INFLUENCE OF FINANCIAL LITERACY AND PERSONAL CHARACTERISTICS ON PERSONAL INVESTMENT AMONG EMPLOYEES OF KAPKOROS TEA FACTORY IN BOMET COUNTY, KENYA

BY

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A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFIMENT OF THE REQUIREMENT FOR THE AWARD OF THE DEGREE OF MASTERS IN BUSINESS ADMINISTRATION, UNIVERSITY OF NAIROBI

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DECLARATION

Student’s Declaration
This research report is my original work and it has not been submitted for consideration in other university.

Signature…………………… Date...........................................

Winnie Chepngetich
REG: D61/82331/2015

Supervisor’s Declaration
This research project has been submitted for examination with my approval as the University supervisor.

Signature…………………… Date...........................................

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DEDICATION

This research project is dedicated to my beloved parents for their unwavering support and immense spiritual and moral advice.
ABSTRACT

Personal investment is becoming a major concern because of the financial complexity that have increased in the world economy. Fundamentally, lack of personal investment put many families in jeopardy. However, many factors are known to influence personal investment. Various researchers have carried out studies on the determinants of financial investment. Their general conclusion is that there are many factors influencing personal investment. However, less consideration has been given to the influence of financial literacy and personal characteristics among employees in the tea sector. The objective of this study was to establish the influence of financial literacy and personal characteristics on personal investment among employees of Kapkoros Tea Factory in Kenya. Descriptive survey design was used with the target population consisting of Kapkoros Tea Factory employees in Bomet County. Nassiuma’s formula and simple random sampling were employed in sample selection. A sample of 118 respondents was involved in the study. Data collection was carried out using a questionnaire and was analyzed using descriptive statistics (frequency count, percentage, mean and standard deviation), inferential statistics (correlation analysis and regression analysis) and the results presented using tables. Statistical Packages for social Sciences (SPSS) version 25 aided the analysis of the collected data. The study established that there was a positive relationship between financial literacy and personal investment (r=0.492; p<0.004). A positive relationship was also established between personal characteristics and personal investment (r=0.397; p<0.012). The regression analysis revealed that financial literacy and personal characteristics accounted for 84.1% of the total variance in personal investment among employees in Kapkoros Tea Factory in Bomet County. The study recommended that financial literacy should be enhanced among employees of Kapkoros Tea Factory since this can lead to increased personal investment. In addition, Kapkoros Tea factory should build financial literacy on its employees by organizing for financial workshops and seminars and also reading financial journals so as to be equipped with the required skills on personal financial investment plans.
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CHAPTER ONE
INTRODUCTION

1.1 Background of the Study

The state of security on financial matters of individuals in the current world has become greatly worrying owing to the prevailing economic conditions especially to those individuals who lack skills and knowledge to withstand the constantly changing financial markets. Knowledge on financial matters has become of great interest in various nations, public institutions, private institutions and community interest groups mostly in the developing countries. This knowledge will lead to increased saving, loan uptake and business startup which subsequently bring about income generation hence improvement of one’s welfare. This will help reduce financial problems of the employees and encourage them to take responsibility on their personal financing which will in turn increase efficiency in the organization (Sayinzoga, Bulte & Lensink (2013). Besides financial literacy, personal characteristics such as age, gender, education level have also been found to have some influence on one’s investment level.

The study adopted Modern portfolio theory, Goal Setting Theory, Life-Cycle Theory and Theory of knowledge. The modern portfolio theory stipulates that an investor’s objective is to find the balance between maximizing their return and any degree of tolerable risk. Goal setting theory was developed by Kurt Lewin in 1940 and states that an individual is driven by a goal which is the target that individual wishes to obtain or achieve. Franco Modigliani and Richard Brumberg developed Life cycle theory developed in the early 1950s stated that people make intelligent choices relating to how much they wish to spend at every stage of life with the available resources being a limiting factor. Kant in 1804 came forth with the theory of knowledge which he stated that individuals act so as to achieve certain results based on their knowledge on a given phenomenon. These theories were considered relevant in predicting personal investment among the employees of Kapkoros Tea Factory.
Kapkoros tea factory is one of the tea factories in Kenya and its employees represent the entire tea factory employees in Kenya. It is evident from the studies that have been carried out in this area that not one has been carried out in Kapkoros Tea Factory employees in Bomet County, Kenya. Social and psychological pressures have been found to be low in individuals who are financially enlightened and therefore improve the family welfare in personal life. According to Berhman (2012) the most appropriate way to improve household wealth and the general wellbeing of an individual, firms and governments is by promoting personal investment.

1.1.1 Financial Literacy

According to Schreiner (2007) financial literacy is defined as the possession of knowledge and understanding on financial matters for effective decision making. It normally involves making proper wise decisions on certain personal areas such as saving, investment, insurance and retirement. It also entails very close understanding on concepts such as finance planning, compound interest, consumer rights, beneficial saving methods, fundamental of credit cards and time value of money (Awais, 2016)

Effective and informed decisions in regard to individuals’ financial resources come as a result of a set of skills and knowledge on financial literacy. Personal financial literacy comprises of knowledge such as the discipline to apply those skills on the long-term planning and vision for the future. Behaviors that make one susceptible to acute financial crisis can come about by ineffective money management (Musundi, 2014) Individual’s level of knowledge on financial matters have a weighty impact on one’s quality of life in such a way that it affects individual capability to contribute to the personal and family needs (Njehia, 2014). It also affects ones’ attitude towards money and investment matters both to the individual and the community. Lifestyle that is financially balanced, manageable, ethical and responsible can be obtained by having understanding on financial literacy.
Financial literacy is evident from individual’s financial capability. This includes the ability to make wise decisions on personal savings, investments and even planning for retirement amongst others (Jayantilal, 2017). Employees in the Kenya tea factories need to have awareness on the financial concepts especially on their investment to enable them to succeed in their general financial wellbeing.

1.1.2 Personal Characteristics

Personal characteristics are certain traits attributed to an individual’s life, for example age, gender and education level have been found to have some influence on personal investments. According to Obago (2014) men were found to be mostly interested in personal investment than women in the research conducted on the respondents. Mwambia (2011) found out that educated people are more financially literate hence make wise decisions than the less educated. Age also have a positive relationship to financial literacy. Individuals of middle age groups seem to be more interested in personal investment as compared to young and old people (Ansong & Gyensare, 2012).

1.1.3 Personal Investment

Personal investment refers to the amount of money that is invested in an asset or item by a person, rather than by a company or organization with the expectation of a future income or generate a profit after selling it at a higher price. Investment can be in the form of stocks, business, precious objects, real estate, lending investments, saving account, bonds and cash equivalents. Research and evaluation of different investments is required in making money through investing (Awais, 2018)

As the literacy of the people improve, it is believed that this may also mean that an individual may be more skilled and well-informed in making decisions on the best investment decisions they choose to undertake (Musundi, 2014). These individuals possessing information on
personal investment are noticeable on their correct choices of investments they undertake and therefore derive more income which directly translates to their living standards.

### 1.1.4 Financial Literacy and Personal Investment

Previous studies on personal finance have explored on how financial literacy have impacted substantially on the financial decision making in regard to the economic development. The results showed that the level of literacy among individuals in most nations was wanting. Research in Indonesia by Cole (2008) showed that financial literacy and personal investment had a strong relationship and that financial literacy was a prominent correlate of household personal investment and well-being. Musundi (2014) has also come out with the finding that there is a direct relationship as well. Easley (2010) found a weighty association between financial information, expected returns and investment decisions. Owing to the increased level of awareness and ability to analyze this information, individuals can easily decide to take up the most risky investments with an expectation of a higher return by efficiently managing investment (Sayinzoga, Bulte & Lensink, 2018).

According to Binswanger and Carman (2012) individuals who make more incorrect financial decisions are the ones with more negative opinion about finances since they have less financial knowledge. Knowledge on the financial matters plays a paramount role on the investment decisions of an employee in every industry or an organization and therefore development of finance education programs is needed to enlighten individuals on investment matters. There is need to establish whether financial literacy influence personal investment of individuals in a local tea factory unlike the ones done by other researchers on government institutions, financial institutions and private companies.
1.1.5 Personal Characteristics and Personal Investment

According to Ansong and Gyensare (2012) a young adult has just enough income to gather for individual needs since there are no dependents. Middle aged individual probably has a family and responsibilities of dependents hence find the need to invest in order fetch more income to meet their needs. Older people however are in their sunset years so they tend to consume more of what they invested in their earlier years and most of them depend on their children for provision. Therefore, they do not see the need to invest further.

Education has been found to have a direct relationship with personal investment. Individuals who are more enlightened academically venture into investments in in most cases as compared to the less educated (Mwambia, 2011). Studies in USA showed by Schmidt and Sevak (2006) describe how household wealth changes with gender and found out that historically investment level in women was lower than that of men. Men are more anxious and aggressive in learning about personal investment concepts than women. Women seem very reluctant in learning finance topics and therefore found to have low financial literacy which directly impact on their investment levels.

1.1.6 Kapkoros Tea Factory Employees

Kapkoros Tea Factory is one of the leading tea processing industries in Bomet County, Rift Valley province under the umbrella of Kenya Tea Development Authority (KTDA). It was registered as a limited Company in the year 1977 and its construction began immediately. Its sole purpose is to serve the small scale farmers in Bomet County by collecting tea leaves daily, processing and sell them and pay the farmers. A leaf collection Centre is the basic operational unit owned by a group of farmers within a locality where farmers produce is collected on a daily basis. Affiliated tea growers popularly elect a five member committee which is responsible for the daily running of the affairs of the Centre.
Bomet County was ranked the third tea production county producing 66 million kilograms of tea in the year 2017 which is equivalent to 15% of the total national production, this was after Kericho and Nandi Counties which produced 84 million and 67 million respectively. All these productions constitute to tea being one of the major exports Kenya which is 23.3% of the total exports of Kenya.

Employees of Kapkoros Tea Factory were engaged in this study because this area comprises of 250 diverse employees working in various departments within the factory. Most of the employees come from the locality. Their diversity is in the areas of gender, education level, experience, salary scales, departments and ranks in employment. It is also attractive since it is one of the tea factories in Kenya. However, it is different from the research carried out by Njehia (2014) on personal investment among employees in the Sugar sector.

1.2 Research Problem

Personal investment is undertaken by individuals with an expectation of obtaining a profit or an income. However, understanding the basics of financial resources management is essential in order to function well in the society at personal, professional, community and business levels. Several local and international studies have been carried out to establish the determinants of personal investment decisions. Amisi (2012) conducted a research on pension managers in Kenya and the study revealed that financial literacy and investment decisions were significantly related. Olima (2013) established that demographic and socio-economic factors contributed to investment decisions among Kenya Revenue Authority (KRA) employees. Musundi (2014) established that personal, emotional, social and economic factors contributed to individual’s investment decision. Njehia (2014) in his study on the literacy levels on personal investment of Mumias Sugar Company employees found out that most of the respondents were financially literate.
Moreover, a study by Obago (2014) found out that most respondents had financial knowledge acquired either from their basic financial literacy training on finance related disciplines or from the banking industry experience. Mwambia (2011) found out that educated people are more motivated to make prudent decisions when it comes to finances as compared to the less educated. A study by Mutuku (2015) among the SDA church members showed that a high percentage of the respondents were less informed on investment decisions. Jayantilal (2017) carried out a study on Bank of Baroda (Kenya) Limited employees and found out that most of them who were financially literate and invested in various investment avenues. Marcolin and Abraham (2006), Binswage and Carman (2012) found out that negative beliefs and inappropriate financial decisions resulted from individuals with less financial knowledge. A study by Aniza et al (2016) indicated that investment levels were majorly influenced by financial literacy levels. Awais (2016) in Pakistan found out that an investor is willing to jump into a high risky investment yielding into higher return based on the respondents’ literacy level. Research carried out for countries which are lesser developed like Indonesia and India showed by Cole et al(2008) who explored financial literacy level, its contributing factors and how it affects the demand for financial services found out there was a strong relationship. An analysis of these studies shows unaddressed knowledge gaps. The studies were not carried out in the tea sector in Kenya. The variables of each study were different compared to the variable of this study. Therefore, this study sought to answer the question: What is the influence of financial literacy and personal characteristics on personal investment among employees in Kapkoros Tea Factory employees?

1.3 Research Objective

To establish the influence of financial literacy and personal characteristics on personal investment among employees of Kapkoros Tea Factory, Bomet County, Kenya
1.4 Value of the study

Employees in organizations will find this study of great importance to them in such a way that they will be able to identify the influence of their literacy levels and therefore seek for more education and information on the most appropriate ways of investing their salaries hence improve their standard of living by creating another source of additional income such as business. They will also be able to identify any personal characteristics that influence their personal investment. Policy makers will also benefit by using the gaps in the research findings to formulate the appropriate education syllabus so as to increase financial literacy leading to better personal financial investment decisions. Academicians and scholars in this field of finance will be able to increase the knowledge on personal finance management and be able to research further studies to identify gaps on this study.
CHAPTER TWO
LITERATURE REVIEW

2.1 Introduction
This section talks about applicable theories to the study. It also seeks to review the relevant literature to the study with an intention of identifying research gaps. The literature is also useful in bringing relevance to the study findings later in the study.

2.2 Theoretical review
Theoretical review identified what other researchers and scholars have found out regarding the topic of study.

2.2.1 Modern Portfolio Theory
Modern portfolio theory (MPT) was put forth by Harry Markowitz in 1952 in his study on new concepts of investing. It’s all about finding a balance between maximizing your return and at the same time minimizing your risk. The objective is to carefully choose among alternative investments so as to achieve optimum personal portfolios. Investors are compensated for bearing the risk, the higher the risk, higher the return. It helps to determine the investor’s risk tolerance and then designing the portfolio that maximize return for that level of risk. An understanding of different investments and risks involved will enable an investor to optimize return for a given level of risk. Financial knowledge would be of great significance in providing understanding on the various financial investments available and risks involved hence make wise decisions. This will result to improved well-being of the households.

2.2.2 Goal Setting Theory
Kurt Lewin developed this theory in the 1940’s when he began with the early works on levels of aspiration and since been primarily developed by Edwin Locke in the 1960’s where he did research on Goal Setting Theory of motivation. The research revealed that there was a primary
relationship between goal setting and improved individual performance. According to Locke and Latham (2002) a goal is defined as the target of a task or an action that an individual prudently wishes to obtain or achieve. In order to achieve the desirable outcomes, goal setting should be involved. This theory explains that the desire and intention to reach a set goal is the source of motivation. What an employee needs to do and how much efforts are required is directed by a goal. A goal gives direction, mobilizes energy and motivates people to come up with strategies that will enable them to reach certain goal levels. Once a goal is accomplished, it leads to fulfilment and further motivation while lower motivation results from the goal not being achieved.

Individuals are driven by concerns and perceptions about their financial well-being in the later days in life in regard to personal investment. Therefore, financial literacy programs should play an effective role in providing the necessary information on investment opportunities, how to undertake and achieve good returns out of it. This would result to generation of additional income by employees and therefore raise their living standards.

2.2.3 Life-Cycle Theory

Franco Modigliani and Richard Brumberg developed this theory in the early 1950s. They worked out a theory stating out that people make intelligent choices relating to how much they wish to spend at every stage of life with the available resources being a limiting factor. As individuals acquire and dispose their assets they are capable of providing for their retirement and consequently tailor make consumption patterns as per their needs at every age, independently of what they earn at each age. With this theory an important and non-obvious prediction relating to personal investment can be made. It is also evident that national saving is directly proportional to national income and not necessary its level, and that the retirement span length has a simple relation to the level of wealth in the economy. Without personal investment, people would have little say in regard to serious economic issues, such as social
security provisions, the impact of stock market on a country’s economy, the effects of changes in demographics on national saving, the role played by savings in economic growth, and what determines national wealth. From a microeconomic perspective, economists argue that individuals who are rational will consume less in times of high income hence saving to consume in times of reduced income. Studies in the past have tried to show such optimization process in life cycle theory shapes consumer preferences, economic environment, and social security benefits. Young people have a preferred consumption and in cases where income is low the difference will be made up through borrowing. For instance, this will allow a student use a loan to finance his college studies and those joining labour force to invest in housing project through mortgage. At a certain point in future life, middle age income surpasses consumption and the model posits that individuals would limit their current consumption so to defray education loans and mortgage loans among other debts and save for after work life; this can be defined as saving phase. This savings would be spent at retirement because at that time income falls and people tend to dis-save.

Thus, consumption is smoothened over time through borrowing and saving. The major assumption of life cycle model is that the preference of people is to smoothen consumption over time income can reasonably be estimated and can organize their investment and expenditure patterns to arrive at a smoothened consumption pattern over the horizon.

2.2.4 Theory of Knowledge

This theory was founded by Kant the philosopher in the year 1804. He represents a natural reaction against human skepticism. Belief which is in agreement with the facts is the definition of knowledge and so an individual needs to understand that belief is a state of mind of certain sort. Individuals act so as to achieve certain results and sometimes they succeed and sometimes the fail. Their beliefs are true when they succeed and when they fail, at least one is false. They
should therefore be driven by their ambitions to be successful in their financial welfare and hence find knowledge on financial matters important in achieving this.

2.3 Empirical Review

An empirical research conducted in Malaysia by Aniza (2018) indicated that the results from the survey of questionnaires showed that the investment levels of the respondents were majorly influenced by their financial literacy levels. Among all respondents studied, a score of 58% indicate that they are still not aware of their matters relating to finance. Furthermore, the resultant suggests that the literacy level significantly varies among respondents based on different socio-economic and demographic. In order to increase awareness about financial related matters, necessary measures should be taken since financial literacy is low. Jayantital (2017) in his study on Bank of Baroda (Kenya) employees found out that most of them who were financially literate invested in various investment avenues as compared to the less financially literate. A study by Awais (2018) in Pakistan found out that an investor can easily decide to venture into more risky investments with an expectation of a higher return. This is because of the increased level of knowledge and ability to analyze financial information. The study concluded that financial literacy positively influences investment decision making.

Locally, Njehia (2014) explored the effect of financial literacy on personal management of the employees of Mumias Sugar Company in Western Kenya and determine the level of literacy among the employees. Primary data collected from semi-structured questionnaires were used in the study, a sample of 200 employees was selected from the overall number of 1000 employees using random sampling technique. Data was analyzed using descriptive statistics; mean correlation, standard deviation and percentages. The findings showed that most of the respondents were financially literate which contributed to personal financial planning of the employees.
Olima (2013) carried out a study on financial literacy of KRA employees. The study also used regression analysis and the research finding indicated that financial literacy greatly affected personal investment among the respondents. Amisi (2012) carried out a research on the effect of financial literacy on investment decision making by a sample of 16 pension fund managers in Kenya and a positive relationship was revealed between the variables.

Apart from financial literacy, personal characteristics have also been found to influence personal investment of employees. These are aspects such as age, gender and education among others attributed to an individual in relation to financial matters. According to Obago (2014) most of the respondents were men and less women and out of the few women many were not as interested as men when it comes to investment matters. When it comes to learning about personal finance topics, women in general have less eagerness and more reluctance to learn than men do and therefore men outshine them in financial interests and knowledge.

Previous international studies have also documented some implications on investment decisions which are attributed to gender. For instance Schmidt and Sevak (2006) describe how for over a long period of time investment by women have been lower than of men based on how household wealth vary in the United States by gender after controlling characteristics such as education level and income levels. Mwambia (2011) found out that educated people are expected to be more financially literate and will be motivated to make good use of financial services because schooling increases financial knowledge and therefore have a capacity to make wise and informed decisions on finances. Marciel (2013) revealed that education have a positive relationship with financial literacy and financial well-being. Level of formal education is a substantial factor that controllably affects the levels of income. More educated people tend to get greater earning in life. Educated people are expected to be more financially knowledgeable than less educated individuals.
According to Mandell (2008) financially knowledgeable person is described as individual with the capability to go for their own best short and long term financial decisions based on their interests. Financial literacy programs are more meaningful in providing financial experience which leads towards knowledge on financial matters and creating awareness for self-education. In order to gain effective exposure and experience, the stock market games can provide that opportunity (Frijns, 2014)

Age also influence personal investment of an individual. According to Obago (2014) risk aversion and conservatism are characteristics found in older individuals and the skills to secure financial aspirations of life are encouraged by deeper life experiences. A study conducted by Ansong and Gyensare(2012) among 250 University students of Cape Coast revealed that age had a positive relationship to financial literacy. The employment income is the primary source of income and therefore you find no interest in investing since no one is dependent on you. Individuals of middle age groups seem have more interest in investing unlike young and old people.

2.4 Summary of Literature Review
A survey of financial literacy undertaken in many nations point out that employees are not aware of their financial matters regarding personal investments such as business. This is greatly disturbing considering the fact that the majority in these groups are low-educated, low income and women who are made most vulnerable by their financial illiteracy. It is important to devise programs towards these target groupings which will help them accustomed to their needs and obstacles to saving. Increased saving among the poor have had some success due to the existing target programs (Shreiner & Sherraden, 2007). In order to make a competent investment decision making, it requires adequate financial knowledge and skills which is an important prerequisite for informed financial decision making. After considering everything on financial literacy, it can be said that the government needs to raise awareness about financial related
matters since financial literacy is low. On the review of literature as linked to financial literacy, it is found out that financial literacy relates to investment decisions. All the above studies carried out both locally and internationally most of them agree to the fact that financial literacy and personal characteristics have a great influence on the respondents’ investment but did not come across one which has been carried out on the tea factory employees in Bomet County, Kenya.

2.5 Conceptual Framework

Figure 1 below illustrates the relationship between the dependent variable, independent variables as conceptualized by the researcher.

![Conceptual Framework Diagram]

**Independent Variables**

**Figure 1: Conceptual Framework**

This figure above shows how the concept of personal investment among employees can be influenced by financial literacy and personal characteristics. In the context of this study, financial literacy as indicated by knowledge of financial planning, investment portfolio and market prices fluctuations influenced personal investment. Also personal characteristics notably gender/age/education level, urge to invest, financial accountability and financial
decision making strategy/budgeting tended to influence personal investment as reflected in monthly savings, investment plan and diverse sources of income.
CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter discusses the research design, study population, sampling techniques, data collection and data analysis techniques.

3.2 Research Design

Research design is a blue-print that holds the research project together (Trochim, 2006). This study used descriptive survey design. This method is most appropriate because the research intends to examine the relationship between different variables forming the study. The design ensures little or no favoritism and minimal mistakes in data collection and interpretation (Mugenda, 2008). The design also ensures little or no favoritism and minimal mistakes in data collection and interpretation, thereby enabling the researcher to achieve its objectives (Kombo & Tromp, 2006). Descriptive research is therefore to enable the study achieve its objectives.

3.3 Target Population

The target population of this study consisted of all employees in Kapkoros Tea Factory in Bomet County. The target population of this study was 250 employees of Kapkoros Tea Factory both in management and non-management levels.

3.4 Sampling Procedure and Sample Size

Stratified sampling technique was used to categorize employees in their strata which is according to their departments. According to Mugenda and mugenda (2008) stratified sampling technique is advantageous since it enable variability within the strata to be minimized in case of heterogonous population. A selection of 118 employees in the target population was achieved using simple random sampling technique so that each and every one is represented in the 250 employees. Different levels of management constituted the sample size. The study
sample size was obtained by using Nassiuma’s (2000) formula for estimating a sample size \( n \) from a known population, \( N \)

\[
n = \frac{NC^2}{C^2 + (N-1) e^2}
\]

Where \( n = \) Sample size

\( N = \) Population, 250 in this case

\( C = \) co-efficient of variation (30% for survey research)

\( e = \) standard error, assumed to be 0.02 in this study

When these values are substituted in the equation, the estimated sample size was:

\[
n = \frac{250 \times 0.3^2}{0.3^2 + (250 - 1) 0.02^2} = 118
\]

This resulted into 118 respondents as the study respondents. Hence, 118 employees were selected through simple random sampling to constitute the study sample.

### 3.5 Data Collection

This study used primary data which was collected using a questionnaire. The questionnaire contained close ended questions. A questionnaire was considered the most appropriate instrument in the collection of data in this study since it can reach large number of subjects and the respondents can give responses to each item. A questionnaire was also less costly compared to other methods and more convenient for respondents whenever they are required to give confidential information (Bryman & Bell, 2007). The questionnaires contained four parts. Part one addressed the respondents’ profile and Parts two, three and four solicited data on the study variables. The questionnaires were administered on a ‘drop and pick later’ method owing to the busy nature of the respondents in the targeted sample.
3.6 Data Analysis and Presentation

This is the process that summarizes the collected data. It comprise identifying of issues, determining the availability of suitable data, deciding the appropriate methods to use then applying the methods to evaluate, summarize and communicate the results. Its purpose is therefore to obtain meaning from the data collected. Data collected was checked to ensure that they are accurate and complete so as to achieve precision and uniformity. Both descriptive and inferential statistics was used in data analysis. Data analysis was done with the aid of Statistical Package for Social Sciences (SPSS) version 25. Descriptive statistics used included percentages, means, standard deviations and frequency distributions. The results were presented in tables. Pearson correlation analysis was used to determine if a statistically significant relationship existed between the independent and dependent variables. Pearson’s correlation analysis was used to test the strength of association of the independent and dependent variable at 95% confidence level ($\alpha= 0.05$). A multiple regression model was applicable in the analysis of the relationship between the two variables. The model treated personal investment as the dependent variable whereas independent variables were financial literacy and personal characteristics. This model sought to establish effect of the independent variables on the dependent variable at the same time and of the same set of analysis. The regression equation was presented as shown below: $Y=\alpha+\beta_1X_1+\beta_2X_2+\epsilon$

Where:

$Y=$Personal investment measured by determining the rate of investment by tea factory employees.

$\alpha=$Regression constant

$\beta=$Regression coefficients of independent variables

$X_1=$Financial Literacy measured by the level of knowledge employees have.
X2=Personal characteristics of employees indicated by employees’ age, gender, education level and other individual traits.

\[ \varepsilon = \text{Error term} \]
CHAPTER FOUR
DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction
The study findings and results on the influence of financial literacy and personal characteristics on personal investment among Kapkoros Tea Factory employees, Bomet County is presented in this chapter. Data was collected using self-administered questionnaires. The instrument was created in agreement with the objectives of the research.

4.2 Response Rate
This part shows the number of questionnaires in total that were given out and the ones that were returned. Table 4.1 presents the response rate of the study according to the questionnaires received.

<table>
<thead>
<tr>
<th>Questionnaires</th>
<th>Frequency</th>
<th>Percent (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disbursed</td>
<td>118</td>
<td>100</td>
</tr>
<tr>
<td>Returned</td>
<td>83</td>
<td>70</td>
</tr>
<tr>
<td><strong>Response Rate</strong></td>
<td><strong>83/118</strong></td>
<td><strong>70</strong></td>
</tr>
</tbody>
</table>

As show in table 4.1, 118 questionnaires were given away and 83 of them were brought back which represents a 70% response rate of the distributed questionnaires. This response was considered sufficient as it is in agreement with Mugenda and Mugenda (2003) who suggests that in order for a response rate to be considered truly representative for the descriptive study, it should be above 60%.

4.3 Demographic Information
The researcher found it of importance to establish the respondents’ distribution by age, gender, length of service, departments, salary scale and highest level of education. These characteristics
were considered of relevance because they display the understanding of respondents on the study variables relationship. The background of the respondents is better understood from this information. The following subsections further discuss these characteristics.

4.3.1 Respondents’ Distribution by Gender

Respondents’ gender was considered a significant aspect of the study because perceptions on personal investment vary from men to women. Table 4.2 below shows the findings.

**Table 4.2: Respondents by Gender**

<table>
<thead>
<tr>
<th>Gender</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>44</td>
<td>53%</td>
</tr>
<tr>
<td>Female</td>
<td>39</td>
<td>47%</td>
</tr>
<tr>
<td>Total</td>
<td>83</td>
<td>100%</td>
</tr>
</tbody>
</table>

Out of the 83 respondents who took part in the study, 44(53%) were males, 39(47%) were females. This points out clearly that majority of the employees in the Kapkoros Tea Factory were males probably because males are better placed to undertake the factory responsibilities.

4.3.2 Respondents’ Distribution by Age

The researcher explored how age disparity of the responses affected their approach and perception on personal investment as displayed in table 4.3.

**Table 4.3: Distribution of the Respondents by Age**

<table>
<thead>
<tr>
<th>Age in years</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>20-30</td>
<td>8</td>
<td>10%</td>
</tr>
<tr>
<td>31-40</td>
<td>34</td>
<td>41%</td>
</tr>
<tr>
<td>41-50</td>
<td>25</td>
<td>30%</td>
</tr>
<tr>
<td>Above 50</td>
<td>16</td>
<td>19%</td>
</tr>
<tr>
<td>Total</td>
<td>83</td>
<td>100%</td>
</tr>
</tbody>
</table>

Table 4.3 shows that 34 (41%) of the respondents fell in the age of between 31-40 years, 25 (30%) fell in the age of between 41-50 years, 16 (19%) were over 50 years while 8 (10%) were
20-30 years respectively. This implies that most of the employees in Kapkoros Tea Factory were falling between 31 and 40 years implying that a larger percentage of the respondents had the capacity to make decision on personal investment since they were in their peak years.

**4.3.3 Respondents’ Length of Service in the Kapkoros Tea Factory**

The study investigated the length of period in years served by the respondents in Kapkoros Tea Factory and the findings obtained are shown in table 4.4.

**Table 4.4: Distribution of Respondents According to Length of Service**

<table>
<thead>
<tr>
<th>Length of Service</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Below 1 year</td>
<td>8</td>
<td>10</td>
</tr>
<tr>
<td>1-5 years</td>
<td>30</td>
<td>36</td>
</tr>
<tr>
<td>6-10 years</td>
<td>21</td>
<td>26</td>
</tr>
<tr>
<td>11-15 years</td>
<td>13</td>
<td>15</td>
</tr>
<tr>
<td>Above 15 years</td>
<td>11</td>
<td>13</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>83</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

**Source:** Author (2018)

From Table 4.4, it is clear that most the respondents amounting to 36% had worked for Kapkoros Tea Factory a period of between 1-5 years, followed by 26% of those who had worked for between 6-10 years, then 15% of between 11-15 years, above 15 years was 13% and below 1 year 10%. This shows that a dominant group of the respondents had worked in Kapkoros Tea Factory for 1-5 years. This further implies that a large percentage of employees who have worked for a duration of between years 1-5, were recently employed; this could possibly be interpreted to mean that most of the workers have fresh ideas about investment. From the results, it is also noted that those employees with between 6-10 years (26%), 11-15 years (15%) and above 15 years (13%) years of service forms a combined percentage of 54% which is well above the half of the employees in Kapkoros Tea Factory. An interpretation
concerning this means that these employees have a long period of work to enable them make investment decision.

4.3.4 Respondents’ Distribution According to Departments

The study investigated the department each respondent belonged to and the findings obtained are shown in table 4.5.

Table 4.5: Distribution of Respondents According to Departments

<table>
<thead>
<tr>
<th>Department</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finance and Administration</td>
<td>9</td>
<td>11</td>
</tr>
<tr>
<td>Production</td>
<td>18</td>
<td>22</td>
</tr>
<tr>
<td>Clerical</td>
<td>34</td>
<td>41</td>
</tr>
<tr>
<td>Sales</td>
<td>22</td>
<td>26</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>83</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source: Author (2018)

From Table 4.5, it is evident 41% of the respondents were from clerical department followed by those who had belonged to sales department who had 26% representation, then production and finance and administration departments with 22% and 11% respectively. This shows that a larger percentage of the respondents worked with clerical and sales departments implying that they constantly interacted with customers and other business people most of the time owing the nature of their work.

4.3.5 Education Characteristics of Respondents

Table 4.5 presents the findings and results in regard to levels of education of the respondents.
Table 4.6: Distribution of Respondents by Level of Education

<table>
<thead>
<tr>
<th>Qualification Level</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>KCPE</td>
<td>22</td>
<td>26</td>
</tr>
<tr>
<td>O’ Level</td>
<td>28</td>
<td>33</td>
</tr>
<tr>
<td>Diploma</td>
<td>13</td>
<td>15</td>
</tr>
<tr>
<td>Graduate</td>
<td>18</td>
<td>22</td>
</tr>
<tr>
<td>Post Graduate</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>83</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

*Source: Author (2018)*

As shown in table 4.5, 22% of the respondents were graduates, post graduate (3%), diploma (15%), O’level (33%) and KCPE (26%). This means that the respondents had the intellectual capacity to provide reliable data in regard to the study variables. The largest cluster of employees was educated to properly understand personal investment concept.

Table 4.7: Distribution of Respondents According to Level of Management

<table>
<thead>
<tr>
<th>Level of Management</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior management</td>
<td>9</td>
<td>11</td>
</tr>
<tr>
<td>Middle level management</td>
<td>13</td>
<td>16</td>
</tr>
<tr>
<td>Supervisory</td>
<td>27</td>
<td>32</td>
</tr>
<tr>
<td>Clerical</td>
<td>34</td>
<td>41</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>83</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

The findings in relation to the respondents’ distribution according to level of management revealed variation in the distribution. The respondents from clerical cadre formed the largest proportion accounting for 41% while 32% hailed from supervisory. A further 16% were from middle level management level and 11% were from senior level management. From these findings, it can be observed that the respondents were almost distributed in the different cadres of employment.
4.3.6 Distribution of Respondents According to Salary Scale

The researcher further established the salary scale of the respondents. Table 4.7 displays the results.

<table>
<thead>
<tr>
<th>Salary scale(Ksh)</th>
<th>Frequency</th>
<th>Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Below 10,000</td>
<td>7</td>
<td>9</td>
<td>9</td>
</tr>
<tr>
<td>11,000-20,000</td>
<td>25</td>
<td>30</td>
<td>39</td>
</tr>
<tr>
<td>21,000-30,000</td>
<td>17</td>
<td>20</td>
<td>59</td>
</tr>
<tr>
<td>31,000-40,000</td>
<td>13</td>
<td>16</td>
<td>75</td>
</tr>
<tr>
<td>41,000-50,000</td>
<td>13</td>
<td>15</td>
<td>90</td>
</tr>
<tr>
<td>Above 50,000</td>
<td>8</td>
<td>10</td>
<td>100</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>83</strong></td>
<td><strong>100</strong></td>
<td></td>
</tr>
</tbody>
</table>

As shown table 4.7, 30% of the respondents earned Ksh. 11,000-20,000 while 20% earned Ksh. 21,000-30,000 per month. The remaining 16%, 15%, 10% and 9% earned Ksh. 31,000-40,000, Ksh. 41,000-50,000, above Ksh. 50,000 and below Ksh. 10,000 respectively. Therefore, the researcher noted that majority of the respondents earned up to Ksh 20, 000. Therefore, the respondents were in a position to set aside part of their income for investment.

4.4 Descriptive Statistics

This section presents a detailed study analysis of the findings over the variables that were under study. Means and standard deviations were the tools used to analyze respondents’ data.

4.4.1 Financial Literacy among Employees of Kapkoros Tea Factory

The study sought to analyze the financial literacy among employees in Kapkoros Tea Factory in Bomet County. The respondents were asked to point out their agreement level with selected indicators of financial literacy. Table 4.9 presents the findings.
Table 4.9: Level of Financial Literacy

<table>
<thead>
<tr>
<th>Statements on financial literacy</th>
<th>N</th>
<th>Min</th>
<th>Max</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>I have knowledge on how fluctuations in the market value could affect my investment decision</td>
<td>83</td>
<td>1</td>
<td>5</td>
<td>4.11</td>
<td>0.73</td>
</tr>
<tr>
<td>I can assess the performance of an investment portfolio</td>
<td>83</td>
<td>1</td>
<td>5</td>
<td>4.07</td>
<td>0.93</td>
</tr>
<tr>
<td>I understand my statements of financial position</td>
<td>83</td>
<td>1</td>
<td>5</td>
<td>3.17</td>
<td>1.07</td>
</tr>
<tr>
<td>I am confident about making effective financial plan</td>
<td>83</td>
<td>1</td>
<td>5</td>
<td>2.37</td>
<td>0.39</td>
</tr>
<tr>
<td>I have full knowledge of personal investment portfolios</td>
<td>83</td>
<td>1</td>
<td>5</td>
<td>2.79</td>
<td>0.87</td>
</tr>
<tr>
<td>I understand financial concepts related to investments</td>
<td>83</td>
<td>1</td>
<td>5</td>
<td>3.89</td>
<td>0.53</td>
</tr>
<tr>
<td>I am capable to determine the expected returns for my investments</td>
<td>83</td>
<td>1</td>
<td>5</td>
<td>3.97</td>
<td>0.97</td>
</tr>
<tr>
<td>I’m capable of determining expected investment risks</td>
<td>83</td>
<td>1</td>
<td>5</td>
<td>4.03</td>
<td>0.41</td>
</tr>
<tr>
<td>I can make informed investment choices</td>
<td>83</td>
<td>1</td>
<td>5</td>
<td>3.21</td>
<td>0.23</td>
</tr>
<tr>
<td>I am able to establish the best investment portfolio</td>
<td>83</td>
<td>1</td>
<td>5</td>
<td>3.42</td>
<td>0.39</td>
</tr>
</tbody>
</table>

Source: Research Data (2018)

Table 4.9 shows that the response rate was high on whether the respondents had knowledge on how fluctuations in the market value could affect their investment decision, whether the respondents could assess the performance of an investment portfolio, whether they were able to determine the expected risks on their investments and whether they were able to calculate the expected returns for their investments as indicated by a mean response of 4.11 (SD=0.73), 4.07 (SD=0.93), 4.03 (SD=0.41) and 3.97 (SD=0.97) respectively. It is evident as well that the response rate was relatively higher in respect to whether the respondents understood financial terms and concepts related to investments, were able to establish the best investment portfolio to invest in and whether they could make informed and effective investment choices as indicted by a mean of 3.89, 3.42, and 3.21, with a standard deviation of 0.53, 0.39 and 0.23 respectively. Additionally, the results indicate a slightly lower rate of response in accordance to whether the respondents understood financial position statements, whether they had full knowledge of personal investment portfolios and whether they were confident about making an effective
financial plan as shown by a mean of 3.17, 2.79 and 2.37 having a standard deviation of 1.07, 0.87 and 0.39 respectively. This shows clearly that the level of financial literacy affected the employees’ personal investment.

**4.4.2 Personal Characteristics of Employees of Kapkoros Tea Factory**

The researcher wanted to examine the personal characteristics of employees in Kapkoros Tea Factory in Bomet County. The respondents were asked to point out their agreement with selected indicators of personal characteristics that were related to personal investment. Table 4.10 presents those findings.

<table>
<thead>
<tr>
<th>Statements on Personal Characteristics</th>
<th>N</th>
<th>Min</th>
<th>Max</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>I am accountable for managing my financial resources to satisfy my financial needs</td>
<td>83</td>
<td>1</td>
<td>5</td>
<td>2.33</td>
<td>0.77</td>
</tr>
<tr>
<td>I always develop a spending and saving plan/habit</td>
<td>83</td>
<td>1</td>
<td>5</td>
<td>3.89</td>
<td>0.87</td>
</tr>
<tr>
<td>I use a strategy when purchasing stocks</td>
<td>83</td>
<td>1</td>
<td>5</td>
<td>2.17</td>
<td>0.73</td>
</tr>
<tr>
<td>I depend on financial experts for financial guidance and advice</td>
<td>83</td>
<td>1</td>
<td>5</td>
<td>3.73</td>
<td>0.79</td>
</tr>
<tr>
<td>I am a person who always look forward to invest.</td>
<td>83</td>
<td>1</td>
<td>5</td>
<td>3.56</td>
<td>0.43</td>
</tr>
<tr>
<td>Gender, age and education level determine investment decision</td>
<td>83</td>
<td>1</td>
<td>5</td>
<td>3.57</td>
<td>0.99</td>
</tr>
<tr>
<td>It is my nature to balance credit and debt and so helps me achieve some short and long-term goals.</td>
<td>83</td>
<td>1</td>
<td>5</td>
<td>2.26</td>
<td>0.29</td>
</tr>
<tr>
<td>I have diversified assets in order to manage risk</td>
<td>83</td>
<td>1</td>
<td>5</td>
<td>2.48</td>
<td>0.45</td>
</tr>
<tr>
<td>I take loans based on the prevailing interest rates</td>
<td>83</td>
<td>1</td>
<td>5</td>
<td>2.57</td>
<td>0.91</td>
</tr>
<tr>
<td>I tend to make decisions based on past experience</td>
<td>83</td>
<td>1</td>
<td>5</td>
<td>2.75</td>
<td>0.47</td>
</tr>
</tbody>
</table>

*Source: Research Data (2018)*

Table 4.10 presents the findings which shows that there were higher responses in regard to whether the respondents believed that they always developed a spending and saving plan and habit, whether they depended on financial experts for financial guidance and advice, whether gender, age and marital status determined their investment decision and whether they were the
kind of people who always look forward to invest as revealed by a mean response of 3.89 (SD=0.87), 3.73 (SD=0.79), 3.57 (SD=0.99) and 3.56 (SD=0.43) respectively.

It is also obvious that there was a moderately lower response rate with a view to whether the respondents believed that they were accountable to managing my financial resources in order to provide satisfaction on their current and future financial needs, whether it was their nature to balance credit and debt and so help them accomplish some short and long-term goals and whether they had decision-making strategies on purchasing stocks as indicated by a mean of 2.33, 2.26 and 2.17 having a standard deviation of 0.77, 0.39 and 0.73 respectively. However, there were slightly high responses in regard to whether the respondents believed they had diversified their assets as one way to manage risk, whether they tended to make decisions based on past experience and whether they took loans based on the prevailing interest rates as shown by a mean response of 2.48, 2.75, 2.66 and 2.57 with a standard deviation of 0.99, 0.47, 0.67 and 0.91. This proves that investment characteristics were demonstrated by the respondents. All the responses had standard deviation values less than 1 indicating minimal variations.

4.4.3 Personal Investment

The study sought to explore the level of personal investment among employees in Kapkoros Tea Factory in Bomet County as displayed in table 4.11

<table>
<thead>
<tr>
<th>Statements on Personal Investment</th>
<th>N</th>
<th>Min</th>
<th>Max</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Out of my monthly salary income, I set aside some for investment</td>
<td><strong>83</strong></td>
<td>1</td>
<td>5</td>
<td>2.26</td>
<td>0.67</td>
</tr>
<tr>
<td>I depend on financial experts for advice on investment</td>
<td><strong>83</strong></td>
<td>1</td>
<td>5</td>
<td>3.99</td>
<td>0.89</td>
</tr>
<tr>
<td>I am a member of SACCO that provide adequate investment plan</td>
<td><strong>83</strong></td>
<td>1</td>
<td>5</td>
<td>4.14</td>
<td>0.99</td>
</tr>
<tr>
<td>I have a loan from the bank which fund my investment</td>
<td><strong>83</strong></td>
<td>1</td>
<td>5</td>
<td>3.09</td>
<td>0.79</td>
</tr>
</tbody>
</table>
High cost of living has made me consider investment while still in employment 83 1 5 2.36 0.45
I have full knowledge of personal investment plans 83 1 5 4.07 0.91
I am satisfied with my current personal investment arrangements 83 1 5 2.33 0.37
I have another source of income as part of my investment 83 1 5 3.56 0.71
I am aware of the prevailing inflation rates before making my investment 83 1 5 3.89 0.87
I invest out of every other income I receive 83 1 5 3.73 0.88

Source: Research Data (2018)

As indicated in table 4.11, it was reported a greater response in respect to whether the respondents were members of SACCOs that provided adequate investment plan, whether they had full knowledge of personal investment plans and whether they depended on financial experts for advise on investment as indicated by means of 4.14, 4.07 and 3.99 and standard deviation of 0.99, 0.91 and 0.89 respectively. Comparatively smaller response rate was shown in the results in respect to if the respondents received loans from banks which funded their investment, whether high cost of living had made them consider investment while still in employment, whether they were satisfied with their current personal investment arrangements and whether out of their monthly salary income, they set aside some for investment as indicated by a mean response rate of 3.09, 2.36, 2.33 and 2.26 with a standard deviation of 0.79, 0.45, 0.37 and 0.67 respectively. Moreover, there were higher responses in relation to whether the respondents’ were aware of the prevailing inflation rates before making their investment, whether they invested out of every other income they received and whether they had other sources of income as part of their investment as reflected by mean responses of 3.89, 3.73 and 3.56 with standard deviations of 0.87, 0.88 and 0.71 respectively.
4.5 Inferential Statistics

The results on inferential statistical analysis are presented in this section. The inferential analysis were done using Pearson correlation analysis and regression analysis. Pearson correlation analysis was applied to test the relationship between the independent variables and the dependent variable.

4.5.1. Influence of Financial Literacy on Personal Investment

The results of the analysis are presented in table 4.12.

<table>
<thead>
<tr>
<th>Table 4.12: Relationship between Financial literacy and personal investment</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Financial literacy</strong></td>
</tr>
<tr>
<td><strong>Personal Investment</strong></td>
</tr>
<tr>
<td>Pearson Correlation</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
</tr>
<tr>
<td>N</td>
</tr>
</tbody>
</table>

* σ=0.05 (Correlation is significant at 0.05 level (2-tailed))

**Source: Research Data (2018)**

The results in Table 4.12 indicate that there was a positive relationship between financial literacy and personal investment (r=0.492; p<0.004). This suggests that financial literacy positively influenced personal investment among employees in Kapkoros Tea Factory in Bomet County.

4.5.2. Influence of Personal characteristics on Personal Investment

The study was aimed at exploring the relationship between personal characteristics and personal investment. The researcher used Pearson correlation coefficient to establish whether there was any statistically significant relationship between personal characteristics and personal investment. Table 4.13 shows the findings.
Table 4.13: Relationship between Personal characteristics and Personal Investment

<table>
<thead>
<tr>
<th>Personal Investment</th>
<th>Pearson Correlation</th>
<th>Sig. (2-tailed)</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal characteristics</td>
<td>0.397</td>
<td>0.012</td>
<td>83</td>
</tr>
</tbody>
</table>

* σ=0.05 (Correlation is significant at 0.05 level (2-tailed)

Source: Research Data (2018)

The results shown in table 4.13 indicate that there was a positive relationship between personal characteristics and personal investment (r=0.397; p<0.012). This implies that personal characteristics positively influenced personal investment among employees in Kapkoros Tea Factory in Bomet County.

4.6 Regression Model

The researcher sought to fit a regression model for the study to show the relationship between the independent variables and the dependent variable. The results presented in table 4.14 are from a multiple regression analysis which was performed.

Table 4.14: Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0.917a</td>
<td>0.841</td>
<td>0.707</td>
<td>0.0043</td>
</tr>
</tbody>
</table>

*a. Predictors: (Constant), Financial literacy, Personal Characteristics

The model summary indicated the presence of a positive multiple correlation (R=0.917) between the independent variables and the dependent variable and the R-squared value of 0.841 pointed out that the independent variables accounted for 84.1% of the total variance in personal investment (dependent variable). Therefore, the researcher observed that the independent variables and the dependent variable were statistically related. The analysis of variances produced the results in table 4.15.
The study established that the F-ratio ($F(2, 113) = 5.708, p=0.000$) was statistically significant at $p<0.05$ level of significance indicating that the independent variables taken together significantly influenced personal investment. The model coefficient values from the regression are presented in table 4.16.

**Table 4.15: Analysis of variance of the interaction among the study variables (ANOVA*)**

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>Df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>2.205</td>
<td>2</td>
<td>1.039</td>
<td>5.708</td>
<td>0.000b</td>
</tr>
<tr>
<td>Residual</td>
<td>17.413</td>
<td>81</td>
<td>0.182</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td><strong>19.618</strong></td>
<td>83</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: Personal Investment  
b. Predictors: (Constant), Financial Literacy, Personal Characteristics,

From the model coefficients table, the following mathematical model was fitted $Y = 2.475 + 0.492X_1 + 0.397X_2 + 0.111$. From the derived regression model, keeping all other factors constant, personal investment among employees in Kapkoros Tea Factory in Bomet County is a constant value of 2.475. However, when all other factors remain constant, the influence of personal characteristics was a multiple of 0.397. Further, the influence of financial literacy was a multiple of 0.492 units. This suggests that both the independent variables were directly linked to personal investment. This suggests that, holding other factors constants, personal
characteristics and financial literacy led to 0.889 units of personal investment among employees in Kapkoros Tea Factory in Bomet County.

4.7 Discussion

This section discusses the results in line with the objectives of the study. The findings reveal that financial literacy and personal characteristics influenced personal investment. This concurs with Benheim (1998) who noted that that if individuals have sufficient knowledge concerning investment they are likely to make optimal investment decisions and that lack of financial education may result poor investment decision. The correlation analysis established a strong relationship between financial literacy and personal investment suggesting a strong positive relationship between the two variables. This indicates that employees who are financially literate are most likely to make viable personal investment decisions. In addition, the study found out that personal characteristics had a strong positive relationship on investment decision.

The findings show that employees’ personal characteristics influenced personal investment decision among employees at Kapkoros Tea Factory in Bomet County. This concurs with Esty (2015) whose research indicated that a consideration of personal characteristics and financial literacy was significant determinants of increased propensity towards personal investment. The findings are in agreement with Hogarth and Hilgert (2002) and Hilgert, Hogarth and Beverly (2003) who found that financially knowledgeable employees were in a better position be more responsible in their finances. This means that knowledge affects the attitude towards investment (Baron & Kenny, 2014).

The study revealed that a larger percentage of respondents had an above average level of experience which was between 1-5 years in their departments and most of them belonged to clerical and sales departments. These two departments give a good opportunity for interaction
of employees with business customers and it can be considered to mean that respondents involved themselves in advising customers as well as learning from them hence sound financial literacy. Most of the respondents were capable of withstanding a job loss for a short period because of their savings. Furthermore, the findings also indicated that most participants had developed a personal saving plan possibly based on their monthly salaries. However, previous studies have demonstrated that this is due to cost of living and individual’s propensity to save. The results also reveal that most of the respondents had developed a personal investment plan different from the mandatory pension scheme. This is sufficient evidence that most employees generally embraced good financial management practices relating to personal investment.

The correlation results indicate that personal characteristics had a significant relationship with personal investment. This suggests that personal characteristics such as age, gender, education levels and other individual traits could also be positively correlated with saving and investment plans and therefore bring about the overall personal investment. This findings correlate with Kinoti (2012) who noted that the literacy level of saving was generally moderate despite the greater saving potentials.

According to Kahneman and Tversky (1979) and Thaler (1985) employees are likely to invest in response to adequate and relevant information. Krishnan and Brooker (2002) concur that investment decision making relies on adequate financial information. Nagy and Obenberger (1994) also concurred that the need for diversification, expected corporate earnings, stocks past performance, perceptions and preference towards firm’s products and services, individual portfolio past performance, stock broker recommendations were the ideal information employees need to make personal investment decision. Merikas (2003) suggested that people base their investment decisions on economic criteria in addition to other diverse variables. This means that financial advice can be a potential correcting factor in the process of investment
decision making. To remedy such lack of data, Lusardi and Mitchell (2006) observed that different population groups like women, less educated people and the elderly were lower in financial illiteracy and were therefore unable to make adequate financial decisions.

Hilgert and Hogarth (2002) agree that widespread financial illiteracy has serious implications when it comes to investment plans. Similarly, Lusardi and Mitchell (2007) show that financially illiterate people will most likely not plan for retirement thus accumulating less wealth at old age. This is confirmed by Stango and Zinman (2007) who show that people incapable of predicting return from investment, will in many cases invest less.
CHAPTER FIVE
SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction
This chapter presents the summary of findings, conclusions, recommendations and suggested areas for further research.

5.2 Summary of Findings
The objective of the study was to establish the influence of financial literacy and personal characteristics on personal investment among employees in Kapkoros Tea Factory in Bomet County. The response rate of the study was 70% of the distributed questionnaires. Out of 83 respondents who participated in the study, 44(53%) were males, 39(47%) were females. The findings show that majority of employees in Kapkoros Tea Factory were aged between 31 and 40 years. It is also evident that a large percentage of employees had worked for 1-5 years although a combined percentage of 54% had served for over 6 years and majority of them belonged to clerical and sales departments. It is also evident that employees with O level and KCPE constituted a large percentage of the distribution of employees with regard to level of education.

With regard to financial literacy among employees of Kapkoros Tea Factory, majority of the respondents had knowledge on how fluctuations in the market value could affect their investment decision, could assess the performance of an investment portfolio, were able to calculate the expected risks on their investments and were able to calculate the expected returns for their investments as indicated by a mean response of 4.11 (SD=0.73), 4.07 (SD=0.93), 4.03 (SD=0.41) and 3.97 (SD=0.97) respectively. This indicated that financial literacy affected personal investment among employees in Kapkoros Tea Factory in Bomet County. Similarly, majority of the respondents agreed that personal characteristics were related to personal
investment. This is because majority of the respondents agreed that they believed that they always developed a spending and saving plan and habit, depended on financial experts for financial guidance and advice, gender, age and education level determined investment decision and that they were the kind of people who always look forward to invest as shown by a mean response of 3.89 (SD=0.87), 3.73 (SD=0.79), 3.57 (SD=0.99) and 3.56 (SD=0.43) respectively. Moreover, there were higher responses in regard to whether the respondents were members of SACCOs that provided adequate investment plan, whether they had full knowledge of personal investment plans and whether they were aware of the prevailing inflation rates before making their investment as indicated by means of 4.14, 4.07 and 3.99 and standard deviation of 0.99, 0.91 and 0.87 respectively.

The inferential analyses revealed that there was a positive relationship between financial literacy and personal investment ($r= 0.492; p< 0.004$). There was also a positive relationship between personal characteristics and personal investment ($r= 0.397; p<0.012$). The regression model also indicated the presence of a positive multiple correlation ($R=0.917$) between the independent variables and the dependent variable. Further, the R-squared value of 0.841 indicated that the independent variables accounted for 84.1% of the total variance in personal investment among employees in Kapkoros Tea Factory in Bomet County.

5.3 Conclusion

The study explored the influence of financial literacy and personal characteristics on personal investment among employees in Kapkoros Tea Factory in Bomet County. The results indicated that financial literacy and personal characteristics had significant influence on personal investment among employees in Kapkoros Tea Factory. From the study findings, it is concluded that employees saved less proportion of their salaries hence their investments were financed through loans. However, employees had knowledge on how fluctuations in market value could affect their investment decisions, could assess the performance of an investment
portfolio, were able to calculate the expected risks on their investments and were able to calculate the expected returns for their investments.

The study also concluded that employees in Kapkoros Tea Factory always developed a spending and saving plan and habit, depended on financial experts for financial guidance and advice, were the kind of people who always looked to invest and they had diversified their assets as one way to manage risk.

In general, the study concluded that there was a positive relationship between financial literacy and personal investment \( (r=0.492; \ p<0.004) \). There was also a positive relationship between personal characteristics and personal investment \( (r= 0.397; \ p<0.012) \). Based on the regression analysis, financial literacy and personal characteristics accounted for 84.1% of the total variance in personal investment among employees in Kapkoros Tea Factory in Bomet County.

5.4 Recommendations

The financial literacy should be enhanced among employees of Kapkoros Tea Factory since this can lead to increased personal investment. To build a strong personal investment portfolio, it is important for employees to be sensitized on financial literacy skills through basic training on financial management. The factory management should develop initiatives that would ensure financial literacy training as well as creating room for savings and investment to its employees. In addition, employees of Kapkoros Tea factory should be given opportunities to attend financial seminars and workshops and also enlightened on reading financial journals which should be provided for by the factory. This will help in greater extend in equipping them with the necessary skills in formulating their personal financial plans with an intention of long-term financial freedom. This research also suggests that Kapkoros Tea Factory should have various internal financial literacy programs to their employees so as to match their propensity to save and invest. In addition, the government should also initiate subsidy programs that will
lessen the cost of living and cultivate a culture of savings and investment among its citizen. The study further recommends that individuals should develop a comprehensive saving and investment plans backed by prudent expenditure habits and shrewd management of income used to finance investments for optimum returns.

5.5 Limitations of the Study

The researcher came across some challenges while conducting the study. Among the respondents were the employees in senior management who always had busy schedules and this made it cumbersome to get them fill the questionnaires in the right time. It also took time to find them so as to be granted permission to carry out the research in the factory. However, several visits and constant contact to them helped in receiving positive feedback. Some respondents were uncomfortable in giving out some information about their level of personal investment as they viewed this as being confidential. However, the researcher through the factory secretary gave them assurance that the information obtained from them would be used purely for study purposes. Owing to the fact that the study used closed ended questionnaires, it subjected the study to some limitations because the responses were confined to the structure of the questionnaire. This denied the respondents opportunity to express other opinions outside the questionnaire.

5.6 Areas for Further Research

The study recommends that a similar study to be done on the relationship between financial literacy, personal characteristics and personal investment in non-agricultural factories in Kenya.

The researcher also suggests a further study to be undertaken to explore personal investment in other organizations in Kenya and around the world to establish whether the will be a consistency in the results.
Resource constrains such as time and finances were limiting factors to the findings as well as the conceptual scope because of the sample size. Therefore, the study suggests that more research should be carried out to generate more representative analysis.
REFERENCES


Appendix I: Questionnaire

Instructions: Kindly take a few minutes to fill in this questionnaire. Information supplied is purely for academic purposes and will be treated with utmost confidentiality. Please tick or indicate your answer where appropriate.

SECTION A: BACKGROUND INFORMATION

1. What is your gender? Male [ ] Female [ ]
2. Kindly pick your age bracket which is indicated in years
   Below 20 [ ] 20-30 [ ] 31-40 [ ] 41-50 [ ] Above 50 [ ]
3. What is the highest level of your education?
   Primary [ ] O’Level [ ] Certificate [ ] Diploma [ ] Undergraduate [ ] Postgraduate [ ]
4. How long have you worked for this factory?
   5yrs and Below [ ] 6-10 yrs [ ] 11-15 yrs [ ] Above 15 yrs [ ]
5. Which department do you work in?
   Finance and Administration [ ] Production [ ] Clerical [ ] Sales [ ]
6. What level is your role in this Company?
   Senior Management [ ] Middle Management [ ] Supervisory [ ] Clerical [ ]
7. Please pick your salary scale
   Below 10,000 [ ]
   11,000-20,000 [ ]
   21,000-30,000 [ ]
   31,000-40,000 [ ]
   41,000-50,000 [ ]
   50,000 and Above [ ]

SECTION B: FINANCIAL LITERACY

The following statements are about your level of financial literacy. Please tick the statements that best describes your level of agreement. The scale is; (1) Strongly disagree, (2) Disagree, (3) Unsure, (4) Agree, (5) Strongly agree

<table>
<thead>
<tr>
<th>Statements</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>I have knowledge on how fluctuations in the market value could affect my investment decision.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>I can assess the performance of a fund or managed investment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I understand my statements of financial position</td>
<td></td>
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</tr>
</tbody>
</table>
I am confident about making an effective financial plan
I have full knowledge of personal investment portfolios
I understand financial terms and concepts related to investments
I am capable to determine the expected returns for my investments
I am capable to determine the expected risks on my investments
I can make informed and effective investment choices
I am capable to establish the best investment portfolio to invest in

SECTION C: PERSONAL CHARACTERISTICS
The following statements are about personal characteristics that influence personal investment. Please respond to the statements by ticking the best describes your level of agreement. The scale is; (1) Strongly disagree, (2) Disagree, (3) Unsure, (4) Agree, (5) Strongly agree

<table>
<thead>
<tr>
<th>Statements</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>I am accountable for managing my financial resources in order to satisfy my current and future financial needs</td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>I always develop a spending and saving plan and habit</td>
<td></td>
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<tr>
<td>I have a financial decision-making strategy on purchasing stocks</td>
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<tr>
<td>I depend on financial experts for financial guidance and advice</td>
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<tr>
<td>I always look forward to invest</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Gender, age and education level determine investment decision</td>
<td></td>
<td></td>
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<td></td>
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</tr>
<tr>
<td>It is my nature to balance credit and debt and so helps me achieve some short and long-term goals</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I have diversified my assets as one way to manage risk</td>
<td></td>
<td></td>
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<tr>
<td>I take loans based on the prevailing interest rates</td>
<td></td>
<td></td>
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<td></td>
<td></td>
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<tr>
<td>I tend to make financial decisions based on past experience</td>
<td></td>
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</tbody>
</table>

SECTION D: PERSONAL INVESTMENT
Please answer the following statements about your level of personal investment by ticking the statement that best describes your level of agreement. The scale is; (1) Strongly disagree, (2) Disagree, (3) Unsure, (4) Agree, (5) Strongly agree
<table>
<thead>
<tr>
<th>Statements</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Out of my monthly salary income, I set aside some for investment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I depend on financial experts for advice on investment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I am a member of SACCO that provide adequate investment plan</td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>I have a loan from the bank which fund my investment</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>High cost of living has made me consider investment while still in</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>employment</td>
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<td></td>
</tr>
<tr>
<td>I have full knowledge of personal investment plans</td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>I am satisfied with my current personal investment arrangements</td>
<td></td>
<td></td>
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<td></td>
<td></td>
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<tr>
<td>I have another source of income as part of my investment</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>I am aware of the prevailing inflation rates before making my investment</td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>I invest out of every other income I receive</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>