Retirement Financial Behaviour of Working Individuals in Bodoland Territorial Region, Assam

A Thesis Submitted

to the

Bodoland University

for the Award of the Degree of

Doctor of Philosophy
(Management Studies)

By

Rosy Basumatary

Enrolment no. Ph. D/MS/2021/03

Registration No. MAS00343 of 2021-2022

Under the Supervision of

Dr. Nayanjyoti Bhattacharjee

Assistant Professor

Department of Management Studies
Bodoland University
(A State University)
Rangalikhata, Kokrajhar, Assam – 783370, India.

March, 2025

Chapter 8 Conclusion and Limitations and Scope for Further Research

8.1 Concluding Remarks

In this research, we make a humble attempt to investigate the multidimensional factors shaping retirement financial behaviour among working individuals in the BTR. By integrating demographic, psychological (non-cognitive), and financial literacy (cognitive) dimensions, the research provides a nuanced understanding of retirement financial behaviour within the region's unique socio-cultural landscape. Utilizing analytical tools such as one-way ANOVA, Kruskal-Wallis Test, and SEM, the study utilizes a comprehensive approach to analyze the complexities of retirement financial behaviour. The thesis aligns with the objectives set forth in Chapter 1, to examine the interplay between various demographic, psychological (non-cognitive), and financial literacy (cognitive) of retirement financial behaviour and offering both academic advancements and practical implications for improving retirement preparedness and financial well-being in the BTR.

The theoretical and empirical context of the study is detailed in Chapter 2, which reviews foundational theories and the studies related to demographic, psychological, and financial literacy influences on retirement financial behaviour. Empirical studies are reviewed to explore the roles of factors such as age, gender, income, education, and marital status. While existing literature provide valuable insights on the subject, they often fail to account for the cultural and economic nuances of regions like the BTR, highlighting the need for research that reflects the socio-economic dynamics of marginalized communities. This literature review identifies gaps that the research addresses, situating the study within broader retirement financial behaviour research while emphasizing cultural sensitivity.

Chapter 3 outlines the research methodologies employed to achieve the study's objectives. Both parametric and non-parametric tests, including one-way ANOVA and Kruskal-Wallis Test, were used to analyze the influence of demographic variables on retirement financial behaviour. Additionally, SEM provided a comprehensive framework for examining relationships among psychological constructs, financial literacy, and retirement financial behaviour. The chapter also describes the study area, sampling techniques, and data collection methods, ensuring methodological rigor and relevance to the BTR’s socio-cultural context.

Demographic influences on retirement financial behaviour are explored in Chapter 4, addressing the research question: Does the retirement financial behaviour of working individuals in BTR differ according to demographic factors? Findings indicate statistically significant effects of age, marital status, education, income, and employment type, while factors such as gender, caste, and the number of children show no statistically significant influence. Older individuals nearing retirement demonstrate greater financial awareness and planning behaviour, while married respondents and those with stable incomes or employment exhibit more proactive financial behaviour. These observations emphasize life-stage factors as critical drivers of financial behaviour, consistent with studies like Atkinson & Messy (2012). Such insights underscore the importance of designing life-stage-specific financial interventions that address socio-economic conditions and promote retirement readiness.

The psychological constructs driving retirement financial behaviour are examined in Chapter 5. This study builds on the theoretical and empirical work of Tomar et al. (2021), which provides a strong foundation for understanding retirement financial behaviour within the Indian context. The research highlights the critical role of psychological factors— Attitudes Toward Retirement (ATR), Financial Risk Tolerance (FRT), Future Time Perspective (FTP), Retirement Goal Clarity (RGC), and Social Goal Support (SGS)—in shaping individuals' retirement financial behaviour (RFB). The findings emphasize that individuals with a future-oriented mindset (FTP) engage more in proactive retirement financial behaviour, aligning with previous studies that show such individuals prioritize long-term savings over immediate spending. RGC emerged as a significant predictor of retirement financial behaviour, with clear retirement goals enhancing retirement financial behaviour. Furthermore, SGS was found to indirectly influence retirement financial behaviour by impacting FTP, ATR, and FRT, underscoring the importance of social networks in shaping financial decisions. These findings align with behavioural finance literature of Hershey et al. (2010) and Lusardi (2003) highlighting that social support and psychological factors significantly affect retirement financial behaviour. Practically, the study suggests that interventions should focus on fostering a future-oriented mindset, goal-setting, and strengthening social support networks to improve retirement preparedness. The research underscores the need for further exploration of these psychological drivers in diverse socio-economic contexts to enhance retirement financial behaviour.

Chapter 6 investigates financial literacy as a moderating variable in the relationship between psychological factors and retirement financial behaviour. Path analysis and multi-group analysis highlight financial literacy's transformative potential in enhancing proactive financial behaviour. Individuals with higher financial literacy better leverage FTP and SGS, fostering proactive retirement planning and savings. Financial literacy amplifies the effects of psychological factors, aligning with findings by Lusardi & Mitchell (2014). These insights suggest that financial literacy programs tailored to the socio-economic realities of the BTR can bridge knowledge gaps and foster better financial decision-making. Emphasizing financial education in the BTR can significantly improve retirement outcomes.

The dynamics influencing retirement financial behaviour among Scheduled Tribe populations in the BTR are addressed in Chapter 7. Communal support through SGS and future-oriented thinking via FTP emerge as pivotal determinants of retirement financial behaviour. Financial literacy further amplifies these effects, underscoring its importance in addressing systemic barriers to financial security. Culturally attuned financial education programs can address the unique challenges faced by indigenous populations, promoting financial security in retirement. Policies that integrate socio-cultural considerations are essential for ensuring relevance and effectiveness in fostering financial resilience among marginalized communities. The research makes several significant contributions to the existing body of literature on retirement financial behaviour particularly within the context of underrepresented and indigenous populations such as those of Scheduled Tribe populations in the BTR. These contributions can be elaborated as follows: One of the primary contributions of this research is the integration of multiple dimensions—demographic, psychological, and financial literacy—to develop a comprehensive framework for understanding. While much of the existing literature focuses on individual factors in isolation, this study combines these elements, allowing for a more nuanced understanding of how they collectively influence retirement financial behaviour. By considering demographic variables, along with psychological constructs and the moderating role of financial literacy, this research offers a holistic approach that more accurately reflects the complexities of financial decision-making within the BTR context. This integrated framework also provides a versatile lens for future studies examining similar populations, filling a critical gap in retirement financial behaviour literature. The research highlights the pivotal role of financial literacy as a moderator in the relationship between psychological factors and retirement financial behaviour. By showing how financial literacy enhances the effects of psychological constructs like FTP and RGC, the research contributes to the growing body of knowledge on the importance of financial education in promoting retirement preparedness. This finding underscores that financial literacy is not just an informative tool but a transformative one, capable of bridging gaps in decision-making. The study's emphasis on financial literacy also supports calls in the literature for targeted financial education programs, especially in marginalized communities, where access to financial resources and knowledge may be limited. This contribution broadens the scope of financial literacy research, demonstrating its capacity to influence a range of psychological and social factors that shape long-term financial planning. Another critical contribution of the study is its focus on the socio-cultural dynamics that influence retirement financial behaviour, particularly among indigenous populations in the BTR. While much of the existing retirement financial behaviour literature is grounded in Western or urban contexts, this research highlights the importance of incorporating cultural and socio-economic factors when studying retirement behaviour in marginalized or indigenous communities. By exploring how communal support systems (SGS), the research offers new insights into retirement financial behaviour that reflect the realities of these populations. This approach contributes to the literature by emphasizing the need for culturally sensitive frameworks and policies that can effectively address the unique challenges faced by underrepresented groups in terms of financial planning. The research’s findings suggest that financial behaviour in such communities are not only shaped by individual psychological traits but also by the collective, socio-cultural context in which individuals are embedded. In addition to its theoretical contributions, the research provides practical strategies that can be implemented to enhance financial security in culturally diverse and economically marginalized settings like the BTR. By offering insights into how financial literacy, psychological factors, and demographic influences, the study provides actionable recommendations for policymakers, educators, and community leaders. These strategies include developing financial interventions, promoting long-term financial planning, and emphasizing the importance of social support networks in fostering retirement preparedness. Furthermore, by examining these issues within the context of BTR, a region characterized by unique socio-economic challenges, the research provides a foundation for addressing similar issues in other indigenous or marginalized communities.

To sum up, this research makes several important contributions to the literature on retirement financial behaviour by integrating multiple perspectives, emphasizing the transformative role of financial literacy, and highlighting the importance of psychological factors. These contributions not only advance academic understanding but also offer practical solutions that can be used to foster financial security in underrepresented populations, particularly in resource-constrained and culturally diverse settings. In conclusion, this research provides a robust framework for understanding retirement financial behaviour, emphasizing the interplay of demographic, psychological, and financial literacy factors. The research bridges theoretical gaps and offers practical strategies for fostering financial security among marginalized populations. By addressing the unique socio-cultural dynamics of the BTR, the findings pave the way for transformative change through informed interventions, ensuring inclusive development and economic resilience. These insights have the potential to enhance retirement preparedness and long-term financial well-being, fostering a financially secure future for diverse populations.

8.2 Policy Implications of the Research

The findings of this research on retirement financial behaviour in the BTR suggest a comprehensive set of actionable policy implications for policymakers, educators, and community leaders, emphasizing the importance of culturally relevant strategies to ensure financial security and retirement preparedness. For policymakers, developing life-stage-specific financial policies is critical. Tailored retirement planning initiatives should address the distinct financial needs of individuals at different stages of life, such as early employment, mid-career, and pre-retirement. These policies could include tax incentives or matching contributions to encourage retirement savings, particularly for lower-income individuals who often face barriers to accumulating sufficient financial resources for their later years. Additionally, implementing community-centric financial literacy programs can significantly enhance awareness and engagement with retirement planning. These programs should be designed to resonate with the cultural contexts of indigenous and marginalized populations, using local languages and partnering with community organizations to ensure accessibility and relevance.

Strengthening social support networks is another crucial area for policy intervention. Policies that integrate communal support systems, such as cooperatives and group savings programs, can provide a robust framework for enhancing retirement financial behaviour. Offering incentives for community organizations that promote financial literacy and planning can further empower these networks to support individuals in managing their finances effectively. Moreover, expanding access to financial instruments is essential to bridge the gap between rural and underserved populations and formal financial institutions. To ensure these initiatives are evidence-based and inclusive, funding research to study the unique financial behaviors and challenges of marginalized communities is vital. Such research can provide the necessary data to refine and adapt policies to the region's specific needs.

For educators, integrating financial literacy into educational curricula is a pivotal step toward fostering long-term financial planning skills. Schools and universities should introduce courses focused on financial planning and retirement preparation, considering the socio-economic realities of the BTR. Interactive methods like simulations and case studies can effectively illustrate the importance of long-term financial planning and its impact on economic resilience. Furthermore, enhancing vocational training programs by embedding retirement financial planning modules can help working professionals adopt future-oriented financial behaviour. These programs should emphasize practical strategies for managing personal finances and saving for retirement, making them relevant and applicable to participants' lives.

Promoting research and knowledge sharing is another area where educators can play a transformative role. Academic institutions should actively host seminars, workshops, and conferences on retirement financial behaviour, exploring its socio-cultural determinants and sharing insights that can inform policy and practice. By fostering a culture of intellectual exchange, these initiatives can build a more profound understanding of the factors influencing financial behaviour and create a platform for collaborative solutions.

Community leaders, on the other hand, are uniquely positioned to address the localized needs of their communities. They can promote social goal support systems by facilitating the establishment of community savings groups and peer networks that enhance financial decision-making and provide a safety net for members. Encouraging mentorship programs, where financially experienced individuals guide others in the community, can also foster a culture of shared learning and support. Advocating for inclusive financial practices is another critical responsibility for community leaders. Partnering with financial institutions to eliminate systemic barriers that exclude marginalized populations can ensure broader access to financial services. Initiatives that provide microloans or small investment opportunities tailored to the needs of community members can also empower individuals to take control of their financial futures.

Fostering future-oriented mindsets within the community is essential for cultivating proactive financial behaviour. Campaigns emphasizing the importance of setting clear retirement goals and planning for the long term can inspire individuals to prioritize financial security. Highlighting success stories of individuals who have achieved financial stability through proactive planning can serve as powerful examples for others to follow. Additionally, community leaders can play a critical role in bridging cultural and economic barriers that may hinder the effectiveness of financial education programs. Acting as intermediaries between policymakers and the community, they can ensure that programs are culturally relevant and inclusive, addressing the specific needs and challenges faced by the population.

By collectively implementing these recommendations, policymakers, educators, and community leaders can create a more financially secure and inclusive future for individuals in the BTR. These interventions must align with the region's socio-cultural realities, ensuring they resonate with the unique needs of indigenous and marginalized populations. The focus on life-stage-specific policies, culturally sensitive financial literacy programs, strengthened social support networks, and expanded access to financial instruments will pave the way for sustainable economic resilience. Moreover, embedding financial literacy within educational frameworks, enhancing vocational training, and fostering community-driven initiatives will empower individuals to take ownership of their financial futures. Through collaborative efforts, these stakeholders can address systemic barriers, and contribute to improved retirement preparedness, ultimately enhancing the economic well-being of the BTR.

8.3 Limitations and Scope for Future Research

This research provides a comprehensive analysis of retirement financial behaviour among working individuals in the BTR, but several limitations should be acknowledged. These limitations stem from the methodological approach, the regional context, and the socio-cultural characteristics of the study population.

One of the primary limitations is the regional focus on BTR, a unique area with specific socio-economic and cultural conditions. While the findings are valuable within the BTR, they may not be fully generalizable to other regions in India or internationally. The cultural, economic, and demographic factors in BTR—such as the prevalence of indigenous communities—may differ significantly from those in urban or more developed regions. Therefore, the applicability of the results to other marginalized or indigenous populations requires caution and further contextual adaptation. Future studies could explore similar frameworks in other regions with comparable socio-cultural and economic conditions to assess whether the findings hold across different contexts.

While this research incorporates a range of demographic factors, it does not provide a more detailed understanding of how these factors interact with financial literacy and psychological factors in shaping retirement financial behaviour. The study employed SEM and other statistical tools like one-way ANOVA and Kruskal-Wallis Test to analyze the relationships between psychological constructs, financial literacy, and retirement financial behaviour. However, these methods rely on self-reported data, which can introduce biases, such as social desirability or recall bias. Respondents may overstate their financial literacy or underreport their financial behaviour, potentially leading to inaccuracies in the findings. Although financial literacy was examined as a moderating variable in the relationship between psychological factors and retirement financial behaviour, the study relied on self-assessed financial literacy measures, which may not accurately reflect participants' true financial knowledge or behaviour. More objective measures, such as financial literacy tests used in international studies (e.g., Lusardi & Mitchell, 2014), could provide more reliable data on actual financial capabilities. Furthermore, financial literacy was considered as a broad construct, but future studies could examine specific aspects of financial literacy, such as investment knowledge, risk management, or budgeting, to understand their contributions to retirement financial behaviour in more granular terms.

While quantitative techniques dominate the existing literature, researchers may benefit from integrating mixed-methods approaches to offer a more comprehensive view of financial behaviour complexities, as suggested by Creswell (2009). Though qualitative research is still limited, emerging methods such as semi-structured interviews and grounded theory are beginning to diversify the field's methodological approaches, paving the way for future studies that incorporate both qualitative and quantitative perspectives. Future research could also benefit from using mixed methods, combining qualitative approaches like interviews or focus groups with quantitative methods, to gain deeper insights into the psychological constructs at play.

Despite these limitations, the study opens several avenues for future research, both in terms of theoretical development and practical application. A key area for future research is extending the current framework to other socio-economically and culturally diverse regions. While this study focuses on BTR, integrating demographic, psychological, and financial literacy perspectives could apply to other indigenous populations or marginalized communities in India or globally. Research in different contexts, such as urban poor areas, tribal regions, or rural communities in various countries, could reveal whether the findings are consistent or if regional differences play a more significant role in shaping retirement financial behaviour. Comparative studies across diverse geographical and socio-cultural settings could help develop universal strategies for improving retirement preparedness.

Additionally, studies examining the intersection of occupation (e.g., formal vs. informal sector employment) and financial literacy could offer insights into how different job types affect retirement financial behaviour. Exploring the role of family structures, such as multigenerational households, could also provide valuable insights into how family support systems shape individuals' financial behaviour and retirement expectations.

To address the limitations of the cross-sectional design, future studies should consider longitudinal approaches to track individuals' financial behaviour over time. Longitudinal research would help determine whether the psychological and demographic factors identified in this study have a sustained impact on retirement financial behaviour, or if these factors evolve as individuals approach retirement. By observing changes in retirement financial behaviour and their underlying determinants, researchers could draw stronger causal inferences and make more robust conclusions about the effectiveness of financial literacy interventions over the life course.

While this study focuses on five primary psychological constructs, numerous other psychological factors could influence financial behaviour. Future research could build on this study by incorporating a broader set of psychological measures to create a more comprehensive model of retirement financial behaviour.

Given the unique cultural context of BTR, future research could explore how culturally sensitive financial education programs could be developed to improve retirement financial behaviour in indigenous and marginalized communities. Understanding the role of traditional financial practices, communal support systems, and indigenous knowledge could help create culturally relevant financial planning strategies that resonate with local populations. Research could focus on integrating these traditional systems with formal financial literacy curricula to improve retirement financial behaviour.

Future studies could also examine the effects of policy interventions aimed at improving retirement preparedness and financial literacy in marginalized communities. Evaluating government programs, non-governmental initiatives, or community-based financial education campaigns would provide valuable insights into the effectiveness of these interventions in improving financial outcomes. Research could also explore how policy changes at the local, regional, or national level influence retirement behaviour, particularly in terms of the intersection between financial literacy and psychological factors.

In conclusion, while this study makes a significant contribution to understanding retirement financial behaviour in the BTR, it also opens numerous avenues for future research. These include generalizing findings to other populations, expanding the scope of demographic and psychological variables, employing longitudinal designs, and exploring the impact of culturally sensitive financial literacy programs and policy interventions. As the field of retirement financial behaviour continues to evolve, these directions will be crucial in enhancing the retirement preparedness of marginalized populations, ultimately fostering greater financial security and well-being in later life.