

Government Bonds-A Safe Haven For Investments For The Salaried Class In Zambia

Tamara Martha Nyirenda

Copperbelt University,
Jambo Drive, Kitwe, Zambia,
Tamaranji03@gmail.Com

Abstract: The world is constantly changing, and each day brings with it a new set of challenges. Salaried Class are not immune to the various other effects of changing tides, and as such, preparing for the uncertainty of the unknown future is a priority in order to avoid surprises that can wash everything once held dear away. It is no coincidence that investing in something that will assist one in preparing for an uncertain future is critical. This study aims to establish why government bonds can be considered a safe haven for investment for the salaried class in Zambia. A survey of the literature provided direction for the research questions that guided the development of the interview protocol. Participants included 40 respondents aged between 25 and 55.

Keywords: Government bonds, Investment, salaried people, safe haven,

1. Introduction

Background

Every society has its own unique education system, designed to pass on to the new generation the values and beliefs that give it ownership and help preserve its existence (Fafunwa, 1974). So in today's world, it has become a tradition that people daily strive to use their resources while focusing on the different needs and wants of their different families and their own needs and wants to try to live a life that they and their various families may find appropriate or deserving of, especially people with a high education background with or without highly paying jobs. It is this same desire for better things which is instilled in all of us that drives us toward even greater heights and pushes us beyond our limits of what we initially thought was possible or attainable. But it must be said that this push to greater heights can only be done by first allowing the process which changes behavior pattern in people through the acquisition of the art to utilize knowledge and ideas, (Mrunalini, 2010). In a nutshell all of this when summed up leads to the same thing which is that when dealing with growth and development, very few things speak with much volume as investing. Investing, is the avenue salaried people with a real desire for sustainable development more often than not turn to, and do so not only as a way of saving money but also growing it. As such, salaried persons from colonial to post-independence Zambia have to a great extent strived to find other money-making avenues and this makes people dive into investment areas which in most cases are away from their area of expertise or job title such as teller investing in agriculture farming. However, it must be said early on that this agriculture farming may in most cases not be limited to crop farming such maize, tomato, onion and other alike crops but also includes fish farming as well as livestock farming which equally includes but is not limited to cattle rearing. On this basis, a lot of things have to be taken into account as Hoogervorst (2012), further elaborates and states that, "we also have a problem defining what income is and how to

measure it". With this in mind, a lot must be taken into account which is why in most cases just investing for the sake of investing does not always hold water and as such taking into account the investment horizon is cardinal as this is one of the most important criteria considered in many investment decisions (CFA Institute, 2010). This then brings about another dilemma which involves gain and or lose but the solution may be found in the right investment strategy or in this context the right investment avenue. Bonds, A bond then or government security as it is commonly known is in limelight the go to area as these are debt instruments issued either by the government through the bank of Zambia or banks as private entities which are in the form of treasury bills through which the bank is obligated to pay the holder of the treasury a fixed sum of money on the maturity date of the instrument. In this context then, bonds are the scapegoat needed for the masses of the salaried populace as it provides a safe haven with a guarantee that the invested amount will grow in its own way and rip dividend reward at the end of it. In addition, taking into account that the investment horizon depends on the investor's personal preferences and type of asset under consideration and dictate play a pivotal role in how long they want an investment to last, as such bonds accord an investor the option choose whether they wish to make a short term or long term investment, (CFA Institute, 2010).

1.1 Statement of the problem

Despite the notion of evolving with time and taking into account the various important avenues which arise from investing in bonds, many people shun the prospect of investing in this avenue and choose to invest in other investment avenues which carry a major gain and lose factor associated with them such as farming.

1.2 Purpose of the study

The purpose of the study is understanding why bonds can be regarded as a safe place to invest for tomorrow. The research

will not only be of advantage to a few salaried but to all employees as a way of preparing for tomorrow, considering how the negative effects of Covid 19 has affected the whole world at large.

Objectives of the study

- i. Determine how the Covid 19 pandemic affected the salaried employees and plans that they had in an event of job losses.
- ii. Ascertain why government bonds in Zambia are a safe place to invest for tomorrow bearing in mind that any unforeseen circumstance can occur
- iii. Understand why salaried people shun investing in government bonds

1.3 Research questions

- i. What are the effects faced by salaried class investment/ saving plans?
- ii. Why are the salaried class not really saving and preparing for tomorrow?
- iii. Why do salaried people shun investing in government bonds?
- iv. How government are bonds a safe place to invest for tomorrow?

1.4 Significance of the study

The findings of the study may help promote the value of investing in government bonds in Zambia and the world at large, as well as give people a broader perspective of bonds than they may have previously known in addition to helping salaried people make appropriate investment plans.

2. Literature Review

Overview

A number of research studies have been conducted in Zambia and other countries to identify retail investors' and households' investment behaviors. This chapter describes the current crisis in Zambia as a result of the COVID-19 pandemic, which resulted in most people losing their jobs and not having enough money to cover their daily expenses. Furthermore, it examines the savings culture of the salaried class, analyzes previous research on saving and bonds, explains what bonds are but is limited to government bonds, and discusses the advantages of considering government bonds as a safe place to invest for the future.

2.1 The Current Crisis

Every crisis is different and for each crisis some defensive strategies have to be developed some defensive strategies developed will prove to be more helpful than others. Therefore diversification across a number of promising defensive strategies will be most prudent. (Harvey et al.2019). The world today is facing a serious crisis which is the Covid 19 Pandemic. Several people around have been affected by the deadly Corona virus. Several nations around the globe have witnessed their economies shutdown in a bid to limit the spread of the virus and eventually contain it.

There has been a considerable reduction in employment in both urban and rural areas. Job losses have been particularly severe in the tourism, manufacturing and services sector. There has been a concerning impact on household food security, with a high proportion of citizen reporting skipping meals or running out of food. These results are consistent across urban and rural parts of Zambia. (World Bank Report.2020). With these negative impacts on incomes caused by Covid 19, the world and Zambia has to come up with various defensive strategies in order to tackle the challenges that citizens are facing. This paper will try to enlighten on how the salaried class in Zambia can prepare for the crisis and future crises by being financially stable in case of job losses, retrenchments and early retirement, this can be achieved by adopting the defensive strategy of investing in government bonds.

2.1.1 Analysis of saving in Zambia

Today, the financial services industry has become very diverse and offers investors a wide variety of investment strategies. With proper investment strategies and financial planning, an investor can expand their personal wealth and contribute to economic growth. Economic growth is among the most important factors that affect the quality of life of the people in a country. Three variables that can be used to measure the growth of an economy include income, saving, and investment. The saving pattern in Zambia has been relatively low. Statistics from the global economic indicator Savings as percent of GDP, 2010-2019: The average value for Zambia during that period was 34.48 percent, with a minimum of 30.44 percent in 2016 and a maximum of 41.82 percent in 2018. This has been extremely low and therefore calls for an increase if the economy is to achieve economic growth.

2.1.2 Theoretical Background

Markowitz Modern Portfolio Theory

The Markowitz Modern portfolio theory emphasizes the need for investors to create an investment portfolio that gives them a good balance between return and investment risk. An investor can reduce the risk of an investment by changing his investments and holding a portfolio of various assets. Therefore, having a diversified investment portfolio can reduce investment risk because some investments may produce lower returns than average. By comparison, some may make a higher return than expected. Therefore, an investor who mixes his investments with corporate stock, bonds, and government securities is considered a risk taker. The portfolio theory supports the wise saying, "one should not put all their eggs in one basket". That is, if a person invests in corporate stocks, he is better off investing in government bonds. Modern portfolio theory is in line with this research.

2.2 Bonds

A bond is a debt instrument in which the issuer (also known as the debtor or borrower) agrees to repay the lender/investor

the amount borrowed plus interest over a set period of time (Horne, 2002). Public bonds are long-term, fixed-obligation debt securities sold to individuals and financial institutions in convenient, affordable denominations. They are distinct from other types of debt, such as individual mortgages and privately placed debt obligations, in that they are sold to the general public rather than being channeled directly to a single lender. Bonds are classified as fixed-income securities because the issuers are subject to fixed financial obligations. Specifically, the issuer of a bond agrees to pay a fixed amount of interest to the holder of record on a regular basis and repay a fixed amount of principal. Interest on bonds is paid every six months, although some bond issues pay in intervals as short as a month or as long as a year. (Reilly & Brown, 2009). With bonds, the issuer promises to pay interest to the investor at a specified rate (coupon value) on the borrowed amount (face value) until the stated date (maturity date). Once the bond has matured, interest payments stop and the issuer needs to repay the principal amount to the investor. Because interest payments are usually made on time and in a predictable manner, bonds are often referred to as "fixed-income securities." The expected cash flows are determined by the bond characteristics or bond contract (Brealey & Myers, 2006).

2.3 Previous Research

Long-term bonds, according to Campbell and Viceira (2001), are appropriate for cautious long-term investors. Cautious investors hold assets to protect themselves from the risk of falling real interest rates. Long-term inflation-indexed bonds are best suited for this purpose, but nominal bonds can also be used if the risk of inflation is low. Another study, conducted by Alleyene and Broome (2010), to determine individual factors that are likely to influence potential investors' investment decisions, discovered that attitudes and referent groups (peers, family, and significant others), as well as beliefs about potential obstacles and opportunities, significantly predict intentions to invest. Another study by Muzyamba.C. (2020) to examine Local characterization of the COVID-19 response and the case of a lockdown in Lusaka, Zambia showed that the lockdown was criticized for exacerbating poverty levels, unemployment rates, increasing the rate of mental health problems, aiding gender-based violence, and intensifying political repression and corruption.

2.4 Why bonds are a safe place to invest in.

One way in which economic growth and the safety of the salaried class's future income is assured is by investing in government bonds. Government bonds, by their nature, offer a fixed-rate bond in which investors know with certainty how much interest is earned and the duration of the bond. One major benefit that would be earned is that the government bonds pay interest semiannually, which would be termed as a salary to the investor/salaried class after the loss of employment. Government bonds are also a safe and secure investment because they offer the full faith and credit of the Zambian government, which guarantees that interest and principal payments will be paid when they fall due.

Government securities are liquid investments, which means that they can easily be sold for cash and/or used as collateral for loans. (Bank of Zambia) Zambian government security is being dematerialized. This means that all records are stored and processed electronically. This feature makes government security safe and allows transactions in varying denominations. In addition, government bonds can be pledged as collateral to obtain a loan from a commercial bank or any other financial institution. (Bank of Zambia) The minimum amount that one can invest is K1, 000 face value for both treasury bills and government bonds. In addition, investment purchases of amounts ranging from K1, 000 to K499, 000 will fall in the non-competitive window while investors purchasing K500, 000 and above will fall in the competitive window. Investments in the non-competitive window are made in multiples of K1, 000 and those in the competitive window are made in multiples of K5, 000. (Bank of Zambia). Zambian government bonds are issued using a single price auction method. This means that if you participate as a competitive bidder in the auction, you may not pay the price you have indicated in your application but the cut-off price. All successful bidders are awarded the cut-off price. The price is quoted per 100 face value. As such, if a submission is made in the non-competitive bid instead, they pay the cut-off price determined in the auction. (Bank of Zambia)

2.5 Future research

Future research can be done on how bonds can be a safe haven for small and medium enterprises and the unsalaried class in Zambia as a means of preparation for crises in the future.

2.6 Summary of literature review

Today, the Zambian financial services sector is so diverse that it offers investors a wide variety of investment options. With proper investment strategies and financial planning, the salaried class can increase their personal wealth, which will contribute to economic growth. A person's decision to invest is largely influenced by the various benefits that each individual seeks in managing a particular investment. Therefore, a better understanding of bonds, what they are, and their benefits can change the notion of saving in Zambia. Most of the Zambian salaried class have little or no knowledge of what bonds are, and therefore, this knowledge would go a long way in ensuring people prepare for the future. Savings also help an economy grow as personal savings have an impact on investment. A high level of savings will lead to a higher level of cash flow over time, allowing the economy to produce more goods and services. The salaried class can increase their personal wealth, which will contribute to economic growth. A person's decision to invest is largely influenced by the various benefits that each individual seeks in managing a particular investment. Therefore, a better understanding of bonds, what they are, and their benefits can change the notion of saving in Zambia. Most of the Zambian salaried class have little or no knowledge of what bonds are, and therefore, this knowledge

would go a long way in ensuring people prepare for the future. Savings also help an economy grow as personal savings have an impact on investment. A high level of savings will lead to a higher level of cash flow over time, allowing the economy to produce more goods and services.

3. Methodology

Overview

The section outlines the key concepts of the qualitative method. It also includes a presentation of the entire research guide, methods, and tools used during the study. The study also demonstrates the sampling strategy adopted and the ethical considerations.

3.1 Qualitative method

The qualitative research method is a strategy for gaining a deeper and broader understanding of how and why specific decisions and outcomes occur. Simultaneously, qualitative research employs a broad lens to examine the context and enabling environment in which activities and programs operate, taking into account mediating factors such as sociocultural norms and beliefs, existing institutions, socioeconomic factors, and so on, all of which influence decisions, outcomes, and outcomes (Pozarny, 2017). The qualitative method of research encompasses a wide range of viewpoints, research methods, and interpretive techniques for understanding human experiences and therefore is the best route to be used when trying to gather as much information as possible from the salaried class in relation to their various saving strategies and, on a broader scale, their knowledge of government bonds. A qualitative research approach is recommended when a researcher or investigator wants to learn more about a new topic of study or determine and theorize important issues. Many qualitative methods, the most common of which are interviewing and observation, have been developed to gain a more in-depth and comprehensive understanding of situations through textual interpretation. (Creswell, 2017). In qualitative research, the most common data-gathering tool is an interview. Qualitative research, according to Oakley, is a framework in which practices and norms are not only recorded, but also accomplished, questioned, and reinforced. Most qualitative research interviews are semi-structured, lightly structured, or in-depth because no qualitative research interview is complete without structure. A semistructured interview was conducted for the purposes of this study. In this type of interview, I was looking for specific information that could be compared and contrasted with information gleaned from other interviews. In order to accomplish this, the same questions had to be asked in each interview. Some specific questions were prepared to help the researcher direct the interview toward achieving the research objectives, but more questions arose during the interview. Because important information can still emerge during semi-structured interviews, semi-structured interviews are adaptable. (Dawson, 2007).

3.2 Data Collection.

Because it would be impractical and expensive to collect data from all the salaried class in Lusaka Province, a sample of the population was used for the study. Purposive sampling approaches were applied in this circumstance to recruit participants who provided in-depth and detailed information about the phenomenon under investigation. For this study, forty (40) salaried employees were chosen from different organizations in order to capture diverse views. In terms of data collection tools, the research was conducted using a semi-structured questionnaire that served as an interview guide for the researcher. The following are some of the sample questions that were included in the semi-structured questionnaire:

Question 1: What is your point in view with regard to investment/savings?

Question 2: What have you done as an employee who gets a salary about saving for the future/ saving for unforeseen circumstances? (Please discuss)

Question 3: If you save, how does your current saving avenue help you grow or safeguard your resources?

Question 4: Do you know much about government bonds?

Question 5: Do you know that you can save in government bonds, which pay a periodic interest payment and repays a face value on maturity date?

Question 6: What are the main problems and Challenges of investing in government bonds? What are the key advantages? What are the disadvantages? Are they affecting the decision of someone to invest in government bonds?

Question 7: In your view what activities do you think would be appropriate for the salaried class to encourage them to save/invest in government bonds?

Question 8: What do you think about investing in government bonds in order to prepare for the future in an event of crisis i.e like the Covid 19 pandemic in an event of termination and restructuring in an institution?

Question 9: Do you have any recommendation for promoting Government bond awareness among the salaried class?

Question 10: Investing in Government bonds give individuals a steady stream of money. Bonds typically pay interest twice a year and bondholders receive their entire investment back if the bonds are held to maturity, therefore bonds are a good way to save money while investing. Would you invest in Government bonds? If not why wouldn't you?

3.3 Research Process

The research process was carried out from the 10th December 2021 to 13th January 2022 after obtaining consent from the

participants who were initially contacted and agreed to participate in the study. Due to Covid 19 restrictions, the interviews lasted approximately 20 to 25 minutes and were conducted over the phone. The participants mostly took notes during the interviews to help the researcher analyze the information gathered. Respondents were free to express their opinions on any issue they wanted during the interview, even if it wasn't covered in the specified discussion areas. Finally, it should be noted that the conversations were enjoyable and simple to follow.

3.4 Data analysis

According to Moretti et al. (2011), the advantage of qualitative research is the richness of the obtained data, which must be evaluated and processed in a legitimate and reliable manner. Qualitative approaches serve a similar purpose in that they attempt to comprehend a phenomenon through the eyes of those who are experiencing it. As a result, the researcher must determine which research method will provide the best answers to their research questions (Streubert Speziale & Carpenter, 2007). Thematic analysis was used to analyze the data gathered from the personal interviews. Thematic analysis is one of the most appropriate analytical techniques in qualitative research, and it is widely used but rarely used. Thematic analysis provides researchers with a great deal of flexibility in terms of: (a) the types of research questions that can be asked; and (b) the types of research questions that can be asked. Thematic analysis can be used effectively to identify patterns in qualitative data. However, despite the flexibility that thematic analysis offers others see it as a drawback in that it contributes to a perception among some that it is not a rigorous method (Clarke & Braun, 2013).

3.5 Research Ethics

The interviews and study were entirely voluntary, and participants were assured that nothing they said could be traced back to them when the final report was published. The participants were assured that the information they provided would be kept confidential and not shared with third parties. Finally, the participants were given the right to comment and be kept up to date on the progress of the research, and they were able to comment on the developing results or the final report at any time.

4. Results

This qualitative study addressed the following major research questions as well as sub-questions as follows:

The research questions of this study are:

1. What impact has the Covid 19 pandemic had on the salaried class?
 - a. What are your plans for saving in this Covid-ravaged era?
 - b. Would your savings plans allow you to survive if you lost your job?

2. Given the possibility of unforeseen events, why are Zambian government bonds a safe place to invest for the future?

- a) How well do people understand government bonds?
- b) How can bonds assist people in saving and growing their money?

3. Why do salaried individuals avoid investing in government bonds?

- a) Where do salaried people invest their money?
- b) What can be done to increase public awareness of government bonds?

The study uncovered a lot of interesting information, which was examined and organized into various themes to enable the data speak for itself. Furthermore, it should be noted that of the 40 participants interviewed, 20 were in the higher earning bracket of K20, 000.00 and above, 10 were in the K10, 000.00 to K15, 000.00 range, and the remaining 10 were in the K5,000.00 to K10,000.00 range. Because the interviews were structured with open-ended questions, I was able to use a qualitative analytic method for analysis.

A thematic analysis of interviews yielded the following assertions:

- 80% of the interviewees had not made plans of savings
- 70% of the interviewees had no knowledge of bonds
- 10% had heard about bonds
- 20% knew what bonds are
- More the 70% of the interviewees showed interest in savings
- 85% of the interviewees had made up their minds to invest in bonds

Within the thematic analysis methodology, we looked the recurrence of certain issues in the answers that included: The salaried class knowledge about investments, knowledge about bonds, whether they would normally invest in bonds, would investing in bond be as a means of preparing for uncertainty of the future and what should be done for them to invest in bonds. Looking at how these issues mapped on investing in bonds allowed me to identify various high-level themes such as: "Covid 19 Impact" "Saving and Investments", "More Money", "Sustainability", "Bond awareness", "Bond Misconceptions", and "Low bond investors".

Theme 1: Covid 19 impact

From its onset in the year of 2019, the Corona Virus has affected the world as a whole differently and its effects vary from death to immobility to do anything to retrenchment among other things. This retrenchment effect was clearly and evidently seen from interviewee 35, aged 40 who said. "I was on a company enforced leave when the Covid 19 hit the nation until I was finally retrenched by the company as they felt they needed to cut down on production and subsequently

man power". While others may not have been retrenched due to the reduced production lines and or use of man power, others found it hard to deal with this Covid impact as interviewee 20, aged 43 said, "My family's life was difficult because we had to adjust to a new normal existence with a tiny budget to get by, as well as taking my children to government schools because most of us at private companies were given an ultimatum to either accept half salary or get retrenched". "Learning that we had to stay indoors and only go outside when absolutely required damaged my budgeting and, as a result, confined my salary as the consumption of commodities and general necessities grew tenfold, requiring me to work extra hours merely to meet my family's needs and wants.", interviewee 28, aged 37.

Theme 2: Savings and Investments

In response to general questions about savings and investments posed to the salaried class, many participants stated that they had considered saving and investing but were unsure what investments to pursue. Some of them believed that in order to invest money, you needed to earn more money, or have extra income. Most of the salaried class believed that in order to invest, one needed to start on a high note, as Interviewee 2, 30, expressed: "In order to save, I need to earn enough money because starting small will take a long time for me to have a lot of money." This coincides with the general assumption that in Zambia saving is very difficult because of the high cost of living and as if to add salt to injury, this is further supported by Interviewee 10, aged 44 years who said, "the Covid 19 pandemic brought about a lot of uncertainty, I was retrenched by my employer, resulting in loss of income, I had little to no savings to fall back on because it was very hard for me to save due to the high cost of living.". On the other hand, some people manage to save and or invest as interviewee 3, aged 31 said, "I put money into a house that provides me a decent return at the end or beginning of each month, but I can still invest in other things; I'm simply frightened of losing it all". It should also be noted that most participants expressed a willingness to invest but are hesitant to venture into unknown territory; when pressed further, most salaried people stated that they would rather spend their money on themselves. In retrospect, it was clear that financial literacy remained important for some because it would provide the salaried class with the knowledge and skills needed to manage their money effectively, discuss the key items to help assess their financial wellness, and because without it, financial decisions and actions taken or not taken would lack the solid foundation for success. It is also worth noting that a few participants did not consider saving or investing because the only option available to them was to build flats for rent, "I have only thought of buying a plot and building up flats as a means of investment.". (Participant 4, aged 35 years). However, given the world's uncertainty and the impending arrival of the Covid 19 pandemic, a number of participants expressed the desire to begin saving and planning for the future. They stated that having a positive attitude toward money would lead to financial investments. Finally, the

study revealed the significance of savings and investments in achieving financial independence, preparing for emergencies, and saving for the future in this uncertain world we live in

Theme 3: More Money

It is worth noting that for some of the participants, the key issue wasn't whether or not to invest in a particular avenue, but rather which avenue to engage in whose product would enhance the value of their money at an acceptable rate. Participants 19 and 40 years old stated, "I have moved about in so many banks and the rates offered for fixed deposits are so low that I become discouraged to invest", indicating that some of the respondents had knowledge of the various bank investments. "I would be interested in investing as long as I am positive of getting back all my money plus interest," said another participant, Interviewee 22, who is 34 years old. "I have some money saved up in my bank account, but I would like to save more and earn more." (Participant 34 is 29 years old.) "Money is what entices someone to make a decision as to whether to go for it or not, if the method of saving money pays you more and is secure, why not?" says participant 21. Three participants explained that there are various ways for them to make money grow, such as starting a business or raising chickens, but that most businesses fail due to work schedules, so they would consider investing in less stressful avenues that earn more money and increase their money's worth.

Theme 4: Sustainability

With the world adjusting to what is now referred to as "the new normal," many people are faced with an inability to predict how things that they once held or clung to so dearly are changing. As a result, most people have attempted to break out of their comfort zones afforded to them by their various salaries and try to raise a little extra money, and this view is shared by interviewee 27, aged 50, who said, "I used to work and rely on my salary to provide for my family's needs and wants, but since Covid 19, I've been trying out different ways to make some more money, but nothing I have tried is sustainable."

Theme 5: Bond Awareness

Knowing how to invest is beneficial, if not vital, because it allows you to make your money work for you. The salaried class work hard for their money and, like any hardworking person, expect their money to work hard for them to some level. But, as one respondent aged 44 put it, "before today, I had never heard of bonds making money or being an investment avenue, so to be honest, government bonds or let alone bond investment is truly a new thing to me." Most respondents mentioned that they had heard about bonds but had little to no knowledge at all as to what bonds were. Therefore, having analyzed and gotten feedback on bond awareness it is imperative to mention that personal understanding of "bonds, one's present financial assets, liabilities, and spending patterns" is critical to building wealth.

Theme 6: Bond Misconceptions

Some of the participants were unsure about how bonds could be used as an investment vehicle. Several peculiar answers were given as why those that have ideas of bond investment have not invested in government bonds. "I have heard of bonds but I think it is all just like a complicated savings account which may grow my money at say 3% per year so I would rather not invest in something that isn't that profitable". (Interviewee 25, Age 40). It must also be said that even people that may have knowledge about the basics of bonds have misconceptions about them. As interviewee 14 said, "I have to wait for the whole duration for the bond to mature and then get money, and I do not like that, because I may have an emergency and need money which the bond signed will not give me." Similarly, interviewee 18 stated, "bonds are for rich companies and not individuals because they can invest and yield some reward, as for me, I can only invest a K20,000.00 and maybe get a K21,000.00, which is not enough for me seeing as how I don't see any other benefits except waiting for the bond to mature. Taking into account the fact that more money is the root of investment and explaining that bonds pay interest twice yearly and therefore the coupons are taken as a salary in the event of unforeseen circumstances, interviewee 11 stated, "I never knew you would get paid twice a year for investing in bonds and with this in mind, I will make plans so that I can invest too."

Theme 7: Low Government Bonds investors

The low investment venture in government bonds can also be attributed to the fact that the bonds offered by the Bank of Zambia are not advertised, or if they are, they are not properly advertised. As a result, with little information to fall back on, most salaried individuals believe that bonds are only for companies and corporations. This is supported by participant 7, a 28-year old, who stated, "Most of the time, such things are not advertised or made easier for individuals to understand, so I believe they are only for companies." Similarly, participant 13, aged 25 years, said, "because I don't have any information to draw on, the prime concern for me is how the coupon payments are calculated and if the government does not default on the payment of the coupons because they are not even advertised." However, following the insightful and eye-opening interview, the majority of the participants resolved to gather more information about bonds and, if all goes well, to invest in Zambian government bonds, especially since bonds pay coupon interest twice a year and their money nearly doubles at maturity.

5. Discussion

The findings reveal that the salaried class in Zambia indeed shun away from investing in any financial instruments available on the Zambian market due to a lack of financial awareness, lack of planning and setting goals for oneself. The most important personal financial goal for the salaried class is to achieve financial independence. The single most important ingredient in the recipe for financial independence

is wealth creation. Accordingly, the findings also revealed that the majority of salaried workers earn a salary and spend it all on daily expenses, leaving no money for savings. The majority of the salaried class, on the other hand, expressed an interest in creating financial plans and investing a portion of their income in government bonds, as evidenced by the data, which revealed that 34 out of 40 salaried class respondents expressed an interest in bond investing. Following recent economic trends and the COVID-19 pandemic, the majority of the salaried class has expressed an interest in investing in government bonds, which are the safest way of investing. Government bonds are regarded as the least risky investments in the world because the money is effectively locked away until the term is over. Government bonds are best if you have a specific savings goal, such as a future wedding or your children's higher education. Bonds are good for long term savings because you know exactly how much you will earn when the account matures at the end of the term. Finally, since bonds pay interest twice a year, the interest income can be treated as income in the event of a loss of income. Furthermore, if the bonds are held to maturity, bondholders are assured of getting back their entire principal, so they are a means of preserving capital while investing.

6. Recommendations

Following various responses regarding bond awareness, most salaried people find it difficult to invest in government bonds because, among other things, government bonds are not properly advertised in such a way that the general public understands what they are and the benefits that come with them, especially in this ever-changing world. It is therefore recommended that banks, the Bank of Zambia, and capital markets invest in programs that will educate various stakeholders on bonds in order to enlighten them on what they are and the various benefits and drawbacks they have, as having this knowledge will enable the salaried class, retirees, and all other interested parties to save for the future as well as for emergencies.

7. Conclusion

The thrust of the study was on how bonds could be considered as a safe haven for the salaried class. The study found that, despite the negative effects of the Covid 19 pandemic, most people still have the financial means to invest in various avenues, but they face the daunting task of deciding what to invest in that will provide both a good return and long-term sustainability. Furthermore, the study found that, when compared to alternative investment options available to the salaried class, government bonds provide more consistent returns and are far more stable. In conclusion, the salaried class, not only in Zambia but around the world, should set goals for how they will prepare for the future and adopt a method of saving, one of which is to invest in government bonds.

8. References

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Author Profile



Author 1 received the Bachelor’s Degree in Accountancy from the Copper belt University in 2008. She is currently pursuing a Master’s degree in Business Administration from the Copperbelt University.