Assessing the Effect of Financial Literacy on Investment Decisions Among Matatu Savings and Credit Cooperative Societies in Kenya

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Received: March 5, 2025 Accepted: April 5, 2025 Online Published: April 11, 2025

doi:10.5430/ijfr.v16n2p17 URL: https://doi.org/10.5430/ijfr.v16n2p17

Abstract

Financial literacy has garnered significant attention in the realm of investment on a global scale over the years. This phenomenon is ascribed to its pivotal role in the process of making investment decisions. The global economy has undergone increased complexity; thus, it is imperative for each individual to engage actively and astutely in investment decision-making to effectively navigate the escalating cost of living. Numerous individuals exhibit interest in various forms of investments, finding them captivating due to the ability to make decisions and subsequently observe the consequences of those decisions. Nevertheless, not all investment endeavors yield profits, given that investors may not invariably be accurate in their decision-making. Therefore, this research sought to analyze the influence of financial literacy on the investment decisions of designated Matatu SACCO employees in Nanyuki town, Kenya. Specifically, the research involved evaluating the influence of savings techniques, debt management, financial planning, and project appraisal methods on investment decisions. Underpinning theories were information asymmetry, behavioral economics and financial education. A causal research design was employed, focusing on 8 Matatu SACCOs in Nanyuki Town, Kenya, as the units of analysis. Data was gathered from 195 employees of the SACCOs, representing various departments, utilizing a stratified sampling method and simple random sampling techniques for participant selection. The study encompassed a sample of 131 participants. Primary data was acquired through questionnaire. Descriptive analysis, correlation and multiple regression was utilized for data synthesis. The study revealed that saving techniques, debt management techniques, financial planning and project appraisal techniques had a positive significant effect on investment decisions. The study concludes that savings strategies often encourage financial literacy and education. As Matatu SACCO employees engage in saving, they may also seek information on various investment options available to them. Debt management strategies often involve education on financial planning, budgeting, and investment options enabling employees to gain a better understanding of their financial situation, which enhances their ability to make informed investment choices.. The study recommends that the Matatu SACCO should organize regular workshops focusing on financial literacy, covering topics such as budgeting, saving, and investment options. The Matatu SACCO should create a clear debt management policy that outlines acceptable debt levels, repayment schedules, and consequences of default. The Matatu SACCO should invite financial experts and successful investors to share their experiences and insights, providing real-world context to theoretical knowledge. The Matatu SACCO employees in Nanyuki town, Kenya should organize regular workshops and seminars focused on project evaluation methodologies, financial analysis, and investment decision-making

Keywords: financial literacy, investment decision, saving technique, debt management, financial planning, project appraisal techniques

1. Introduction

Investment entails allocation of a specific sum or percentage of funds for a defined duration to yield a prospective lucrative outcome (Mwangi, 2012). The decision-making process in investment involves a conclusion regarding how funds will be invested to generate profits, whether short or long term (Devi & Purbawangsa, 2018). The critical nature of investment decisions lies in their direct impact on investment profitability (Riyanto, 2013). Harjito and Martono (2013) highlight that a company's choice of assets for investment reflects its investment decisions, particularly evident in the assets segment of the financial statement, delineating current and fixed assets. This aspect holds significance as the composition of current and fixed assets determines the company's wealth structure (Riyanto, 2019).

The role of financial decision-making in shaping financial capability and well-being is widely recognized as a crucial factor. Identifying factors significantly linked to financial decisions is imperative for individual and national development. Given the intricate nature of contemporary financial tools and the decisions they entail, like comparing investment options, determining savings amounts, and accessing financing, individuals must possess financial literacy. Moreover, the growing importance of financial literacy is underscored by the liberalization of financial markets, increased credit accessibility, aggressive marketing of financial products, and governmental initiatives promoting responsible investment and retirement planning.

The importance of financial literacy in financial decision-making lies in its ability to equip consumers with strategies to navigate challenging financial situations by adopting risk-mitigating measures such as savings accumulation, asset diversification, and insurance acquisition. It also reinforces positive financial behaviors like timely bill payments and debt management, which are pivotal for maintaining borrowing opportunities in constrained credit environments (Hogarth, 2019). Pompian (2022) emphasizes that a more financially literate populace drives the demand for financial services, fosters responsible usage of such services, bolsters financial market stability, and contributes to broader economic progress. Therefore, promoting financial literacy is essential for enhancing access to finance through incentivizing and fostering desired financial behaviors such as saving, budgeting, and prudent credit utilization.

Almenberg and Save-Soderbergh (2018) note that financial literacy levels in Sweden tend to be lower among elderly individuals, women, and those with limited education or income. Upon controlling for demographic factors, no correlation is found between a narrow financial literacy measure and financial planning; however, a broader measure demonstrates a positive and statistically significant association. Similarly to various other nations, Volpe, Joseph, and Chen (2021) point out that Sweden's transition to a funded defined contribution system has significantly elevated the importance of personal financial literacy. This shift has transferred financial risks from the government and employers to employees, granting individuals unprecedented control over the management of their pensions. Consequently, the pension system furnishes comprehensive information to all eligible individuals regarding financial market operations and the projected value of their future pension benefits.

Uganda Vision 2040 highlights financial literacy as the primary obstacle to accessing financial services, consequently impacting the competitiveness of the economy. Evidently, there exist relatively low levels of household investments and financial literacy in Uganda, where financial information and guidance are predominantly acquired through radio broadcasts and interactions with friends and family (FinScope Uganda Report, 2023). Kasalirwe and Lokina (2022) remark that financial literacy concerning household investment decisions in Uganda is notably linked to household socio-demographic factors and the subsequent investment choices made by households. Furthermore, statistics reveal a rise in financial inclusion and an increase in the utilization of formal financial services in Uganda, as evidenced by the growing number of depositors engaging with commercial banks.

According to Olanipekun and Agboola (2021), a primary obstacle confronting retirees in Nigeria is the insufficient preparation for retirement, leading to negative outcomes such as financial inadequacy for bill payments, frustration, financial insecurity, and dissatisfaction with lifestyle, and decreased social connections.

Mahfudh (2020) suggests that the level of financial literacy factors impacting businesses in Kenya by factors such as financial education, investment strategies like portfolio investments and seeking advice from financial experts, selection of investment instruments, and frequency of engagement in the stock market. As per Mugo (2021) financial knowledge, attitudes towards finance, investment choices, financial behavior, and awareness of financial matters influence investment decisions. Consequently, it is essential for these societies to consistently educate their members on enhancing their financial management skills and attitudes to support their investment decisions.

1.1 Investment Decision

An investment decision constitutes a meticulously planned course of action that assigns financial resources to achieve the utmost possible profit. This decision is formulated based on investment aims, risk preferences, and the investor's profile, whether they are an individual or a corporation (Hirshleifer, 2018). As Whitbeck and Kisor (2021) point out, investment decisions pertain to the overall quantity of assets to be retained and their distribution between fixed and current assets. As a result, an investment decision should optimize the shareholders' wealth, take into account all cash flows to ascertain the actual profitability of the venture, establish an objective and unambiguous method of distinguishing viable projects from unviable ones, and so forth.

According to Kumar and Goyal (2018), a firm's investment decisions are commonly referred to as capital budgeting or capital expenditure choices. Dash (2020) points out that determinations such as alterations in sales distribution methods, launching an advertisement or initiating R&D's programs, endure repercussions on firm's outlays and advantages, hence necessitating evaluation as investment decisions.

Akims and Jagongo (2017) note that an investment decision entails cognizance of various alternative investment prospects, investment securities, and the realization of the benefits associated with investing. This underscores the importance for investors to possess financial literacy in order to make the most lucrative investment choices. According to Slovic, Fleissner, and Bauman (2020), in order to make a successful investment decision, investors must thoroughly and accurately assess potential opportunities, avoiding hasty decisions. A misguided investment decision can potentially lead organizations to insolvency. Therefore, a comprehensive grasp of the fundamental principles behind investment decisions is crucial to derive the maximum value from the evaluation process.

1.2 Financial Literacy

According to Ademola, Musa and Innocent (2019), the definition of financial literacy is the desire, self-assurance, and competence to apply financial understanding and knowledge in order to generate sound judgment across a variety of monetary contexts. This is done with the intention of ensuring one's financial soundness and allowing one to have knowledge of financial concepts and participate in economic life. As per the findings of Lusardi and Mitchell (2011), around one-third of the global population has a fundamental comprehension of the concepts that need to be used while making decisions regarding one's financial situation. The concept of financial literacy was conceived with the intention of assisting the people of society who have the least amount of knowledge to reach greater levels of financial stability, development, and involvement overall.

According to Mustafa, Mazhar, Asghar, Usmani, Razaq, and Anderson (2019), the majority of persons with low incomes, particularly women, are finding it more challenging to make educated decisions about financial products and services as the complexity of financial markets continues to increase by a significant margin. There is a possibility that difficulties may develop while attempting to get access to microfinance services such as leasing, savings, insurance, and personal loans. A significant number of individuals have defaulted on their loans due to the fact that they are unable to meet their minimum payments or because they are required to borrow additional funds from a multitude of lenders in order to meet their financial obligations. In this scenario, women with low incomes are put in a more precarious position than they would otherwise be if microfinance inclusion does not partner with financial literacy in addition to assisting them.

By providing people with the necessary tools for predicting, assisting them in conserving money, and ensuring that they maintain their financial health, those who are financially literate provide themselves with critical tools. Women who are financially knowledgeable are thus good to the economy because they exert pressure on suppliers of financial services to innovate and improve their levels of efficiency, as well as to stimulate true competition (Lusardi & Mitchell, 2011). The capacity to build financial goals, good financial behaviors and attitudes, and the ability to make educated choices about financial products are some of the typical markers of financial literacy (Bongomin, Munene, Ntayi, & Malinga, 2017). Financial management skills and knowledge are also included in this category.

It has been shown that a person's degree of financial literacy has an effect on a variety of financial behaviors, including the management of debt, borrowing habits, investment strategies, and saving rates. Research conducted by Lusardi and Mitchell (2014) establishes that a higher level of financial literacy corresponds to greater likelihood of achieving financial stability. Literacy in topics pertaining to finances is associated with a investment decisions for a number of reasons. It is for this reason that those who are able to effectively arrange their financial matters are often the most financially literate. There is a pervasive lack of financial literacy among matatu operators, which has been ascribed in part to the slow pace of investments (Mwathi, 2017).

Financial literacy is the collection of abilities, knowledge, mentality and behaviors that individuals need in order to create positive decisions about their finances and to better their own personal financial condition. In this study, financial literacy will be assessed using measures that include financial knowledge, financial behavior, and financial attitudes. These three aspects were investigated to determine the degree to which contemporary working women are acquainted with financial matters.

1.3 Statement of the Problem

Over the past ten years, Kenya's financial system has undergone significant reforms, with technological advancements like mobile banking and automated teller machines expanding significantly. The expansion of financial inclusion has been identified as one of the pillars that is anticipated to propel the economy toward the fortunate ten percent growth rate envisioned in the vision 2030 (IFC, 2019). Moreover, expanding family admittance to formal monetary administrations is high on the plan of the Kenyan government and is immovably established in the Vision 2030 arrangement for public turn of events. The accomplishment of the country's advancement methodology is expected to be worked with by more prominent monetary incorporation, which will improve family admittance to monetary administrations, support reserve funds and speculations, and increment family monetary education (World Bank, 2020).

Despite the efforts, individually, admittance to investment funds, credit, and protection is still low (Shibia and Kieya, 2018). Additionally, according to the Fin Receive Survey (2018), 33% of the nation's population accessed financial services through formally regulated financial institutions, 8% through unofficial financial institutions, 26% through financial exclusion, and 33% through alternative sources. According to the 2019 FinAccess survey, informal financial services are used by 17% of Kenyans, while 7% are not.

An elevated degree of monetary proficiency offers different benefits and is connected with the formal monetary industry. The rate of financial exclusion remains high, despite the fact that enrollment in primary, secondary, TVET, and higher education institutions has increased over time, indicating an increase in financial literacy. The savings rate has also been low, rising from 2008 to 2018 while remaining the same from 2000 to 2006. Research that shows that just growing the accessibility of monetary items and administrations may not assist with expanding speculations except if painstakingly organized endeavors are made to further develop monetary proficiency fills in as additional affirmation of this (Lusardi, 2019; Fintech, 2021; Fanta and Mutsonziwa, 2021).

A concentrate by Amisi (2018) inspected the impact of monetary education on speculation direction by benefits store chiefs in Kenya and the monetary proficiency level was found essentially affect venture navigation by reserve directors. Notwithstanding, the review utilized correlational examination configuration consequently introducing a strategic hole. Akims and Jagongo (2020) looked at a theoretical perspective of financial literacy and how it affects investment decisions in Nigeria. They found that people's investment decisions are influenced positively by their financial literacy. Nonetheless, the review setting was Nigeria and in this way, the finding may not be pertinent to Kenyan setting. Mugo (2021) researched the impact of monetary education on speculation choices among reserve funds and credit co-employable social orders individuals in Nairobi and observed notable positive connection between monetary information, monetary disposition and venture choice. The SACCO members in Nairobi City County, Kenya, were the focus on the research of: Impact of monetary education on speculation choices among chosen Matatu SACCO representatives in Nanyuki Town, Kenya.

1.4 Objectives of the Study

1.4.1 General Objective

The research mainly aimed at determining financial literacy effects on investment decisions of selected matatu SACCO employees in Kenya’s Nanyuki town.

1.4.2 Specific Objectives

i. To assess the effect of saving techniques on investment decisions among selected Matatu SACCO employees in Kenya’s Nanyuki town

ii. To examine the effect of debt management techniques on investment decisions among selected Matatu SACCO employees in Kenya’s Nanyuki town

iii. To ascertain the effect of financial planning techniques on investment decisions among selected Matatu SACCO employees in Nanyuki town, Kenya

iv. To examine the effect of project appraisal techniques on investment decisions among selected Matatu SACCO employees in Nanyuki town, Kenya

2. Review of Literature

2.1 Theoretical Review

Theories underpinning the study included, Information Asymmetry Theory by Myers and Majluf (1984) which gave a hierarchy of financing preference based on the security's information sensitivity due to information asymmetry between managers and investors. In this plan, held profit are the least data delicate, trailed by obligation, and afterward outside value. As a result, businesses typically use retained earnings, debt, and external equity issuance as last resort to cover their financing shortfall. Particularly, the observed patterns with regard to asset tangibility, small businesses, and age suggest that information asymmetry regarding future investments may play a significant role.

Information asymmetry occurs when one party within the market approaches more information than the other party, according to Bukhari, Ul-Haq, Ishfaq, and Ali (2021), a common feature of market interaction. Any product's quality and price can be persuaded by one party in an asymmetric information context. In this way, the data imbalance influences genuine interest in different ways and it gives fulfilment to financial backers.

Hursh's (1984) behavioural economics theory was also key in this study. According to Angner and Lowenstein (2017), a significant amount of the literature in behavioural economics contends that consumers rely on heuristics that cause them to make systematic judgment errors. The writing on monetary proficiency recommends that numerous people come up short on comprehension of fundamental monetary standards, which seemingly would hamper people's capacity to really deal with their funds. Manurung (2017) states that people in money management not just use evaluations of the possibilities of their speculation instruments, yet mental factors likewise play a major part in deciding direction.

Lastly, Financial Education Theory the product of the work of Gallery, Newton and Palm (2021) was also employed. The theory emphasizes the role of financial knowledge in creating a strong investment in human capital. It further establishes that people need to be more informed in order to build the investment skills. Financial literacy is found to be a key component in shaping economic landscapes. Therefore, research needs to provide a better platform for public policy brief in terms of incorporating financial literacy in economic development.

This theory further presents that people will invest and make decisions depending the levels of financial awareness, make better investment and financial management decisions. Financial literacy remains an important catalyst many investment decisions, and has elicited more interest as a key parameter in finance landscape. As per the findings of Lusardi and Mitchell (2019), around one-third of the global population has a fundamental comprehension of the concepts that need to be used while making decisions regarding one's financial situation. The concept of financial literacy was conceived with the intention of assisting the people of society who have the least amount of knowledge to reach greater levels of financial stability, development, and involvement overall.

2.2 Empirical Review

This segment provides an overview of previous researches related to the current study variables. The study analyzed those studies in terms of objectives, methodology, findings and conclusion. For instance, Komen (2022) examined the impact of saving strategy on saving way of behaving among limited scope entreprenuers in Kisumu focal supporters Kisumu Region. Correlational exploration configuration was utilized in the review. The objective populace contained 914 enrolled little business visionaries in Kisumu town focal electorate who have been doing business for no less than 2 years. The review embraced Yamane examining method. Unconditional and shut finished organized surveys were utilized to assemble essential information. 28 surveys were utilized in a pilot concentrate on by the scientist to ensure the inquiries were dependable, substantial, and relevant. The discoveries show that saving conduct on venture choices among limited scope business people were firmly and decidedly corresponded. Be that as it may, the review zeroed in on SMEs in Kisumu Province, Kenya.

Do and Phan (2022) looked into how debt management affected investment choices. The statements from FiinPro database containing financial statements of 558 businesses that were listed on both the Ho Chi Minh and Hanoi stock exchanges between 2010 and 2019 were used. Results from S-GMM regression method show that obligation development structure decidedly affects the speculation choice of the ventures. In addition, the enterprise's investment decisions are influenced positively by total assets profitability and fixed asset turnover, while investment decisions are influenced negatively by liquidity and cash flow. Be that as it may, the review zeroed in on recorded organizations on Vietnam's financial exchange.

Amaraveni and Susruth (2021) looked into how investment decisions are affected by financial planning. The example utilized in this study are 5 organizations of drug industry which recorded in Public stock trade and auxiliary information gathered for period 2011-2020. Relapse examination was utilized to dissect the connection between the reliant variable and free factors. Discoveries show that there is a huge connection between monetary preparation and the speculation choices. The review discoveries showed that monetary arranging decidedly affected the speculation choices. Nonetheless, the review covered the venture choices the period the drug business between the year 2011 to 2020.

3. Research Methodology

This is the plan that addresses all the study's questions. The researcher used a causal research design (Hair et al., 2015). All changes to the dependent variable that are thought to be caused by variation in the independent variables. In information creation, any remaining factors that might be standing up to the genuine outcomes kept steady. To test the study hypotheses, a causal research design was used to figure out independent and dependent variables or how much of a relationship exists between the causal variables and the predicted effect.

The target population focused on 8 Matatu SACCOs in Nanyuki Town, Kenya, as the units of analysis. Data was gathered from 195 employees of the SACCOs, representing various departments, utilizing a stratified sampling method and simple random sampling techniques for participant selection. The study encompassed a sample of 131 participants. A Semi structured questionnaire was utilized to collect data A semi structured questionnaire has the advantage of combining both structured and semi structured segments. This allows for comparable, reliable data with the flexibility to ask follow up question (Einola & Alvesson, 2021).

Information gathered for this research was carefully coded, inputted, and examined with SPSS version 26. To fully understand the research findings, this research employed both qualitative and quantitative approaches. The study used content analysis and thematic analysis on qualitative data. Quantitative data underwent a range of statistical tests, such as descriptive and inferential analyses. Descriptive statistics like averages and spreads was used to summarize and explain the data. Analyzing correlations and conducting multiple regression was used in inferential statistics to explore connections and identify factors that can make predictions. The coefficient of determination (R^2) quantifies the extent to which the variability in the dependent variable can be attributed to the independent variables in a regression model (Wooldridge, 2020).

4. Research Findings and Discussion

The research aimed to engage 131 participants, with 119 individuals successfully filling out and submitting questionnaires, which corresponds to a response rate of 90.8%, which is deemed excellent for data analysis and interpretation, as it surpasses the acceptable threshold of 50%-60% for survey-based research (Fincham's, 2016). Given that the response rate exceeded 70%, it was sufficient to ensure the reliability and generalizability of the study findings. Moreover, strategies such as follow-up reminders and clarifying the study's purpose contributed to the improved response rate

Table 1. Response Rate

Category	**Frequency**	**Percentage**
Response	119	90.8
Non response	12	9.2
Total	**131**	**100**

Source: Survey Data (2024)

4.1 Results of Descriptive Statistics

Descriptive statistics provide a quick and clear overview of the research data, allowing for identification of patterns, trends, and potential outliers the study employed frequencies, percentages, means and standard deviation in the descriptive analysis of the research data. The findings are shown in the table below.

Table 2. Descriptive Statistics

Descriptive Statistics	Mean	Std Dev
Savings Techniques	4.30	0.69
Debt Management Techniques	4.17	0.83
Financial Planning	**4.14**	**0.88**
Project appraisal Technique	4.32	0.68
Investment decisions	3.15	1.85

Source: Research Data (2025)

The data above indicates that the overall mean and standard deviation scores of 4.30 and 0.69, respectively, suggest that respondents concurred on the influence of saving techniques on investment decisions. The respondents agreed that; saving strategies not only provide individuals with the potential for better long-term returns, but also foster financial discipline. These techniques help maintain a budget, essential for executing financial plans and prioritizing spending

Debt management techniques indicated 4.17 overall mean and 0.83 standard deviation scores suggesting that respondents concurred on the influence of debt management techniques on investment decisions The respondents strongly agreed that; debt consolidation has the potential to significantly enhance financial savings and expedite the journey to becoming debt-free, provided that specific criteria are met.

Financial planning results as depicted above indicates 4.14 aggregate mean and 0.88 standard deviation scores suggesting that respondents agreed financial planning influences on investment decisions The respondents strongly agreed in effectiveness of budgeting as a tool for recognizing and working towards long-term goals, reinforcing the notion that structured financial planning is integral to personal and financial success.

Project appraisal techniques as depicted above, data indicates 4.32 overall mean and 0.68 standard deviation scores suggesting that respondents agreed on the influence of project appraisal techniques on investment decisions showing that stakeholders highly value understanding the financial commitment required for projects. This agreement underscores the necessity of financial backing for project initiation and sustainability, ensuring resource availability and instilling confidence among team members and investors.

Investment decisions had a mean and standard deviation scores of 3.15 and 1.85, respectively, indicating a neutral perception. This suggests that employees neither strongly agree nor disagree with the investment decisions, with most responses clustering around the neutral point. The moderate standard deviation reflects variability in opinions, with some employees holding more positive or negative views. This suggest mixed perceptions of support, indicating some employees feel well-supported while others do not, highlighting a gap making sound investment decisions.

4.2 Inferential Statistics

The regression analysis was conducted to examine the relationship between the independent and dependent variables in the dataset. Also to understand how changes in one or more predictor variables can influence an outcome variable. The results obtained are presented as follows;

Model Summary

Table 3. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.867	0.752	0.552	1.002

Source: Survey Data (2024)

The model summary reveals a strong positive correlation (R = 0.867) between saving techniques, debt management, financial planning, project appraisal and the investment decisions of Matatu SACCO employees in Nanyuki, Kenya. This suggests that improved financial practices lead to better investment choices. The R square value of 0.752 indicates that about 75.2% of the variance in investment decisions is explained by these practices, highlighting their significance as predictors. The adjusted R square value of 0.552 (55.2%), while lower, still shows that the model effectively explains over half of the variance, ensuring robustness against overfitting. Thus, other variables not studied account for 44.2% on investment decisions. Lastly, the standard error of the estimate is 1.002, indicating a reasonable level of accuracy in the model's predictions.

Analysis of Variance

Table 4. Analysis of Variance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	156.678	4	39.1695	45.202	0.003
	Residual	98.785	114	0.8665		
	Total	255.463	118			

Source: Survey Data (2024)

The ANOVA results reveal key factors influencing investment decisions among Matatu SACCO employees in Nanyuki, Kenya. The mean square value of 39.1695 indicates significant variance among the groups analyzed, suggesting notable differences in investment decisions based on various financial strategies. The F value of 45.202 indicates that these differences are likely not due to chance, reflecting the true impact of independent variables such as saving techniques, debt management, financial planning, and project appraisal on investment decisions. Additionally, the significance level of 0.003 is well below the 0.05 threshold, providing strong evidence against the null hypothesis of no differences in investment decisions.

Regression Coefficients

Table 5. Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	0.611	0.119		5.134	0.003
	Savings techniques	0.841	0.231	0.0512	3.641	0.002
	Debt management techniques	0.795	0.337	0.0485	2.359	0.004
	Financial planning	0.778	0.226	0.0336	3.442	0.003
	Project appraisal techniques	0.759	0.208	0.0224	3.649	0.003

Source: Survey Data (2024)

The regression analysis reveals key factors influencing investment decisions among Matatu SACCO employees in Nanyuki, Kenya. The constant value of 0.611 indicates the baseline level of investment decision-making when other variables are constant. Savings techniques have the highest coefficient at 0.841, showing a strong positive impact on investment choices, suggesting that effective savings lead to more confident decisions. Debt management techniques follow with a coefficient of 0.795, indicating that employees skilled in managing debt are more likely to make sound investment choices, as it alleviates financial stress. Financial planning, with a coefficient of 0.778, is also crucial, as those who plan effectively can better evaluate investment options aligned with their long-term goals. Lastly, project appraisal techniques, with a coefficient of 0.759, highlight the importance of critically assessing potential investments.

The equation of regression formed was as follows:

$$Y = 0.611 + 0.841X_1 + 0.795X_2 + 0.778X_3 + 0.759X_4$$

Where Y= Investment decisions

X_1= Saving techniques

X_2= Debt management techniques

X_3= Financial planning

X_4= Project appraisal techniques

The beta values, which indicate the strength and direction of the relationship between these financial techniques and investment decisions, were found to be as follows:

The beta value of 0.0512 suggests a positive correlation between the use of savings techniques and the investment decisions made by the employees. This indicates that as employees adopt more effective savings strategies, their investment decisions tend to improve, reflecting a greater propensity to allocate funds towards profitable ventures. The significance level of 0.002 indicated statistically significant relationships between these variables. The finding concur with Komen (2022) research observation that saving conduct on venture choices among limited scope business people were firmly and decidedly corresponded.

With a beta value of 0.0485, the research indicates a positive connection between debt management techniques and investment decisions. This finding accentuates that employees who are adept at managing their debts are likely to make more informed and strategic investment choices, potentially leading to better financial outcomes. The significance level of 0.004 indicated statistically significant relationships between that dividend policies was significantly and negatively impacted by the debt policy variable.

The beta value of 0.0336 for financial planning indicates a somewhat weaker, yet still positive, relationship with investment decisions. This suggests that while financial planning is important, its impact on the investment decisions of the Matatu SACCO employees may not be as pronounced as that of savings and debt management techniques. However, it still plays a crucial role in guiding employees towards making sound investment choices. The significance level of 0.003 indicated statistically significant relationships between these variables. The finding concur with Amaraveni and Susruth (2021) research observation that there is a huge connection between monetary preparation and the speculation choices. The review discoveries showed that monetary arranging decidedly affected the speculation choices.

Lastly, the beta value of 0.0224 for project appraisal techniques reflects the least strong correlation among the four techniques studied. This indicates that while project appraisal is relevant to investment decisions, its influence is comparatively lower. Employees may benefit from enhancing their skills in this area to improve their investment decision-making processes. The significance level of 0.003 indicated statistically significant relationships between these variables. The finding is in line with Egbunike (2021) research observation that venture evaluation techniques are chosen without taking insight of the capital activities that are reasonable for themselves and in light of these discoveries.

5. Conclusions to the Study

The study concludes that savings strategies often encourage financial literacy and education. As Matatu SACCO employees engage in saving, they may also seek information on various investment options available to them. This increased knowledge empowers them to make better investment choices, whether in real estate, stocks, or other financial instruments, ultimately leading to more diversified and potentially profitable portfolios. A well-structured savings strategy can improve risk management among Matatu SACCO employees. Savings strategies often enhance an individual's creditworthiness. For Matatu SACCO employees, consistent saving can lead to better access to credit facilities offered by the SACCO.

The study concludes that debt management strategies often involve education on financial planning, budgeting, and investment options enabling employees to gain a better understanding of their financial situation, which enhances their ability to make informed investment choices. Effective debt management allows employees to better manage their cash flow and free up more disposable income. This surplus can then be redirected towards investments, such as purchasing shares in the SACCO, investing in real estate, or starting small businesses, thereby fostering a culture of investment among employees. Employees who save regularly are more likely to take advantage of investment opportunities when they arise, whether in the form of cooperative shares, mutual funds, or other investment vehicles.

The study concludes that financial planning equips employees with knowledge about different investment options available, such as stocks, bonds, real estate, and mutual funds. Financial planning encourages employees to set clear financial goals, whether for immediate needs like purchasing a vehicle or long-term aspirations such as retirement savings. Financial planning encourages employees to conduct thorough research before making investment decisions, leading to better outcomes. Financial planning promotes the concept of diversification, helping employees spread their investments across various asset classes to reduce risk.

The study concludes that project evaluation methods provide a structured approach to analyzing potential investments leading to more rational investment choices that align with the cooperative's goals and financial health. By analyzing past projects, staff learn what works and what does not, allowing them to replicate successful initiatives and avoid repeating mistakes enhancing the overall effectiveness of investment choices. Project evaluation methods help in identifying potential risks associated with various investment options ensuring that investments are not only profitable but also sustainable in the long term.

5.1 Recommendations to the Study

The review recommends the following: Firstly, Matatu SACCO should organize regular workshops focusing on financial literacy, covering topics such as budgeting, saving, and investment options. Offer personalized financial counseling sessions to help employees assess their financial situations and set realistic saving and investment goals. Implement a program where the SACCO matches a percentage of the employee's savings, encouraging them to save more. Conduct workshops specifically focused on different types of investments, such as stocks, bonds, real estate, and mutual funds. Develop financial products that cater specifically to the needs of Matatu SACCO employees, such as low-interest loans for investment purposes or high-yield savings accounts.

Secondly, Matatu SACCO should create a clear debt management policy that outlines acceptable debt levels, repayment schedules, and consequences of default. Implement software tools that help employees track their debts, payments, and investment opportunities. Create incentive programs that reward employees for maintaining low debt levels or for making timely repayments. Conduct regular reviews of employees' debt management practices and provide feedback on areas for improvement. Pair employees with experienced financial mentors who can guide them in making sound financial decisions.

Thirdly, the Matatu SACCO should invite financial experts and successful investors to share their experiences and insights, providing real-world context to theoretical knowledge. Offer personalized financial coaching sessions where employees can discuss their financial goals, challenges, and investment strategies with a trained financial advisor. Encourage the formation of investment clubs among employees, where they can pool resources, share knowledge, and collectively make investment decisions. Conduct regular financial health assessments for employees, evaluating their financial status, investment portfolios, and progress towards financial goals.

Finally, the Matatu SACCO employees in Nanyuki town, Kenya should organize regular workshops and seminars focused on project evaluation methodologies, financial analysis, and investment decision-making. Encourage employees to pursue certification in project management and financial analysis from recognized institutions. Implement project management tools that facilitate tracking, evaluation, and reporting of projects. Encourage active participation from SACCO members in the evaluation process. This can be done through surveys, focus groups, or community meetings to gather insights on potential projects.

6. Limitations of the Study

This research investigated how financial literacy affects investment choices made by specific employees of Matatu SACCO in Nanyuki town, Kenya. The study utilized various metrics to assess investment decisions, including savings strategies, debt management practices, financial planning, and project evaluation methods. Consequently, it is recommended that additional research be conducted to explore other aspects of investment decisions that were not addressed in this study. Furthermore, the study advocates for future investigations to consider different SACCOs beyond Matatu SACCO.

Acknowledgments

We would like to express our heartfelt thanks to our peers and colleagues for their constructive feedback and wonderful collaboration, which enriched the intellectual discourse of this research project. We also greatly appreciate the valuable contributions of the Nanyuki Town Matatu SACCO employees, whose input was instrumental in shaping the findings of this study.

Authors' contributions

Moses Gathecha Wakanyi and Dr. Salome Musau contributed to the design and implementation of the research, to the analysis of the results and to the writing of the manuscript.

Funding

The authors received no financial support for the research, authorship, and/or publication of this paper.

Competing interests

The authors declare that they have no known competing financial interests or personal relationships that could have appeared to influence the work reported in this paper.

Informed consent

Obtained.

Ethics approval

The Publication Ethics Committee of the Sciedu Press.

The journal and publisher adhere to the Core Practices established by the Committee on Publication Ethics (COPE).

Provenance and peer review

Not commissioned; externally double-blind peer reviewed.

Data availability statement

The data that support the findings of this study are available on request from the corresponding author. The data are not publicly available due to privacy or ethical restrictions.

Data sharing statement

No additional data are available.

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