

**FINANCIAL LITERACY, INVESTOR AGE, BEHAVIOUR AND  
INVESTMENT DECISIONS AMONG CHUKA UNIVERSITY STAFF,  
KENYA**

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## DECLARATION AND RECOMMENDATIONS


### Declaration

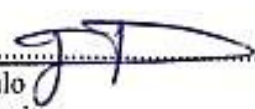
This thesis is my original work and has not been presented for an award of a diploma or conferment degree in any institution.

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### Recommendations

This thesis has been examined, passed and submitted for examination with our approval as university supervisor.

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### **DEDICATION**

This work is dedicated to my beloved parents, Eliud Juma and Centrine Juma, whose unwavering love, prayers, financial support, and encouragement have been my greatest source of strength and motivation. I also dedicate it to my dear sisters, Juliet

and Benta for their constant support and belief in me. My heartfelt gratitude extends to my friends and classmates for their inspiration, cooperation, and encouragement throughout this academic journey. Above all, I dedicate this achievement to Almighty God, whose divine guidance, grace, and blessings have made this accomplishment possible.

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## ABSTRACT

Financial literacy remains low globally, with Kenya recording only 38% according to the World Bank. Despite this, financial knowledge is essential for making informed investment choices that support wealth creation, business growth, and economic stability. Poor investment decisions can result in financial losses and long-term insecurity. Research also indicates that the link between financial literacy and investment decisions is affected by factors such as age and investor behavior. Therefore, this study sought to examine the effect of financial literacy on investment decisions among Chuka University staff, with investor age and investor behavior examined as moderating variables. The study was guided by the Theory of Planned Behavior, the Expected Utility Theory, and the Portfolio Theory. A descriptive research design was employed, and data were collected using structured questionnaires from a sample of 154 respondents selected through proportionate stratified random sampling. A pilot study was conducted with 15 staff members from the University of Embu, representing 10% of the target population, to test the accuracy of the questionnaire. Questionnaire reliability was assessed using Cronbach's alpha, where a coefficient above 0.7 indicated acceptable internal consistency. The validity of the instrument was confirmed through expert review to ensure that all items accurately captured the constructs under investigation. Linear regression was used to test the direct effect of financial literacy on investment decisions, stepwise regression was applied to examine the moderating effects of investor age and investor behavior, while multiple regression was employed to determine the combined effect of all variables on investment decisions. Diagnostic tests for linearity, normality, homoscedasticity, and multicollinearity confirmed that the data met the assumptions of the Ordinary Least Squares (OLS) regression. All hypotheses were tested at a 5% level of significance ( $\alpha = 0.05$ ). The results showed that staff at Chuka University exhibited high financial literacy ( $M = 3.75$ ) and made optimal investment decisions ( $M = 3.83$ ), reflecting prudent risk diversification and long-term financial planning. Investor behavior was found to be fairly rational ( $M = 3.79$ ; 75.8%), indicating that most respondents made logical and informed financial choice. The study revealed that older staff have the ability to make better investment decisions than younger staff by 0.086 score on the baseline level. Regression results confirmed that financial literacy ( $\beta = 0.544$ ,  $p < 0.001$ ) and investor behavior ( $\beta = 0.075$ ,  $p < 0.001$ ) significantly influenced investment decisions, while age had no effect ( $\beta = 0.077$ ,  $p = 0.383$ ) on the link, highlighting knowledge and rational behavior as key drivers of effective outcomes. The study recommends that investors continuously improve their financial literacy, particularly in financial products, investment strategies, and behavioral finance. It further suggests that policymakers and financial institutions create accessible educational programs through online resources and interactive platforms. Universities and financial institutions should also include financial literacy and behavioral finance training in staff development initiatives, while the government should incorporate financial education into school curricula to strengthen overall financial awareness.





