, content analysis was undertaken by the study where an analysis of the frequency of specific terms or keys mentioned by the key informants was conducted. Contextual meaning of statements on retirement saving behaviour was examined and analysed. This was done using the ATLAS.ti Version 25.0.1 software for qualitative data.

3.10. Ethical considerations

The researcher ensured that all authorities gave approval to conduct this study. This included approval of the research proposal by the Strathmore University Institutional Ethics Review Committee who are in charge of conducting an ethics review for this study's research design and protocols internally. The researcher also sought ethical review and approval from the National Commission for Science, Technology, and Innovation (NACOSTI) by applying for a research licence from the commission. Once reviewed and approved by both boards, the researcher conducted data collection from the target respondents.

Consent was sought by the researcher from all the participants under the study. Subsequently, the researcher collected data that only fits the purpose of this study only after receiving consent from the participants. The participants' data was kept confidential and under no circumstances was it be disseminated to spheres outside this research.

CHAPTER 4: DATA ANALYSIS AND FINDINGS

4.1. Introduction

This chapter presents the findings of the study. The results are hinged upon the research objectives of the study which were to evaluate the impact of socioeconomic factors (income levels, employment status, education, and family obligations) on retirement saving decisions among youth in Nairobi County; to determine the relationship between psychosocial factors and retirement saving practices among youth in Nairobi County; and to examine the influence of institutional factors (access to formal financial services, pension scheme features, and regulatory framework) on youth participation in retirement saving programs in Nairobi County. The chapter therefore presents findings on the relationship between the three independent variables and the dependent variable (positive retirement saving behaviour). Descriptive and inferential data analysis was carried out on the data collected and the findings are presented in the subsequent sections.

4.2. Response Rate

The response rate refers to the actual number of respondents who participated in the study against the required sample size. Table 4.1 shows the response rate of the study.

Table 4.1: Response Rate

Responses	Frequency	Percentage
Completed	352	88%
Not Attempted	48	12%
Total	**400**	**100%**

Results show a response rate of 88% for this study. This rate was considered suitable for generalisation of inferences from the findings of the study. Kothari (2016) explains that a response rate that is above 70% is admissible for use to use for data analysis and inference. The response rate for this study was therefore used to draw conclusions and make recommendations as required by the study. Some of the reasons identified by the researcher for this response rate included survey fatigue from respondents, competing priorities of participants and time constraints since the study had to be completed within a specific period of time.

In addition to the youth survey, the study collected qualitative data through Key Informant Interviews (KIIs) with selected institutional experts in the retirement benefits and financial services sectors. These informants were purposively selected based on their roles, expertise, and relevance to the study. A total of eleven against a target of twelve KIIs were conducted with representatives from the Retirement Benefits Authority (RBA), National Social Security Fund (NSSF), the Association of Kenya Insurers (AKI), and financial service providers offering retirement benefits products, pension administration and financial education. These interviews provided critical contextual insights that helped triangulate and validate the quantitative findings, and highlighted institutional, behavioural, and policy-level factors influencing retirement saving behaviour among youth in Nairobi.

4.3. Demographic Data

Data showed that 18.95% (65) of the respondents reside in Westlands followed by those who reside in Lang'ata at 17.49% (60) and Kasarani at 11.37% (39). The respondents came from 15 sub counties, in total according to figure 4.1. The least represented sub counties included Embakasi South, Kamukunji, Mathare, Ruaraka and Makadara. The research was interested in the geography / residential areas of the participants to determine whether the socioeconomic status of those areas contributed to the retirement saving behaviour of the respondents.

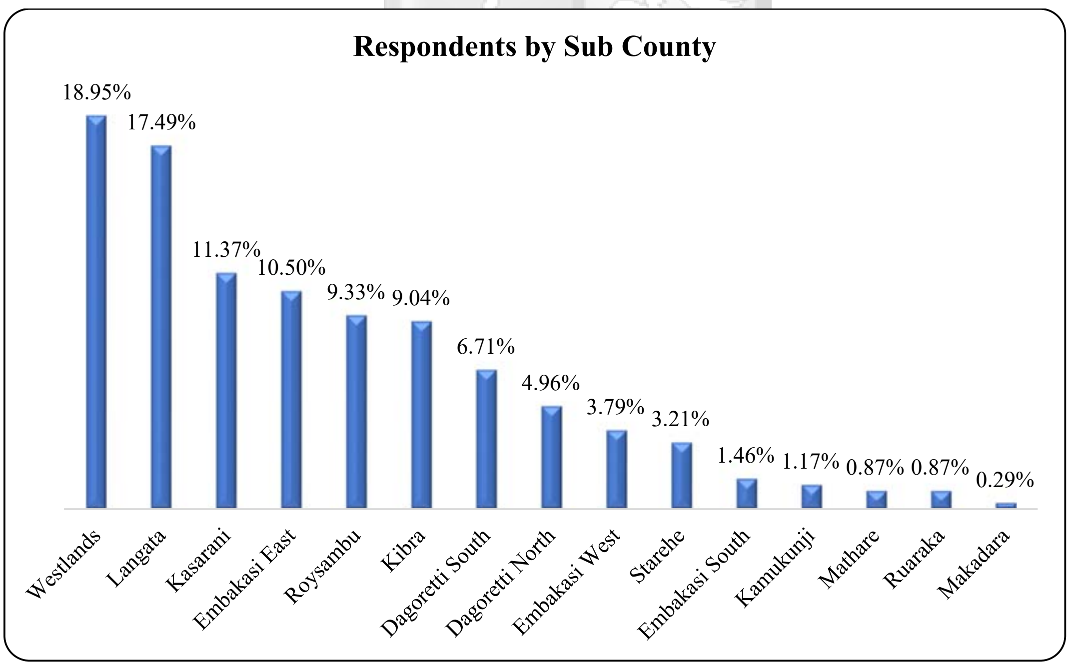

Figure 4.1: Number of respondents by sub county

Most of the respondents (52%, 178) who took part in the study were female while the remaining 48% (168) were male as shown on figure 4.2. The gender variable was important to this study to analyse whether one group has better retirement saving behaviour compared to the other. This contributes to the diversification of the profiles of the respondents.

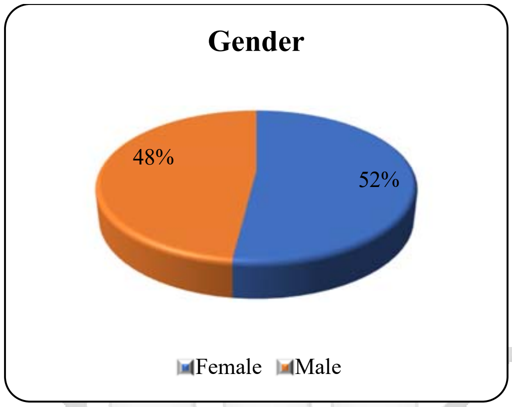

Figure 4.2: Respondents' Gender

The study found out that most of the respondents who took part in the study were between 25 to 29 years old (41.19%, 145) followed by those who were between 18 to 24 years who accounted for 31.82% (112). The remaining 26.99% (65) were between 30 to 35 years old as shown on table 4.2. Most respondents (35.2%) indicated that they saved between 1 to 5% of their monthly income followed by those who save between 6 to 10% of their monthly income (30.9%). A significant proportion of the respondents (15.3%, 54) said they do not save.

Table 4.2:Proportion of savings by age group

Average saving proportion	Between 18 – 24 years	Between 25 – 29 years	Between 30 -35 years	Total
0%	10.23%	5.11%	0.00%	15.3%
Between 1-5%	10.51%	13.35%	11.36%	35.2%
Between 6-10%	8.52%	13.64%	8.81%	30.9%
Between 11-20%	1.99%	6.25%	5.11%	13.3%
More than 20%	0.57%	2.84%	1.70%	5.11%
Grand Total	**31.82%**	**41.19%**	**26.99%**	**100.00 %**

The study was interested in the age variable as a significant variable to evaluate whether those who are older have better retirement saving behaviour compared to the younger respondents since older respondents may be influenced by their age to save for their retirement.

Most of the respondents (65.63%, 231) who participated in the study said that they had attained a bachelor's degree as their highest education level, followed by those with a diploma who accounted for 11.93% (42) of the respondents while those with a postgraduate level accounted for 11.36% (40) of the respondents as shown on figure 4.3.

Table 4.3: Average monthly savings by Education Level

	Average Proportion of Monthly Savings					
Education Level	**0%**	**Between 1-5%**	**Between 6-10%**	**Between 11-20%**	**More than 20%**	**Total**
Bachelor's degree	11%	20%	19%	11%	5%	66%
Certificate level	1%	2%	1%	0%	0%	4%
Diploma	3%	4%	4%	1%	0%	12%
Postgraduate	0%	4%	6%	1%	0%	11%
Primary Level	0%	0%	0%	1%	0%	1%
Secondary Level	0%	6%	1%	0%	0%	6%
Total	**15%**	**35%**	**31%**	**13%**	**5%**	**100%**

Data indicated that most of the respondents who had achieved a bachelor's degree (20%) saved between 1 – 5% of their monthly earnings followed by those that saved between 6-10% of their monthly earnings. The study noted that respondents who had a lower education level were not active in savings as seen by those who had only attained primary level education (only 1% saved). This shows that education level is a positive influencing factor when it comes to savings behaviour among the youth. Additionally, the study found that there was a significant relationship between education level and participation in retirement savings among young people in Nairobi County as shown on table 4.4. Results showed that for those who actively saved for retirement, the higher the educational level, the higher the participation rate. This was similarly true for those who were not participating in saving for retirement where the lower the education level, the higher the non-participation rate.

Table 4.4: Education Level and Retirement Saving Participation

Education Level	Active (%)	Irregular (%)	Non-participant (%)	Total
Secondary	21.7%	30.4%	47.8%	100%)
College	37.0%	29.5%	33.6%	100%
University	47.8%	23.1%	29.1%	100%
Postgraduate	66.7%	16.7%	16.7%	100%
Total	**38.0%**	**27.1%**	**34.9%**	**100%**

Chi-square = 24.86, df = 6, p < 0.001

The study also sought to find out the marital status of the respondents and whether they had any dependents. This is because literature showed that people who are married and have dependents tend to not participate in retirement saving. Table 4.5 shows respondents' marital status and number of dependents. The results show that most respondents (68.57%, 240) said that they have never been married while those with no dependents ranked the highest accounting for 44.57% (156) of the respondents. Respondents who have never been married and with no dependents accounted for the highest cohort at 41.43% (145) followed by those who have never been married with 1 to 2 dependents at 18.29% (64) while those who are married with 1 to 2 dependents came in third at 14.57% (51).

Table 4.5: Marital status and number of dependents of respondents

	Number of Dependents				
Marital Status	**1-2**	**3-4**	**More than 4**	**None**	**Total**
Divorced/ Separated	2.86%	0.00%			**2.86%**
Married/Cohabiting	14.57%	8.57%	1.43%	0.57%	**25.14%**
Never married	18.29%	5.43%	3.43%	41.43%	**68.57%**
Other - Single	0.86%			2.57%	**3.43%**
Total	**36.57%**	**14.00%**	**4.86%**	**44.57%**	**100.00%**

Findings from the study revealed that most respondents (42.9%, 151) are formally employed followed by those who identified as casual workers/freelancers at 23.86% (84). Respondents who identified as self-employed in a formal business accounted for 12.78% (45) of the respondents as shown on figure 4.3. This category was important to the study to determine how the various employment categories contribute to the retirement saving behaviour of the youth in Nairobi County.

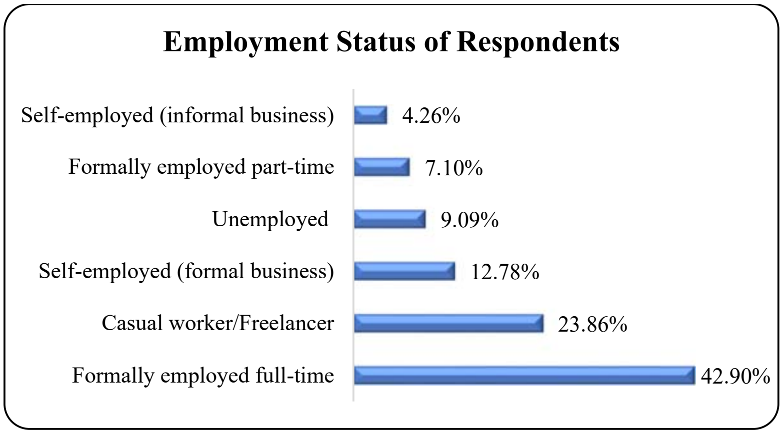

Figure 4.3: Employment status of respondents

Employment status was found to be statistically correlated with retirement savings behaviour as shown on table 4.6. Results showed that youth who are unemployed are less likely to participate in saving for retirement while those who are formally employed are highly likely to save for retirement. Some of the reasons formally employed youth pointed out as factors that made them save include a sense of security and the statutory obligations by their employers. Unemployed youth cited that they would lie to save if they had a source of income.

Table 4.6: Employment Status and Retirement Saving Participation

Employment Status	Active (%)	Irregular (%)	Non-participant (%)	Total
Formally employed	53.2%	24.9%	22.0%	100%
Self-employed	33.3%	30.6%	36.1%	100%
Casual employment	24.1%	31.0%	44.8%	100%
Unemployed	8.9%	22.2%	68.9%	100%
Total	**38.0%**	**27.1%**	**34.9%**	**100%**

Chi-square = 55.73, df = 6, p < 0.001

Further, the study was interested in finding out the number of years that the respondents had worked and their current average monthly income. Table 4.7 shows that most respondents (24.43%, 86) earn an average monthly income of between KES 15,001 - 30,000 followed closely by those who earn less than KES 15,000 who accounted for 24.15% (85) of the respondents. Results show that a total of 68.75% (242) of respondents earn an average monthly income below KES 50,000. Most respondents (33.24%) had worked for between 1 to 3 years followed by those who had worked for less than one year (28.41%) as at the time of the study.

Table 4.7: Income level and number of years worked of respondents

	Average Monthly Income Level					
Number of years worked	**Less than KES 15,000**	**Between KES 15,001 - 30,000**	**Between 30,001 - 50,000**	**Between 50,001 - 100,000**	**Above KES 100,000**	**Total**
Less than 1 year	17.05%	9.09%	0.85%	1.42%	0.00%	**28.41%**
1-3 years	2.27%	11.08%	10.51%	9.38%	0.00%	**33.24%**
4-6 years	4.83%	4.26%	7.10%	3.98%	1.99%	**22.16%**
7-10 years	0.00%	0.00%	1.70%	4.26%	7.67%	**13.64%**
More than 10 years	0.00%	0.00%	0.00%	0.57%	1.99%	**2.56%**
Total	**24.15%**	**24.43%**	**20.17%**	**19.60%**	**11.65%**	**100.00%**

Further results from the data revealed that income level and retirement saving participation had a statistically significant relationship as shown on table 4.8. For participants who were earning more than KES 50,000 there was a higher rate to participate in retirement savings than those who were earning less than KES 30,000 per month. Most respondents who were not saving were shown to have lower income levels compared to those who earned more.

Table 4.8: Income Level and Retirement Saving Participation

Income Level	Active (%)	Irregular (%)	Non-participant (%)	Total
Below KES 30,000	24.2%	28.6%	47.2%	100%
KES 30,000-50,000	43.2%	29.5%	27.4%	100%
Above KES 50,000	57.1%	19.5%	23.4%	100%
Total	38.0%	27.1%	34.9%	100%

Chi-square = 36.42, df = 4, $p < 0.001$

The study revealed that most respondents (55.4%, 195) rated their financial situation to be average while 21.88% (77) ranked their financial situation as poor. Another 12.22% (43) said their financial situation was very poor. Of all the respondents, only 1.42% (5) said they considered their financial situation to be very good while the remaining 9.09% (35) said they had a good financial situation as shown on figure 4.4.

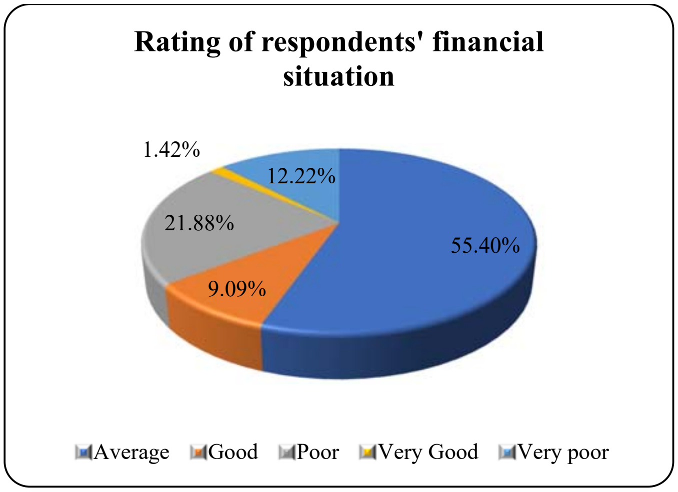

Figure 4.4: Respondents' financial situation

Findings from the study showed that the three top priorities that were ranked by the respondents were daily expenses like food and transportation (87.78%), housing (57.67%) and education expenses at 39.2% as shown on figure 4.5. It was important to note that the retirement savings and saving for an emergency fund were the least prioritised by the respondents at 11.36% and 14.2% respectively.

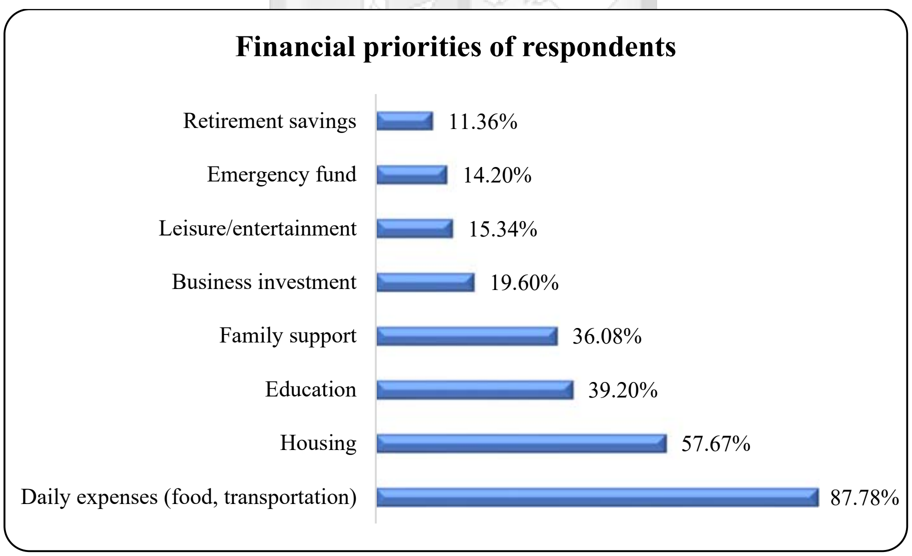

Figure 4.5: Financial priorities of respondents

Further, the study found that 54.55% (192) of the respondents were responsible for financially supporting other family members while the remaining 45.45% (160) did not. Those who said they support their family members spent an average of 32% of their income doing so.

Qualitative insights further reinforced this finding. Key informants from NSSF noted that most youth operate within the informal sector and lack surplus income to contribute to structured pension schemes. One respondent from a financial provider highlighted that financial obligations to family often take precedence over long-term saving goals, aligning with the survey findings on the negative effect of dependents.

4.4. Descriptive Statistics

This section presents the descriptive statistics for the study. These included measures of central tendencies (mean) and dispersion (standard deviation). The overall objective of the study was to examine the extent to which socioeconomic, psychological and institutional factors influence retirement saving behaviour among the youth in Kenya and their implications for old age poverty mitigation. The descriptive results are presented in the subsequent sections.

4.4.1. Psychosocial factors affecting retirement savings behaviour among youth

The study sought to determine the relationship between psychosocial factors and retirement saving practices among youth in Nairobi County. Table 4.9 shows a summary of the three main psychological factors that the study found to be significantly associated with retirement savings behaviour among the youth.

An evaluation of the psychological factors influencing retirement savings behaviour among the youth revealed that future orientation variables scored the highest means. In this category, thinking about future financial needs and thinking about saving for retirement as important scored the highest means at 4.23 and 4.21 respectively. The standard deviation of the two variables was 1.07 and 1.04 respectively, indicating low variability from the mean of these variables. This indicates that these two variables contribute positively to the retirement saving behaviour of youth. Financial literacy statements followed future orientation statements with means between 3.28 and 3.1. The standard deviation of these statements range between 1.2 and 1.4 showing moderate variability. Risk attitude statements ranked the least in the means with statements like “I find it easy to sacrifice current consumption for future benefits” and “I have estimated my retirement savings needs” having the least means and more variability in the data with a standard deviation of 1.39 and 1.47 respectively. This shows that risk attitude negatively contributes to retirement savings behaviour of youth in Nairobi County.

Table 4.9: Descriptive statistics for psychosocial factors

Statements	N	Min	Max	Mean	Std. Deviation
I often think about my future financial needs.	349	1	5	4.23	1.07
I think saving for retirement is important and necessary	349	1	5	4.21	1.04
I am motivated to save for retirement to ensure a good lifestyle post work.	349	1	5	3.75	1.23
I feel anxious when thinking about my financial future	349	1	5	3.74	1.27
Saving for retirement is my top financial goal.	349	1	5	3.28	1.40
Savings are a priority in my household budget allocation each month.	349	1	5	3.25	1.40
I trust financial institutions to safeguard my retirement savings	349	1	5	3.21	1.36
I have very good knowledge of financial planning and retirement saving.	349	1	5	3.11	1.20
I find it easy to sacrifice current consumption for future benefits.	349	1	5	2.99	1.39
I have estimated my retirement savings needs	349	1	5	2.68	1.47
Overall mean score	**349**	**1**	**5**	**3.44**	**1.28**

Low income, high cost of living and immediate financial needs were listed as the main perceived barriers to retirement savings by the youth who took part in the study at 63.35%, 61.93% and 43.75% respectively as shown on figure 4.6. The study also showed that most participants 55.97% (195) thought of themselves as having a moderate risk tolerance in matters of financial decision-making. About 28.13% of the respondents (99) had low tolerance while only 15.96% (56) had high tolerance to financial decisions.

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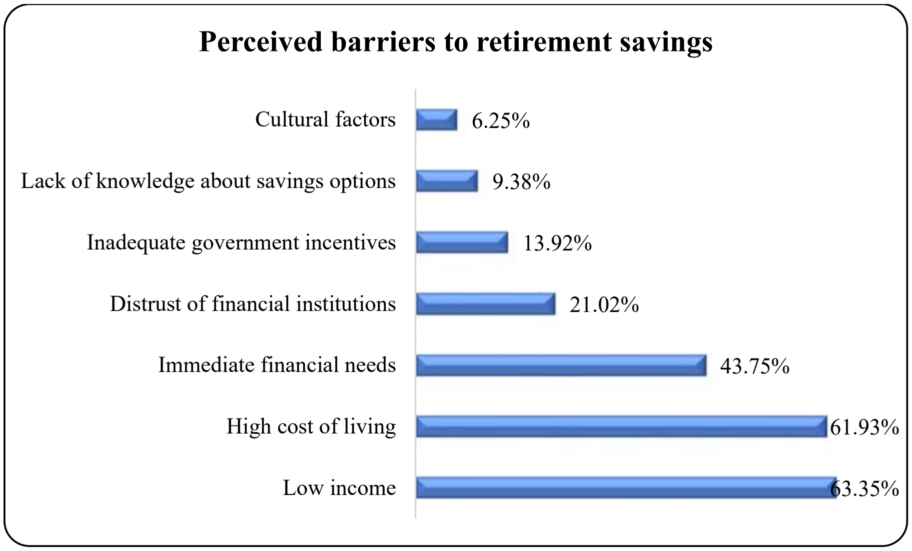

Figure 4.6: Perceived barriers to retirement savings

Interviews with Retirement Benefits Authority (RBA) and Association of Kenya Insurers (AKI) officials revealed that most youth do not view retirement saving as an urgent matter and lack adequate financial knowledge to make informed choices. From the KIIs, there was consensus that most youth in Kenya perceive that retirement is far away and not a priority for them as they are "too young to plan". Additionally, the KIIs pointed out the YOLO (You Only Live Once) mentality among the youth in Kenya that prioritises instant gratification. This has led to many youths spending the income they have rather than investing it. Youth were also reported to associate pensions with older generations and instead preferred short-term saving mechanisms such as Chamas or mobile wallets. Key informant respondents recommended scaling up digital financial literacy initiatives tailored for youth to correct misconceptions and encourage future-oriented behaviour.

4.4.2. Institutional factors affecting retirement savings behaviour among youth

The third objective of the study was to examine the influence of institutional factors (access to formal financial services, pension scheme features, and regulatory framework) on youth participation in retirement saving programs in Nairobi County. Table 4.10 gives a summary of the descriptives statistics of the institutional factors under study.

Table 4.10: Descriptive statistics for institutional factors

Statements	N	Min	Max	Mean	Std. Deviation
I am aware of tax incentives given for retirement benefits schemes in Kenya	338	1	5	2.99	1.47
I think the government's initiative like NSSF is adequate for retirement	338	1	5	2.55	1.38
Employer matching contributions encourages me to save towards retirement	338	1	5	3.54	1.20
Ease of accessing pension benefits upon attaining retirement age motivates me to save for retirement	338	1	5	3.31	1.38
Transparency of financial institutions is a key motivator for retirement saving.	338	1	5	3.64	1.41
The return on investment of my savings encourages me to save for my retirement.	338	1	5	3.64	1.32
Overall mean score	338	1	5	3.28	1.36

Results found by assessing the institutional factors affecting retirement savings behaviour indicated that transparency of financial institutions and return on investment by pension schemes had the highest mean scores with a standard deviation of 1.41 and 1.32 respectively. This showed that there was moderate variability in data of these two statements. Adequacy of government-initiated pension schemes and awareness of tax incentives had the least mean scores of 2.55 and 2.99 respectively with a standard deviation of 1.38 and 1.47 respectively, also showing high variability of data within these statements. This indicated that these statements negatively contributed to the retirement savings behaviour of the youth who participated in the study.

The study noted that most respondents (56.61%, 197) have never received any form of financial education about retirement planning. The remaining 43.39% (151) of respondents have received financial education about retirement planning through their workplace, a financial institution or social media. Qualitative feedback from key informants confirmed the importance of institutional support. Informants from RBA emphasised the need for targeted outreach through digital platforms, universities, and youth groups. Mobile money platforms like M-Pesa and M-Shwari were cited by both respondents and interviewees as accessible tools that could be leveraged to design flexible, informal sector-oriented pension products. Trust concerns were also echoed by service providers, who noted that improving transparency and real-time access to savings information could boost youth confidence in pension systems.

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Finance service experts pointed out to the study that most products for retirements savings are designed primarily for formal employment, and as such are not adapting to informal/gig economy realities where a large proportion of the youth is. High administrative costs to run the pension schemes have also been found to reduce savings potential since those costs are recovered from pension scheme members. Key informants also indicated that a lack of flexibility in accessing pension funds before retirement makes it difficult for young people to save. This is because young people are seen to be dynamic and therefore need to access these funds conveniently. Is also noted that the investment environment in Kenya is not youth-friendly making it harder for institutions to attract young people into saving for retirement.

4.4.3. Retirement planning knowledge and behaviour

The study found out that most respondents (83%, 290) thought about saving for retirement while 17% (61) said they did not. Those who indicated that they did not think about saving for retirement gave reasons outlined in table 4.11.

Table 4.11: Reasons for not thinking of retirement saving

Reasons for not thinking of retirement saving	**Number of Respondents**
A lot of immediate expenses	3
Currently am not earning enough to decide on saving	2
I do not really intend to retire	9
I don't have an explanation	5
I get to save for assets first. I will consider this in a few years maybe.	1
I think about generational wealth	2
Low income	5
Never thought about it	6
Not a priority yet	7
Not employed	4
Security	12
Uncertain future	3
Total	**59**

When asked when they would like to retire, most respondents (121) indicated that they would like to retire when they turn 60 years old, followed by those who would like to retire at 50 years old as shown on table 4.12. The average retirement age of the respondents under the study was found to be 52 years old.

Table 4.12: Respondents' anticipated retirement age

Anticipated retirement age	Number of respondents
27	3
28	5
37	3
38	3
40	20
45	36
50	49
55	36
58	5
60	121
65	34
70	13
75	6
80	4
Total	**343**

The study sought to find out the proportion of youth in Nairobi currently who are currently saving towards their retirement. It was revealed that only 41.76% of the respondents did while 58.24% did not as shown on figure 4.7.

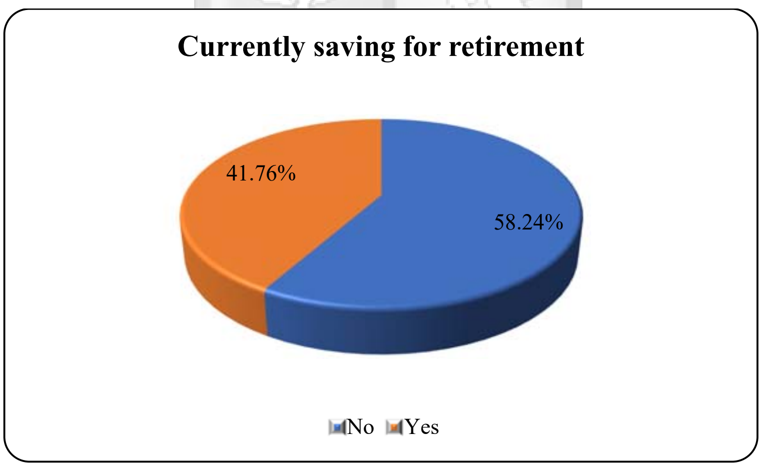

Figure 4.7: Proportion saving for retirement

To evaluate this further, the study realised that most youth who did not save for their retirement was due to insufficient income, more immediate financial priorities and never have thought about saving for retirement as shown on figure 4.8. Key informants observed that there is high unemployment / underemployment among youth. This has resulted in the lack of lack of adequate disposable income that would allow the youth to save for important things like retirement. This situation is coupled with high immediate financial obligations that reduces their probability of saving for retirement.

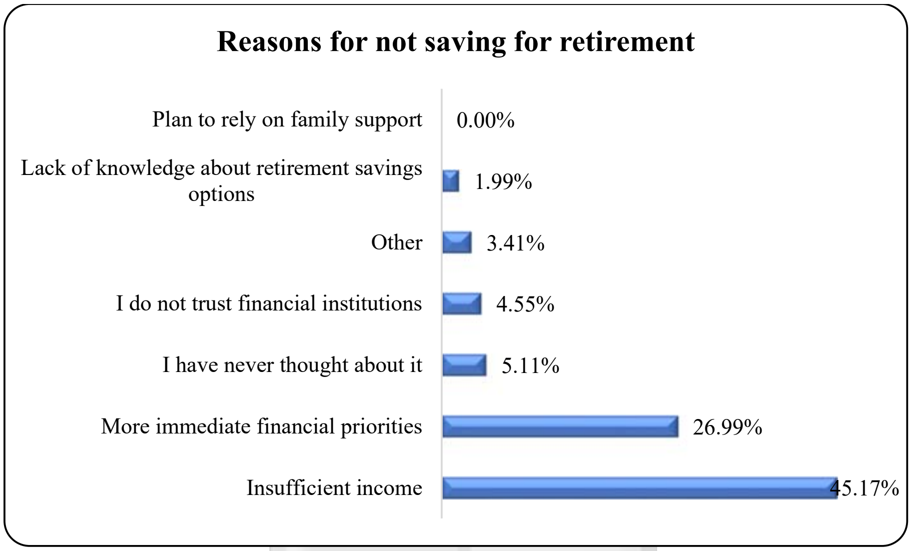

Figure 4.8: Reasons for not saving for retirement

These reasons for not saving for retirement shows that the knowledge and awareness of retirement saving among young people in Kenya is low. Figure 4.9 affirms this notion. Most respondents (38.9%) indicated that they are moderately knowledgeable about retirements saving while 36.6% said they were only slightly knowledgeable.

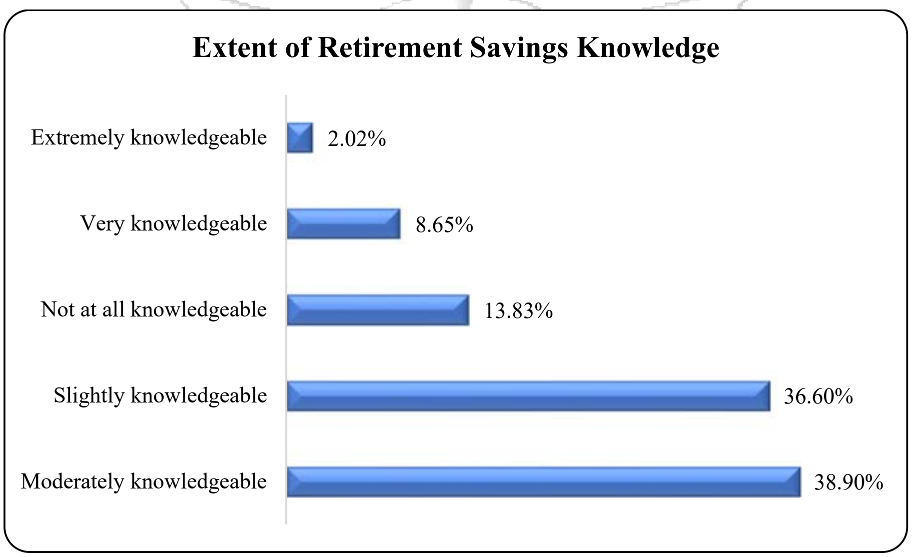

Figure 4.9: Extent of Retirement Savings Knowledge

Most of the respondents (35.51%) who said they saved for retirement did so through a formal pension scheme through their employer, another 33.24% of the respondents said they saved through banks while 30.11% saved through SACCO. Figure 4.10 shows the different channels that the young people who participated in the study saved through.

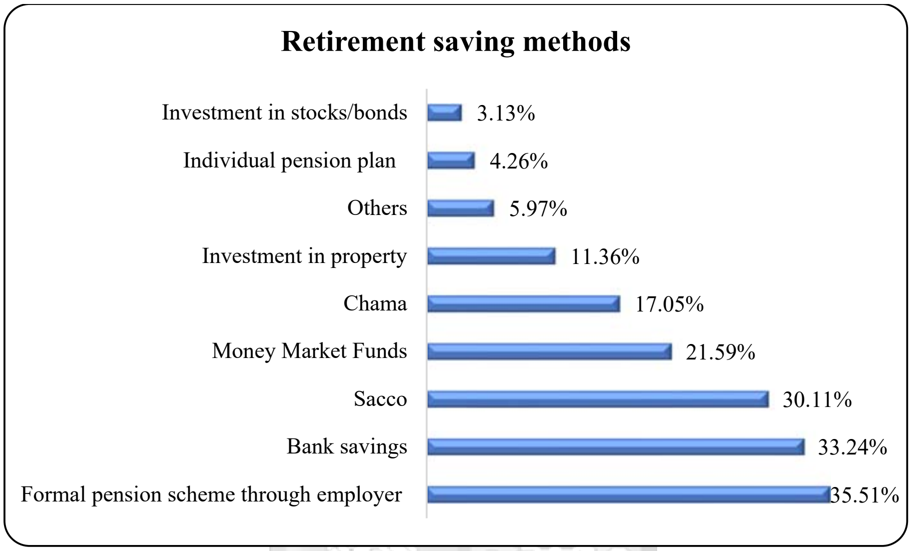

Figure 4.10: Retirement saving methods

4.5. Inferential Statistics

The study was interested in finding out if there were any correlations between the independent variables (socioeconomic, psychological and institutional factors) and the dependent variables (good retirement savings behaviour). The Pearsons correlation statistical measure was used by the study to determine the magnitude and direction of relationships between independent and dependent variables. This statistical measure was used to determine the direction and magnitude between socioeconomic, psychological and institutional factors on good retirement savings behaviour among youth in Nairobi County. The results are shown on table 4.13.

Table 4.13: Correlation Analysis

Variable	1	2	3	4	5	6	7	8	9
1. Retirement Saving Rate	1.00								
2. Income Level	0.62**	1.00							

Variable	1	2	3	4	5	6	7	8	9
3. Education Level	0.48**	0.57**	1.00						
4. Number of Dependents	-0.31*	-0.14	-0.09	1.00					
5. Financial Literacy	0.58**	0.42**	0.51**	-0.12	1.00				
6. Future Orientation	0.54**	0.28*	0.32*	-0.08	0.49**	1.00			
7. Risk Attitude	0.19	0.23*	0.17	-0.05	0.25*	0.21*	1.00		
8. Financial Access	0.45**	0.58**	0.43**	-0.11	0.35**	0.22*	0.15	1.00	
9. Pension Scheme Awareness	0.51**	0.33**	0.47**	-0.07	0.62**	0.36**	0.12	0.39**	1.00

*Note: * p < 0.05, ** p < 0.01*

4.5.1. Socioeconomic factors affecting retirement savings behaviour among youth

Results show that two of the socioeconomic factors analysed had a significant positive relationship with retirement saving behaviour while one (number of dependents) had a significant negative correlation with retirement savings behaviour. This is consistent with the life-cycle hypothesis. Income level had a correlation factor of 0.68 while education level had a correlation of 0.48. This means that higher levels of income and education contributed to a having a higher retirement savings rate. Key informants noted that most youth often postpone retirement saving due to more pressing needs such as rent, food, or supporting family. Irregular and low incomes in the informal sector make contributions inconsistent.

> *"Most young people are living hand to mouth. Retirement saving is a luxury for them."-KII, RBA Official*

In contrast, the number of dependents had a correlation of -0.31, a negatively correlated factor in relation to retirement savings behaviour among the youth. This data shows that respondents with more dependents saved less towards their retirement while those with a low number of dependents saved more towards their retirement. Key informants further affirmed this finding by indicating that family obligations are often prioritised by the youth. This included supporting parents or siblings over saving for retirement. This is especially common in urban low-income areas, and it negatively affects saving for retirement.

"They're supporting siblings in school or helping their parents. That money won't go to a pension."- KII, NSSF Representative.

4.5.2. Psychosocial factors affecting retirement savings behaviour among youth

Psychosocial factors included in the correlation analysis showed that financial literacy and future orientation had a positive contribution to the rate of retirement savings behaviour among the youth in Kenya (correlation of 0.58 and 0.54 respectively). This is in line with the theory of planned behaviour hypothesis. These results imply that youth who had financial education including financial planning and management had a better retirement savings behaviour compared to those who were not financial literate. Experts revealed that financial education programs exist but fail to reach most youth who work in the informal sector. Many of those youths don't understand the structure or value of pensions. Furthermore, key informants pointed out the fact that pension products are often rigid while youth prefer digital platforms with low contribution thresholds and flexibility in withdrawals.

"They hear about pensions but don't really know how they work or how to join."- KII, Financial Service Provider

This shows that only those who are able to be reached use the information appropriately and save for their retirement.

Similarly, youth who said that thought about, planned for, and anticipated their retirement had a high chance in saving for their retirement compared to those who did not think about it (had no future orientation towards retirement savings).

The study noted that risk attitude, a psychosocial factor under investigation was not significant and as such did not affect or contribute to the retirement savings behaviour among the youth in Nairobi.

4.5.3. Institutional factors affecting retirement savings behaviour among youth

Institutional factors like access to finance facilities and awareness of pension schemes were also found to have a significant positive relationship with a higher rate of retirement savings behaviour among the respondents (correlation of 0.45 and 0.51 respectively). This is consistent with the life-cycle hypothesis. The results implied that youth who could easily access their financial facilities were more likely to save for their retirement than those who could not easily access the facilities. This was reiterated by key informants who said that a lack of confidence in pension providers, especially fear of fund loss or inaccessibility discourages youth from joining schemes.

"There's still mistrust. Some think the money won't be there when they retire."- KII, AKI official.

Youth who were aware of pension schemes were also likely to save towards their retirement compared to those who were not aware of pension schemes offered by institutions. As confirmed by key informants, many youths are unaware of accessible pension products, particularly those tailored for informal workers, like IPPs or Mbao Pension Plan.

"If you ask them what an individual pension plan is, most won't know. The awareness gap is real."- KII, Pension Administrator.

Key informants argued that while reforms are underway, existing policies still do not fully address informal sector participation and that more incentives and simplified access are needed to encourage youth to participate in saving for their retirement.

The study's findings are closely aligned with the Life-Cycle Hypothesis and the Theory of Planned Behaviour, effectively linking observed saving behaviours to established theory. Socioeconomic factors such as income and employment support LCH's view that individuals save more during peak earning years, while psychosocial factors like financial literacy and future orientation reflect TPB's emphasis on attitudes and perceived control. Institutional factors further highlight the role of access and trust in enabling saving. By situating the results within these frameworks, the study reinforces and extends existing scholarship in the context of Kenyan youth.

CHAPTER 5: DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS

5.1. Introduction

The purpose of this chapter is to synthesize the findings presented in Chapter 4 and relate them to the broader research context as well as to the initial research objectives. This discussion delves into the implications of the results within the framework of existing literature, theories, and empirical studies, aiming to explain how the results corroborate or deviate from previous research. The chapter adopts a thematic structure and is organized into six sections: the discussion section integrates data triangulation, combining perspectives from youth survey responses and key informant interviews with policymakers and financial service providers, the conclusions drawn from the study, policy and practical recommendations, suggestions for further areas of inquiry, and an acknowledgment of the study's limitations. This structure is intended to provide a comprehensive evaluation of the study's contribution to understanding retirement saving behaviour among the youth in Nairobi County and its relevance for policy and practice.

5.2. Discussion of the findings

5.2.1. Socioeconomic Factors and Retirement Saving Behaviour

The study confirms that socioeconomic factors, including income level, employment status, and education, exert a significant influence on youth retirement saving behaviour. This aligns closely with the Life-Cycle Hypothesis (LCH), which posits that individuals aim to optimize consumption and savings over their lifespan. The theory assumes that individuals will save during high-income periods to prepare for retirement. In the context of Kenyan youth, those in formal employment and with higher education levels demonstrated a more consistent tendency to save. Education was linked not only to improved financial capability but also to higher awareness and trust in pension systems. This reflects findings by Gitau and Otsola (2011) who noted a strong correlation between educational attainment and pension participation.

Conversely, the study found that youth in informal employment often lacked access to structured pension mechanisms and faced income instability, making it difficult to contribute regularly to retirement savings. This is consistent with findings by Githui and Ngare (2014), who documented significant exclusion of informal sector workers from Kenya's retirement benefits system. Additionally, family obligations emerged as a notable barrier to saving, as many youths prioritised the immediate financial needs of dependents over long-term planning. This supports Safari et al. (2021), who argued that financial obligations within extended families dilute individual saving capacity, especially in urban African settings. These findings underscore the need to contextualize the lifecycle hypothesis in societies where communal responsibilities and financial precarity disrupt expected saving patterns.

5.2.2. Psychosocial Factors and Retirement Saving Behaviour

Psychosocial elements such as financial literacy, future orientation, and perceived behavioural control were found to be pivotal in influencing retirement saving behaviour. The Theory of Planned Behaviour (TPB) is particularly helpful in understanding these findings. According to the theory, intention to perform a behaviour is shaped by attitude, subjective norms, and perceived control. Youths who had a strong sense of financial responsibility, were aware of the long-term benefits of saving, and perceived themselves as capable of managing financial planning were more inclined to save. This confirms studies by Mpaata et al. (2020) and She et al. (2023), which suggest that forward-looking attitudes and self-efficacy are critical enablers of financial behaviour.

Interestingly, the study found that risk attitude was not a significant predictor of retirement saving. This is important because it challenges the common assumption that financial risk aversion drives long-term saving behaviour. Instead, the findings indicate that cognitive factors such as planning ability, financial knowledge, and support from peers or mentors play a more substantial role. This is in line with Ismail (2013), who emphasized the importance of reinforcing saving norms and role modelling within youth communities.

Qualitative interviews revealed that many youth lacked adequate guidance on saving. The absence of peer success stories, mentorship, or relatable models inhibited their motivation. This lack of behavioural reinforcement underscores the importance of community-based financial education and campaigns tailored for youth. While TPB captures the internal drivers of behaviour, this study emphasizes the need to support those drivers with external reinforcement mechanisms.

5.2.3. Institutional Factors and Youth Participation in Retirement Saving

The study also found that institutional factors, including trust in financial institutions, awareness of pension products, and the design of those products, were essential to youth participation in retirement saving. Many participants were unaware of available voluntary pension plans, particularly those designed for informal sector workers such as the Mbao Pension Plan. Others expressed mistrust in financial institutions, citing past experiences of mismanagement or unclear terms and conditions.

These concerns reflect Githui & Ngare (2014) observations about the lack of transparency in Kenya's pension system and its impact on youth participation. Institutional trust plays a central role in influencing perceived behavioural control a concept emphasized by TPB. When youth do not believe that the system is reliable or fair, they are unlikely to commit to long-term contributions.

Key informants recommended the development of pension products that are accessible via mobile phones, allow flexible contributions, and have simplified registration procedures. These preferences mirror the global trend towards fintech-driven pension solutions. Holzmann & Hinz (2005) argues that pension systems in developing countries must prioritize accessibility, flexibility, and transparency to be effective. Kenya's regulatory environment has made progress in this area, but gaps remain in implementation and outreach particularly among youth and informal sector workers.

The study also revealed a lack of incentives for youth to participate in retirement saving schemes. Interviewees suggested tax breaks, government matching schemes, and employer-based awareness programs to increase uptake. Such policy instruments have been effective in other contexts and should be considered in Kenya to promote a savings culture among the younger population.

The findings of this study reinforce the idea that retirement saving behaviour among youth is a function of multiple interrelated factors. Economic conditions, personal attitudes, and institutional structures jointly influence whether young people in Nairobi County are willing and able to prepare for retirement. While the Life-Cycle Hypothesis and Theory of Planned Behaviour provide useful theoretical foundations, their predictive power improves significantly when contextualized in Kenya's social and economic realities. Efforts to improve retirement savings among youth should thus adopt a holistic approach targeting awareness, access, policy reform, and behavioural reinforcement.

5.3. Conclusions

The findings of this study highlight the multidimensional nature of retirement saving behaviour among youth in Nairobi County. Socioeconomic variables including income levels, educational attainment, and employment status were found to significantly influence saving patterns. Youth with stable jobs and higher incomes demonstrated a greater propensity to save for retirement. These results are consistent with the Life-Cycle Hypothesis, which posits that individuals tend to save more during their peak earning years.

Psychosocial factors such as financial literacy, future orientation, and intrinsic motivation also played a critical role. Youth with greater financial awareness and a long-term perspective were more likely to engage in proactive retirement planning, reinforcing the relevance of the Theory of Planned Behaviour in explaining saving decisions.

Institutional elements including access to pension products, simplified contribution mechanisms, and trust in financial service providers emerged as essential enablers of participation. However, the study also revealed significant barriers, particularly among youth in informal employment and those with high dependency burdens, who face structural and financial constraints that limit their capacity to save.

These insights carry important policy implications. Expanding pension coverage to informal workers, enhancing financial literacy through targeted education programs, promoting mobile-based saving platforms, and strengthening trust in financial institutions are critical to fostering a savings culture among youth. Such measures are essential not only for improving individual retirement outcomes but also for promoting long-term economic security and reducing old-age poverty..

5.4. Recommendations

5.4.1. Policy recommendations

Based on the study's findings, several strategic recommendations are proposed to address existing barriers and enhance retirement saving among Kenyan youth. First, the government should implement targeted policy incentives to encourage voluntary retirement savings among youth. These may include tax deductions for retirement contributions, government-matching schemes up to a specified threshold, and subsidized micro-pension plans for vulnerable youth. Such incentives would be most impactful if complemented by national awareness campaigns that highlight the long-term benefits of retirement planning and dispel common misconceptions about pension systems.

Secondly, to build confidence in the pension sector, it is essential to enhance regulatory frameworks that promote transparency and accountability among pension service providers. This can be achieved through regular independent audits, simplified financial disclosures, and public access to pension scheme performance dashboards. These measures would improve institutional credibility and foster trust among young savers.

Finally, effective implementation of youth focused retirement saving initiatives requires strong collaboration between government agencies, financial institutions, educational bodies, and community-based organizations. The Retirement Benefits Authority, in particular, should take a leading role in convening multi-stakeholder platforms for joint outreach programs, policy design, and capacity-building.

5.4.2. Practical Recommendations

There is an urgent need for nationwide financial literacy programs tailored to youth and young adults transitioning into the workforce. These programs should be embedded within secondary and tertiary education curricula to promote early awareness and competence in financial planning. Digital platforms such as mobile apps, online courses, and social media can be leveraged to expand reach and encourage continuous engagement. The curriculum should cover key topics such as budgeting, compound interest, retirement planning, risk management, and investment diversification.

Pension providers should develop low-cost, accessible retirement savings products that reflect the realities of informal employment. These products should support flexible contributions, mobile-based platforms, and user-friendly registration processes requiring minimal documentation. Active customer engagement and transparent communication will be essential in building trust and encouraging sustained participation among informal sector youth.

To foster a culture of saving, it is vital to implement localized, relatable, and peer-led engagement strategies. These could include community-based workshops, university information sessions, online forums, and campaigns featuring youth role models. Such initiatives would demystify retirement planning and help normalize early saving behaviours among younger populations.

In conclusion, addressing the multifaceted barriers to youth retirement saving requires a coordinated blend of policy reform and practical interventions that are inclusive, accessible, and responsive to the diverse needs of Kenya's young population

5.5. Suggestions For Further Studies

While this study has provided valuable insights into retirement saving behaviour among youth in Nairobi County, several areas warrant further investigation. Future studies should consider adopting longitudinal research designs to monitor behavioural trends over time. This would help identify shifts in saving patterns as youth transition through different life stages and economic environments.

Moreover, in-depth qualitative studies exploring the psychological and cultural dimensions of saving would enrich the quantitative findings presented in this research. For instance, exploring how traditional beliefs, familial obligations, or peer influences shape saving decisions would provide a more holistic understanding of youth behaviour.

Comparative studies across rural and urban settings could also uncover location-based disparities in access to financial services, pension awareness, and income stability. Such studies would be instrumental in designing region-specific interventions to bridge the urban-rural gap in retirement planning.

Additionally, future research could focus on the role of digital innovations in enhancing retirement savings. Given the increasing reliance on fintech platforms among youth, it would be valuable to assess the effectiveness of mobile-based pension solutions in promoting financial inclusion and long-term savings.

Finally, gender-based studies should be undertaken to determine whether retirement saving behaviour differs between male and female youth. This could inform the development of gender-sensitive financial literacy campaigns and pension products that address the unique economic experiences of young women and men.

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5.6. Limitations of the Study

The study focused on youth in Nairobi County, where access to financial services and employment opportunities is relatively higher. While this offers valuable insights, it limits the generalizability of the findings to youth in other, especially rural, regions of Kenya. Variations in socioeconomic conditions, cultural attitudes towards saving, and access to pension products across counties may yield different outcomes that were not captured in this research. Additionally, the study relied heavily on self-reported data, which is subject to inherent limitations such as recall bias, where respondents may inaccurately remember or estimate past behaviours, and social desirability bias, where participants may provide responses, they perceive as favourable rather than truthful.

The cross-sectional design of the study further limits the ability to draw causal inferences between the variables examined. While associations were identified between socioeconomic, psychosocial, and institutional factors and retirement saving behaviour, the chronological order of these relationships could not be established. Longitudinal or experimental research would be needed to determine causality and assess how these behaviours and attitudes evolve over time.

Despite these limitations, the study makes a significant contribution to the growing body of knowledge on retirement saving behaviour among youth in Kenya. It offers a valuable foundation for future research and provides evidence to inform the design of youth-focused retirement savings policies, financial literacy programmes, and inclusive pension products. These findings underscore the need for continued academic inquiry that explores regional variations, tests longitudinal patterns, and incorporates behavioural interventions to promote financial preparedness for retirement among young populations.

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Appendix 1: Introduction Letter

Strathmore University

P.O. Box 59857-00200

Nairobi, Kenya

March 2025

Dear Respondent,

<u>RE: REQUEST TO COLLECT RESEARCH DATA.</u>

I am a student at Strathmore University pursuing a I am a student at Strathmore University pursuing a Master's Degree in Public Policy And Management. I am currently doing a study on the **"Factors influencing retirement saving behaviour among the youth in Kenya"** which is also the main purpose of this study. Data from the participants will be collected through questionnaires and key informant interviews.

The research study is in partial fulfilment of the award of Master's Degree. I am humbly requesting you to participate in this study which will contribute to the success of this research. I would like to assure you that the information collected will be treated with strict confidentiality. To ensure that confidentiality is realised, you are respectfully requested not to write your name in the questionnaire. Your voluntary involvement and cooperation in this study will be extremely appreciated.

Thank you in advance

Yours Faithfully,

Cherop Toroitich

MPPM: 123793

Appendix 2: Survey Questionnaire

FACTORS INFLUENCING RETIREMENT SAVING BEHAVIOUR AMONG THE YOUTH IN KENYA

This questionnaire is intended for use in data collection with the objective of assisting the researcher to get primary information on the factors that influence retirement saving among youth in Nairobi County, Kenya. The data collected will be used for a research study in partial fulfilment of the requirements for Strathmore University's Master of Public Policy and Management degree. As a result, the replies will solely be utilised for academic purposes. All responses shall be treated with utmost confidentiality and for the purpose of this study only. Your participation in this survey is voluntary and you are therefore free to decline to answer a question or not participate in the research if you feel that any of the research questions are personal or that discussing them would make you uncomfortable. There is no right, or wrong answer and you are requested to answer the questions to the best of your knowledge. Thank you for your time and cooperation.

SECTION A: LOCATION

County of Residence: ……………………………………………………………………

Subcounty: …………………………………………………………………….......................

Area of Residence: …………………………………………………..................................

SECTION B: SOCIODEMOGRAPHIC INFORMATION

1. Gender
   - o Male
   - o Female
   - o Intersex
2. What is your age Group?
   - o Between 18 – 24
   - o Between 25 – 29
   - o Between 30 -35
3. What is your highest Level of Education?
   - o No formal education
   - o Primary Level

- Secondary Level
- Certificate level
- Diploma
- Bachelor's degree
- Postgraduate

4. What is your marital Status?
   - Never married
   - Married/Cohabiting
   - Divorced/ Separated
   - Widowed
   - Other (Please Specify): ________
5. How many dependents do you have?
   - None
   - 1-2
   - 3-4
   - More than 4
6. What is your current employment status?
   - Formally employed full-time
   - Formally employed part-time
   - Self-employed (formal business)
   - Self-employed (informal business)
   - Casual worker
   - Unemployed
7. What is your average monthly income?
   - Less than KES 15,000
   - Between KES 15,001-30,000
   - Between 30,001-50,000
   - Between 50,001-100,000
   - Above KES 100,000
8. For how many years have you worked?
   - Less than 1 year
   - 1-3 years

- 4-6 years
- 7-10 years
- More than 10 years

9. What percentage of your income would you say you averagely save each month?
   - 0%
   - Between 1-5%
   - Between 6-10%
   - Between 11-20%
   - More than 20%
10. How would you rate your current financial situation?
    - Very poor
    - Poor
    - Average
    - Good
    - Very good
11. What would you say are your top three financial priorities? (Select only three)
    - Daily expenses (food, transportation)
    - Education
    - Housing
    - Family support
    - Emergency fund
    - Business investment
    - Retirement savings
    - Leisure/entertainment
    - Other (Please specify): ________
12. Are you currently responsible for financially supporting other family members?
    - Yes
    - No
13. If yes, please state the approximate percentage of your income that goes toward supporting family members monthly? _____%

SECTION C: RETIREMENT PLANNING KNOWLEDGE AND BEHAVIOUR

14. Have you ever thought about saving for retirement?

- Yes
- No

15. If no, please explain.

………………………………………………………………………………………

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16. At what age do you plan to retire? _____ years
17. Are you currently saving specifically for retirement?
    - Yes
    - No
18. If yes to question 17, what saving methods do you use? (Select all that apply)
    - Formal pension scheme through employer
    - Individual pension plan
    - Sacco
    - Chama
    - Bank savings
    - Investment in property
    - Investment in stocks/bonds
    - Money Market Funds
    - Mobile money savings
    - Others (Please specify): ________
19. Please explain what encourages you to save in your current circumstances.

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20. If no to question 17, what are the main reasons you are not saving for retirement? (Select all that apply)
    - Insufficient income
    - More immediate financial priorities
    - I have never thought about it
    - Lack of knowledge about retirement savings options
    - I do not trust financial institutions
    - Plan to rely on family support
    - Other (Please specify): ________

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21. How knowledgeable are you about retirement savings plans available in Kenya?
    - o Not at all knowledgeable
    - o Slightly knowledgeable
    - o Moderately knowledgeable
    - o Very knowledgeable
    - o Extremely knowledgeable

SECTION D: PSYCHOLOGICAL FACTORS

22. (On a scale of 1 to 5, 1 being strongly disagree and 5 being strongly agree, please rate the following statements to the best of your knowledge)

		1	2	3	4	5
a	I often think about my future financial needs.					
b	I find it easy to sacrifice current consumption for future benefits.					
c	Savings are a priority in my household budget allocation each month.					
d	I have very good knowledge of financial planning and retirement saving.					
e	I think saving for retirement is important and necessary					
f	Saving for retirement is my top financial goal.					
g	I am motivated to save for retirement to ensure a good lifestyle post work.					
h	I have estimated my retirement savings needs					
i)	I trust financial institutions to safeguard my retirement savings					

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j)	I feel anxious when thinking about my financial future					

23. How would you describe your risk tolerance when it comes to financial decisions?
    - o Very Low
    - o Low
    - o Moderate
    - o High
    - o Very High
24. What do you perceive as the main barriers when you try to save for retirement? (Select all that apply)
    - o Low income
    - o High cost of living
    - o Lack of knowledge about savings options
    - o Distrust of financial institutions
    - o Immediate financial needs
    - o Cultural factors
    - o Inadequate government incentives
    - o Others (Please specify): _______
25. What would encourage you to start or increase your retirement savings? (Select all that apply)
    - o Higher income
    - o Better financial education
    - o More attractive tax incentives
    - o More transparent financial products
    - o Employer matching contributions
    - o Mobile-based savings platforms
    - o Others (Please specify): _______
26. What specific challenges would you say you face as a young person in Kenya when trying to save for retirement?

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27. How would you describe your attitude towards saving for retirement?

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SECTION E: INSTITUTIONAL FACTORS

28. (On a scale of 1 to 5, 1 being strongly disagree and 5 being strongly agree, please rate the following statements to the best of your knowledge)

		1	2	3	4	5
a	I am aware of tax incentives given for retirement benefits schemes in Kenya					
b	I think the government's initiative like NSSF is adequate for retirement					
c	Employer matching contributions encourages me to save towards retirement					
d	Ease of accessing pension benefits upon attaining retirement age motivates me to save for retirement					
e	Transparency of financial institutions is a key motivator for retirement saving.					
f	The return on investment of my savings encourages me to save for my retirement.					

29. Have you ever received any form of financial education about retirement planning?
    - o Yes
    - o No

30. If yes, from where?

- School
- Workplace
- Financial institution
- Mainstream media
- Social media
- Family/friends
- Others (Please specify)

31. What recommendations would you make to the Retirement Benefits Authority to encourage saving for retirement among the youth in Kenya?

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Thank you for your participation!

Appendix 3: Key Informant Interview Guide

This interview guide is intended for use in data collection with the objective of assisting the researcher to get primary information on the factors influencing retirement saving behaviour among the youth in Kenya. This will help come up with policy recommendations to better improve the saving culture especially for retirement among Kenyan youth as a mitigation against old age poverty. Your insights will be valuable for this process. All responses shall be treated with utmost confidentiality and for the purpose of this study only. Your participation in this survey is voluntary and greatly appreciated.

SECTION A: INTRODUCTION

1. What is your current Designation/Role in the retirement savings field?
2. What role do you play in the implementation of policies focused on retirements saving?

SECTION B

a) Financial Service Providers

1. What retirement saving products do you offer that target young people?
2. What has been the uptake of these products among youth?
3. What feedback have you received from young clients about retirement saving products?
4. What strategies have been effective in encouraging youth to save for retirement?

b) Government Officials

1. What policies currently exist to encourage retirement saving among Kenyan youth?
2. How effective have these policies been?
3. What policy challenges exist in expanding pension coverage among informal sector workers?
4. What new policy initiatives are being considered to address old-age poverty?

c) Financial Educators

1. What are the common misconceptions about retirement planning among Kenyan youth?
2. How receptive are young people to financial education about retirement planning?

3. What approaches to financial education have been most effective?
4. How do young people typically respond when the topic of retirement saving is introduced?

SECTION C: PSYCHOLOGICAL FACTORS

5. What is your perception on old age poverty in Kenya? What are the trends of savings for retirement among the youth?
6. Would you say it is easier or difficult for youth to save for retirement in Kenya? Please explain your answer.

SECTION D: INSTITUTIONAL FACTORS

7. Are the policies, in your opinion, clear for successful implementation in Kenya?
8. Enumerate the support (preparatory and continuing) that government and other stakeholders gave and continue to give for implementation of retirement savings policies? What support has been instrumental for your organisation?
9. What innovative things have you done at a personal and organisational level to promote policies that favour retirement savings among young people?
10. What suggestions/recommendations do you suggest (for Government and partners) for better policies around retirements savings in the country?

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Appendix 4: SU -ISERC Approval

Strathmore UNIVERSITY

15th April 2025

Ms Toroitich Cherop,
cherop.toroitich@strathmore.edu

Dear Ms Toroitich,

RE: An Assessment of Factors Influencing Retirement Saving Among Youth in Nairobi County, Kenya

This is to inform you that SU-ISERC has reviewed and **approved** your above SU-masters proposal. Your application reference number is **SU-ISERC2790/25.** The approval period is from **15th April 2025 to 14th April 2026.**

This approval is subject to compliance with the following requirements:

i. Only approved documents including (informed consents, study instruments, MTA) will be used.
ii. All changes including (amendments, deviations, and violations) are submitted for review and approval by SU-ISERC.
iii. Death and life-threatening problems and serious adverse events or unexpected adverse events whether related or unrelated to the study must be reported to SU-ISERC within 72 hours of notification.
iv. Any changes anticipated or otherwise that may increase the risks or affected safety or welfare of study participants and others or affect the integrity of the research must be reported to SU-ISERC within 72 hours.
v. Clearance for the export of biological specimens must be obtained from relevant institutions.
vi. Submission of a request for renewal of approval at least 60 days prior to the expiry of the approval period. Attach a comprehensive progress report to support the renewal.
vii. Submission of an executive summary report within 90 days of completion of the study to SU-ISERC.

Before commencing your study, you will be expected to obtain a research license from National Commission for Science, Technology, and Innovation (NACOSTI) https://research-portal.nacosti.go.ke/ and obtain other clearances needed.

Yours sincerely,

Mr Ambrose Rachier,
Chairperson; SU-ISERC

Appendix 5: NACOSTI License

REPUBLIC OF KENYA

NATIONAL COMMISSION FOR SCIENCE,TECHNOLOGY & INNOVATION

Ref No: 256263

Date of Issue: 26/March/2025

RESEARCH LICENSE

This is to Certify that Ms.. Cherop Toroitich of Strathmore University, has been licensed to conduct research as per the provision of the Science, Technology and Innovation Act, 2013 (Rev.2014) in Nairobi on the topic: AN ASSESSMENT OF FACTORS INFLUENCING RETIREMENT SAVING AMONG YOUTH IN NAIROBI COUNTY, KENYA for the period ending : 26/March/2026.

License No: NACOSTI/P/25/417204

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Applicant Identification Number

Director General
NATIONAL COMMISSION FOR SCIENCE,TECHNOLOGY & INNOVATION

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See overleaf for conditions