EFFECT OF FINANCIAL LITERACY ON PERSONAL WEALTH OF JUDICIARY EMPLOYEES IN NAIROBI CITY COUNTY, KENYA

BY

CHRISANTHUS O. MAYIAH

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DECLARATION

I, the undersigned, declare that this is my original work and has not been submitted to any other college, institution or university.

Signed.. Date...

Chrisanthus .O. Mayiah

REG.NO: D61/72308/2014

This Research Project is submitted for examination with our approval as the University Supervisors.

Signed.. Date...

Mr. Joseph Barasa

School of Business, University of Nairobi

Signed……………………………… Date………….……………………

Mr. Ronald Chogii

School of Business, University of Nairobi

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DEDICATION

I dedicate this research project to my grandmother Truphena Okanda. Because of your prayers I have been blessed, your love has kept me going strong, Grandma!

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ABBREVIATIONS

ANOVA	**:**	Analysis of Variance
MBA	**:**	Master of Business Administration

ABSTRACT

This research project was carried out with the objective of establishing the effect of financial literacy on personal wealth among Judiciary employees in Nairobi City County. The research study used a descriptive research design. The main objective was broken down into five specific objectives: to establish the degree of financial literacy of the Judiciary employees, to evaluate the effect of retirement and savings literacy on an individual's wealth, to determine the effect of tax returns on personal wealth by the Judiciary employees in Nairobi County, to determine the effect of debt management on personal wealth by the Judiciary employees in Nairobi County, and to determine the effect of spending patterns on personal wealth by the Judiciary employees in Nairobi County. Primary data was sourced through questionnaires administered to 100 respondents. Data collected was then edited and coded ready for analysis. Data analysis was undertaken using regression analysis. The study finds that retirement and savings literacy have weak positive correlations with personal wealth. Tax returns literacy has a weak insignificant positive correlation with personal wealth. Debt management has a weak insignificant positive correlation with personal wealth. Spending patterns however has a weak insignificant negative correlation with personal wealth. Overall, personal wealth has a weak positive correlation with financial literacy. Therefore financial literacy has a weak positive effect on personal wealth of Judiciary employees in Nairobi City County.

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

Porter (2012) posits that it is important that employees understand how money works in the current economic systems. This understanding will enable individuals to have skills and knowledge that they can use when making financial decisions regarding expenditure, investment, borrowing and saving. Many people do not understand the complexity of issues that arise from wealth. Porter further indicates that historical reports clearly show that there have been instances of fewer savings, high consumption rates, increased debts and bankruptcy. These reports are an indicator of personal financial difficulties that individuals are facing. It is, therefore, important that one should learn how to be responsible for their financial affairs in particular and their wealth in general.

Closely related to wealth is the concept of financial literacy. Many people do not understand the complexity of issues that arise from wealth. Evans et al. (2008) state that individuals do not exhibit a high degree of financial literacy, and their investment behavior tends to gravitate towards default options. This exhibition is of concern because there are complex factors regarding costs and structures, thereby complicating access to financial knowledge. Evans et al., (2008) suggest that it is necessary that employees should learn how to be responsible for their financial affairs. Financial literacy is becoming more sophisticated as days go by. Changes in the economic environment, demand, and supply have contributed to the complicated nature of financial management and hence financial literacy has become a necessity.

The ability to wisely manage one's finances involves having a rigorous expenditure plan, a sound savings plan, and a wise investment strategy. It calls for long-term goals such as accessing an education or owning a home and having a foolproof retirement plan. Financial literacy requires one to manage his finances and have a good bookkeeping system (Basu, 2005). It is, therefore, imperative that financial literacy is understood amongst the working class. This study, therefore, was a case study of the effect of financial literacy on personal wealth of Judiciary employees in Nairobi City County, Kenya.

1.1.1 Financial Literacy

Basu (2005) defines financial literacy as having skills and knowledge that an individual can use when making decisions involving buying commercial products that have an impact on the financial well-being of an employee. The Task Force on Financial Literacy definition conforms to Basu’s (2005) statements. It explains that financial literacy is “the possession of information, expertise and self-confidence to make financial choices” (Taskforce on Financial Literacy, 2011). Personal financial literacy can be deduced from this definition to mean that an individual understands and is informed with skills, knowledge, and confidence to make prudent financial decisions.

According to Hilgert and Hogath (2003), financial literacy is “the capacity to comprehend monetary products” that a person needs in his lifetime. These products include investment plans, mortgages, loans, deposits, savings, retirement plans, insurance policies, interest on deposits and business ideas. Individuals who are financially literate understand complex financial concepts such as risks, compound interest, and diversification of their investment portfolios. Very often these people can make effective financial decisions when they receive their income. If the general economy collapses, their economic situation is hedged **(**Hilgert & Hogath, 2003).

Financial literacy is the capability to read, scrutinize, understand and express one's self about the financial circumstances affecting an individual's wealth. It includes the capacity to differentiate between economic choices and financial issues, planning for the days to come and responding wisely to life happenings impacting day to day financial choices (Vitt & Anderson, 2001). Mason and Wilson's (2000) description conforms with this as they define financial literacy as a person's capacity to acquire, comprehend and appraise data needed to make resolutions with the full knowledge of the probable financial repercussions.

There are many drivers of the need for financial literacy. People face many complex situations that

result from globalization, inflation, changes in market policies, the work environment, peer pressure, sophistication of capital markets and changes in financial instruments. Other forces that push for the need for financial literacy include; social security fund is not enough, people are now having longer lifespans than in the past and there are too many options. These options are many banks, credit unions, brokerage firms, many insurance policies and mortgage companies that want a piece of an employee's cash. These forces resulted in the need for employees of different organizations to think and plan for their future in financial terms (Lysons et al., 2006).

Financial literacy is critical because an illiterate consumer is not able to plan properly to meet expenses, unable to recognize the financial products, uncertain about how to acquire and access appropriate financial guidance and is most likely to fall prey to unprofessional practices (Brown et al., 2005). Financial education, information, training, guidance, and instruction is a sure way of improving financial literacy. It is necessary people should know that marketing financial products and giving commercial financial advice are not financial literacy initiatives. Financial product marketing involves promoting a brand or specific goods or services while the latter requires the recommendation of specific commercial goods and services from a particular provider (Brown et al., 2005).

1.1.2 Personal Wealth

Davies (2008) states that personal wealth refers to an individual's riches or net worth including assets and monetary possessions. Wealth is determined by the total value of all tangible and intangible assets. Essentially, wealth is the accumulation of resources. According to Davies, accumulation and proper management of personal wealth requires superb professional guidance that encompasses investment, financial guidance, tax and accounting consultation, retirement and estate planning.

Accumulation of personal wealth entails procurement of funds and their effective utilization. In this regard, personal wealth encompasses how people acquire, budget, save and expend their income over a given time considering the numerous financial risks and economic events that lie ahead. The overarching factor of personal wealth is financial planning that entails vibrant and constant monitoring and reassessment of one's finances (Brown et al., 2005).

Studies by various scholars have established that many people do not implement the recommended wealth management practices. These practices have been the backbone of the definition of wealth. The methods include budgeting and income management, debt management, savings and investment practices and tax issues management (Davis and Carr, 1992).

1.1.3 Financial Literacy and Personal Wealth

Financial literacy contributes to the impartation of knowledge and skills necessary to ensure considerable wealth accumulation (Lusardi and Mitchell, 2007). Different people have varied responsibilities, values, needs, wants and resources. It is important for everyone to determine his or her plan as he or she is the only one who well understands the way he or she lives, works, his or her preferences, his or her obligations, and dreams or aspirations for the future. With the capacity to come up with informed and effective decisions in so far as the usage and management of cash is concerned, the ability to concentrate on the most critical part of financial management becomes easier (Hilgert and Hogarth, 2002).

It is important for individuals and households to understand their wealth position which involves examining one's net worth and a family's cash flows (Lusardi & Mitchell, 2009). A person’s net worth includes considering one’s assets vis a vis his liabilities at a given point in time. A household’s cash flows include totaling up all their expected income during a particular year considering their anticipated expenditure within the same year. This analysis assists in identifying which financial goals will be achieved and at what time, thus creating a financial plan (Lusardi & Mitchell, 2009).

Individuals should plan for insurance protection as well. Individuals and families need to protect themselves against unforeseen risks such as illness, accidents, loss or damage to personal property or loss of income, which could lead to financial loss and depletion of wealth. To identify how much insurance to buy at the most cost effective terms, people should understand the insurance market as well as the risks they might face (Davies, 2008). This helps one identify the best way to transfer those risks from themselves to the insurance company.

Lusard and Mitchell (2008) state that managing personal taxes is the key to successful financial management. While it is the obligation of every law abiding citizen in any jurisdiction to pay their fair share of taxes that are used to run their respective country, understanding how various tax laws work will enable one to take advantage of different tax breaks available when planning their personal finances thus minimizing their tax obligations. There is a myriad of complexities involved with taxes that are always changing. If however one is not aware of how to plan their tax affairs or file their returns, it is advisable to consult a tax adviser (Lusardi and Mitchell, 2009).

It is important for people to save and invest during their productive years of employment. Saving money enables one to meet emergencies when they occur as well as provide cash for future expenses when they are needed. Saving is essential to enable a person to achieve his/ her investment goals which could either be to accumulate assets or derive income. Investment decisions are influenced by various factors including one's financial position, risk attitudes, age, and tax position (Hilgerth & Hogarth, 2002).

Providing for retirement is also important in wealth management. Individuals need an understanding of how much it costs to live in retirement. They also need to develop a plan to distribute assets to meet any income shortfall (Hilgert, Hogarth, & Beverly, 2003). This helps to ensure financial security, physical and emotional health as well us a comfortable way to utilize so much free time after retirement. It is, therefore, important to secure one's financial future by putting in place a retirement savings plan throughout one's working years.

Borrowing and debt literacy are where people take up loans or mortgages so as to repay them over time. A sign of wise borrowing is the amount of money borrowed viz-a-viz income. A financially literate individual can determine whether debt is reasonable, the capacity to pay back credit cards and money borrowed when they fall due and maintains an excellent credit rating. Understanding financial products involve competence in investing and choosing financial products such as shares, managed funds, savings accounts, personal loans, mortgages, insurance and also knowing their key features such as the interest rates charged, inflation, risk and returns required to make an informed and confident decision about those products (Hilgert, Hogarth, & Beverly, 2003).

Recourse and self-help are the consumer's ability to protect them by understanding how to resolve disputes between them and financial institutions, knowing the legal remedies and options available to consumers such as knowing the Financial Regulators and their power against financial institutions. A degree of proficiency is also required to achieve the above competencies. It should involve knowledge in understanding foundation economic concepts like the influence of inflation, the value of money over time, whether a product will retain its value and the opportunity cost. Also having the skills necessary to manage effectively finances which include communication skills, interpersonal skills, reading skills, mathematical and computational skills. Finally, it is necessary for a financially literate person to have the opportunity to acquire skills, and use them. This is facilitated by an equitable distribution of social resources that allows people to participate in the financial markets (Hilgert, Hogarth, & Beverly, 2003).

1.1.4 The Judiciary in Nairobi County

Nairobi being the seat of government in Kenya also serves as the home to the Judiciary's national headquarters. There are court stations located at the Supreme Court building in the city centre, Milimani Law Courts in Upper Hill, City Court in the Central Business District, Milimani Commercial Courts in Milimani , Children's Court, Makadara Law Courts and Kibera Law Courts. This study sought to ascertain the financial literacy levels of employees working in these court stations. Additionally, the study attempted to establish the correlation between financial literacy and personal wealth of the said employees.

Kenya's Judiciary's history can be traced back to the colonial period. It was first set up under the East African Council of 1897 and the Crown Regulations. In 1906 the Queen of England appointed Sir Robert William Hamilton as its first Chief Justice (Judiciary, 2010). The enactment of the Independence Constitution in 1963 provided an impartial judiciary set up. It established a Supreme Court that had unlimited civil and criminal jurisdiction over everyone in Kenya irrespective of race, religion or nationality. The judges in the Supreme Court were appointed by an independent Judicial Service Commission. The constitution also established the Court of Appeal and the Kadhi courts. In 1967, Cap 8 of the Judicature Act, Cap 10 of the Magistrates' Courts and Cap 11 of Kadhi's Courts were enacted.

Today, the Kenyan Judiciary in Nairobi has employees who are working at The Supreme Court, Court of Appeal, High Court, Magistrates' Courts, Kadhi's Courts, Traffic, Anti-Corruption, Court Martials and Tribunals (Judiciary, 2010). There are over 700 clerks employed by the Judicial Service commission. Some of the employees stationed in Nairobi include judges, magistrates, accountants, human resource officers, procurement officers and clerks. This research aimed at assessing the impact of financial literacy on personal wealth of these judicial employees in Nairobi County.

1.2 Research Problem

The need for financial literacy has grown around the globe. Financial education is needed because of the expanding commercial and economic opportunities and challenges which often confuse employees. Greenspan, 2005 opines that consumers have to choose between a broad variety of financial services and products present in today's financial market. The need for financial education is in high demand due to the removal of regulations in financial markets, the simplified access to debt finance and the swift growth in the financial products market.

Financially illiterate people often have problems with debt. The illiterate usually do not participate in the securities exchange market. In most cases, they will have a challenge investing in mutual funds. Their wealth accumulation and retirement plans are also skewed (Greenspan, 2005). Individual productivity at the workplace is considerably affected by financial problems employees face. Employees in the judiciary are increasingly suffering from stress, and this is as a result of money problems. This includes financial problems from behaviors such as over-indebtedness, overspending, unwise or poor credit habits, poor spending decisions and money management as well as the lack of sufficient money to make ends meet (Greenspan, 2005)

Wealth education and well-being of employees in the judiciary is becoming an area of concern. Despite the exposure to financial education and availability of financial information, there is a call for enhanced financial education to improve the ability of individuals to more effectively use various financial services and products for their best interest (Lusardi and Mitchell, 2009). It is, therefore, important to appreciate the wealth education needs of individuals at various stages in their lives and how financial literacy initiatives can best address these requirements. It will be helpful to understand how individuals prefer to receive knowledge and skills on various financial issues and how financial literacy can be best impacted on people busy with jobs and families.

Njehia (2014) undertook a research study to investigate the effect of financial literacy on personal financial management of employees of Mumias Sugar Company limited; the researcher finds that the level of financial literacy affects financial planning. Onyango (2014) found financial literacy to strongly influence personal financial management. Gachango (2014) concludes that personal financial management practices is affected to a large extent by personal financial literacy levels. Gatakaa (2010) also studied the effect of the relationship between personal financial literacy and lending by commercial banks in Kenya and finds financial literacy influences lending decision; it increases the chances of approval of a loan facility and improves decision understanding by borrowers.

There are key factors that affect the effectiveness of financial literacy on wealth of individuals, let alone employees of the judiciary. These include economic factors, individual behaviors, individual attitudes and demographic factors. Besides other researchers reviewed above have focused on the relationship between financial literacy and personal financial management (Onyango, 2014; Gachango, 2014; Njehia, 2014). No study has looked at the effect of financial literacy on personal wealth. The proposed study sought to fill this research gap. This study sought to answer the question: Does financial literacy affect the personal wealth of Judiciary employees based in Nairobi County?

1.3 Research Objectives

This research study was aided by the objectives herein below.

1.3.1. General Objective

To ascertain the effect of financial literacy on personal wealth of judiciary employees in Nairobi City County.

1.3.2. Specific Objectives

i. To define the level of financial literacy among the Judiciary employees.

ii. To evaluate the effect of retirement and savings literacy on personal wealth.

iii. To determine the effect of tax returns literacy on personal wealth of the Judiciary employees in Nairobi City County

iv. To determine the influence of debt management on personal wealth of the Judiciary employees in Nairobi City County

v. To determine the effect of spending patterns on personal wealth of the Judiciary employees in Nairobi City County

1.4 Value of the Study

This study shall serve as a benchmark by other institutions that seek to understand financial literacy amongst their employees. It will help them understand the levels of financial literacy amongst the judiciary employees. They will learn how financial literacy affects employees' savings and debt management practices.

Individuals in the finance sector will also find these findings to be helpful when disseminating financial information. This will help increase their financial provision. They will also adopt these findings as a threshold when adopting new wealth practices.

This research will also be useful to other researchers as well. They will be able to refer to it during the theoretical review. Other scholars who may want to do further studies or increase their knowledge will find this research very helpful.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This particular chapter analyses the previous researches done that are in direct relation to the topic studied - the effect of financial literacy on personal wealth of Judiciary employees. It is therefore broken down into sections namely theoretical review, components of financial literacy and the empirical examination.

2.2 Theoretical Review

This section discusses the main theories that are relevant to the research study.

2.2.1 The Dual Process Theory of Financial Functioning

The dual-process theory argues that there be two systems, processing information. The models are one that is energizing, unconscious and reflexive; while the other is sophistic, conscious, and reflective (Evans, 2008). The systems function parallel to each other and are potentially competitive or supportive of each other depending on the degree of balance or self-consonance present in or cultivated by people (Sheldon et al., 2004). The reflexive system is based on emotion. It is investigative, thoughtful, mental, controlled, conscious, and pertains to abstract thought. The degree of reflective versus reflexive system affect a person’s behavior with money and decisions, and is a measure of financial literacy.

Balance and internal consistency of the reflexive and reflective systems are psychologically desirable. It leads to positive feelings, financial trust, financial care for one's self and others. When reflexive systems have more influence than the reflective system, it depicts a financially uneducated mind. This usually equates to spontaneous urges of greed and may include conspicuous or compulsive consumption (Kasser, 2002). Instances, when the reflective systems have a greater influence on reflexive systems, are rare as this would suggest a paralysis of analysis.

Lea and Webley (2006) stated that money affects people's behavior in two distinct paths or ways. First, the motivation for acquisition of money is a result of the rational belief that money is a means to attaining basic needs such as clothing, food, shelter, reproductive success, and high social esteem. On the other hand, the second path provides that money has a psychological influence that is similar to that of psychoactive drugs. Simply put, the acquirement and disbursements of money is addictive and eventually leads to dysfunctional organismic consequences. Lea and Webley (2006) posit that the addictive motivation leads to obtaining cash.

According to Sheldon et al., (2004) passion and impulse drive the financial behavior of individuals with stronger reflexive systems. People with weak reflexive systems show little interest in financial matters and are found to attend to and feed on financial desire, for instance, by watching television commercials or shopping impulsively. This raises financial yearnings. It is, therefore, important to note that individuals with stronger reflective systems think more and are reflective about their decisions regarding finances, but unyielding reflective systems result in paralysis from extreme pondering. People with less reflective systems may be thoughtlessly disinterested in matters financial, have weak reflexive systems, or are compelled by desire at large reflexive systems. Financial education for instance in accounting and finance often leads to, principally, reflective systems, and to a lesser extent, weakens reflexive systems.

2.2.2 Prospect Theory

This theory argues that investors are risk averse individuals. Therefore they weigh the options of gains against the present risks in any particular investment. Proponents of this theory identified two facets to each decision. The phases are editing and framing which is the first one followed by imagery and description of the choice investment outcomes (Kahneman and Tversky, 1979).

An assumption of this study is that employees at the Judiciary behave like investors. They evaluate the likely choices and business opportunities before venturing into any business. This study investigated if these employees behave like risk averse investors. It also investigated if eventually they select opportunities with fewer risks and high profits-normally a high-valued investment is made.

2.2.3 Life Cycle Saving Theory

Baum and Payea (2004) inform us that the life cycle savings theory was developed by Modigliani. They argued that people save for retirement. The main assumption of this model is that individuals are always worried about their future. They make a prediction of their financial resources over their lifetime. Individuals understand the financial resources needed for their life period and make informed choices for the use of the money at their disposal. He further studied the financial behavior and acknowledged that mistakes occur due to lack of financial knowledge, cognitive dissonance, defective logics and prejudiced statistics.

The life cycle income hypothesis states that borrowing is a sensible decision that takes place in two main steps. These steps are making the decision to borrow and how much to borrow. These steps take into account the cost of borrowing. Also, individuals tend to compare the marginal cost to marginal benefit in a rational choice (Baum & Payea, 2004). This study investigated this hypothesis. It assessed the effect of retirement on the choice to save and its ultimate effect on personal wealth.

2.2.4 Theory of Planned Behavior

According to University of Texas (2008), the theory of planned behavior shows the association between financial management practices and financial literacy. It was developed by Ajzen, when he explained the planned behavior theory. This theory was derived from the theory of reasoned action. It further quotes Fishbein & Ajzen (1975) who argued that behavior is a final product of one's attitude towards a specific subjective norm which is the perceived social pressure to perform or not. The theory was further modified by including perceived behavioral control to add to the creation of behavioral intentions and actual behavior to address the issue of personal control that was absent in the original model. Perceived behavioral control is the supposed simplicity or difficulty of execution of a behavior. Also, it is presumed to mirror previous experiences and expected inhibitions and hindrances.

The planned behavior theory explains that outlook toward the behaviour, subjective norms, and supposed behavioural control work in tandem to forecast behavioural intention that mediates the connection between attitudes, subjective norms, planned behaviour change, and actual behaviour. Research has shown that the more favourable the approach toward the behavior and subjective norm, and the larger the perceived behavioral control, the greater the behavioral intention, Hrubes, Ajzen, & Daigle (2001). Financial literacy was also incorporated as a predictor to the TPB model as from various researchers; it is plausible that financial literacy is a contributory element in defining the financial behavioral intention of people (Grable et al., 2004). It was therefore important to study the effect of financial literacy on wealth since it is a contributory factor in determining financial behavior of an individual.

2.3 Determinants of Personal Wealth

This section presents and discusses the factors that are theoretically expected to influence personal wealth.

2.3.1 Financial Literacy

According to Angelo et al. (2011), financial literacy can be split into three parts; competencies, a sound environment and proficiencies and opportunity. This means that a person who is financially literate must have access to the opportunity to access finance. The same person should be competent through experience. Other competencies are money basics, budgeting, and living as per one’s wealth level, debt literacy, borrowing, planning and saving. More components include knowledge of financial products and recourse and self-help. The money basic involves the numerical and money management skills. Numeracy skills are the basic arithmetic ability in the calculation of interest rates and returns on investments which enhances the individual day to day calculations. Money management skills are made up of three core areas, finance control which is associated with record keeping, budgeting, awareness of daily living cost and capacity to pay. Meeting one's needs is an individual capability to forecast days when money will be scarce and remedy the state of affairs and capacity to maintain spending and keep up commitment. It also involves wealth which aids in reducing costs such as utilizing credit cards instead of cash or impulse spending that ends up in spending more money than one has at his disposal. The money basics are essential to the everyday computations which are the cost of buying commodities, paying bills, determining the time value of money, evaluating product value, being conversant with the effect of inflation, and computing interest to be payed and percentage discount received or allowed.

2.3.2 Financial Attitude

Financial attitude is the feelings and attitudes that individuals hold about money. Previous studies suggest that attitudes are a determinant of the development of money behavior (Roberts & Jones, 2005). This means that money attitudes affect an individual's financial management choices. Past research concludes that people who hold positive financial attitudes and are great in personal financial management (Joo & Grable, 2000). Lim & Teo (1997) concur with these findings. Their research found that people with a positive attitude towards money were effective money managers hence were wealthy. Those who had a negative attitude towards money had many financial problems.

2.3.3 Financial Socialization

Financial socialization can be defined as the procedure through which young people get financial knowledge, skills and attitude. This process is learnt from their parents, peers and people who have a direct influence to their personal life. They can be learned from parents during shopping experiences. Within this environment of financial interaction children acquire knowledge and skills through observation, practice and intentional instruction by social agents (Mandell, 2007). They learn how to handle money; budget and spend when entering learning institutions. The media is also one social agent that children, especially the youth, learn and make money choices (Chen & Ronald, 2002).

2.4 Empirical Review

Studies from the past indicate that many factors affect a person's attitude and behavior. Scholars have defined the attitude as the degree to which an individual favors a particular behavior. As per the theory of planned behavior, many factors affect conduct. These include debt tolerance, unrealistic optimism, money explicit attitudes, and financial literacy levels. Psychological constructs, such as cognitive dissonance (Festinger, 1954) and locus of control have also been found to influence attitudes toward economic behaviors, more specifically credit borrowing.

Research by Ferguson (2002) concluded thus: financial literacy prevents one from arriving at bad financial choices. That, to improve people's financial literacy there is a need for people to have the tools required. These tools will help people arrive at well advised decisions, but a person's decision-making process is inevitably affected by the uncontrollable factor of human nature. Kidwell and Turrisi (2004) links accumulation of debt to lack of skills in wealth. Consumers tend to spend more than they earn leading to losing of pursuit on values concerning wealth such as budgeting and saving. It is, therefore, imperative that individuals acquire knowledge about personal wealth issues.

Lea, Webley, & Levine (1993) concluded that persons who had expectations of making more money in future were more likely to incur debt. When combined with unrealistic confidence that many people have concerning their financial future, this pushes debt tolerance level to such a point that individuals incur debts that have an adverse impact on aspects of their lives. They suggested that individuals, due to their young age and early stage in their professions, are more debt accepting. These researchers also determined outlook toward debt and locus of regulation. Research has suggested that a positive correlation exists between attitude toward debt and actual debt. However, no relationship was found concerning debt and attitudes. Rather, these researchers argued that variables of economic socialization, money management, and credit use are more vital factors in determining the psychological variables that influence borrowing. Although they could not find any direct relationship between attitudes and debt, they opined that the psychology of credit is part of a bigger problem and that it should be investigated (Lea, Webley, & Levine, 1993).

Li (2009) stated that the chance of joining the securities market within five years was thirty per cent higher if a person’s parents or children had joined the market in the preceding five years. That offspring are more likely to invest in securities if their family invested in stocks before them. This is the case even among minority groups. Chen and Volpe (2002) researched about the financial literacy levels among college students of different gender. They concluded that male students were considerably more financially literate than female ones and that current researchers on financial literacy focused on determining financial literacy in the population and how literacy levels differ through social and demographic groups.

Njehia (2014) undertook a research study to investigate the effect of financial literacy on personal financial management of employees of Mumias Sugar Company limited. The study used a descriptive survey design and collected primary data using questionnaires, from a population of 2000 employees. A sample of 200 employees was selected using simple random sampling technique. Data obtained was analysed using regression analysis. The study concludes that the level of financial literacy affects financial planning. Most of the employees were also found to be financially literate.

Onyango (2014) also undertook a study that investigated the impact of financial literacy on personal finance management using a descriptive research design. Population of the study comprised 12,600 employees of banks in Kenya and a sample of one hundred obtained using random sampling. Primary data was obtained using questionnaires and analysis undertaken using regression analysis, descriptive statistics, and content analysis. The study found financial literacy to strongly influence personal financial management.

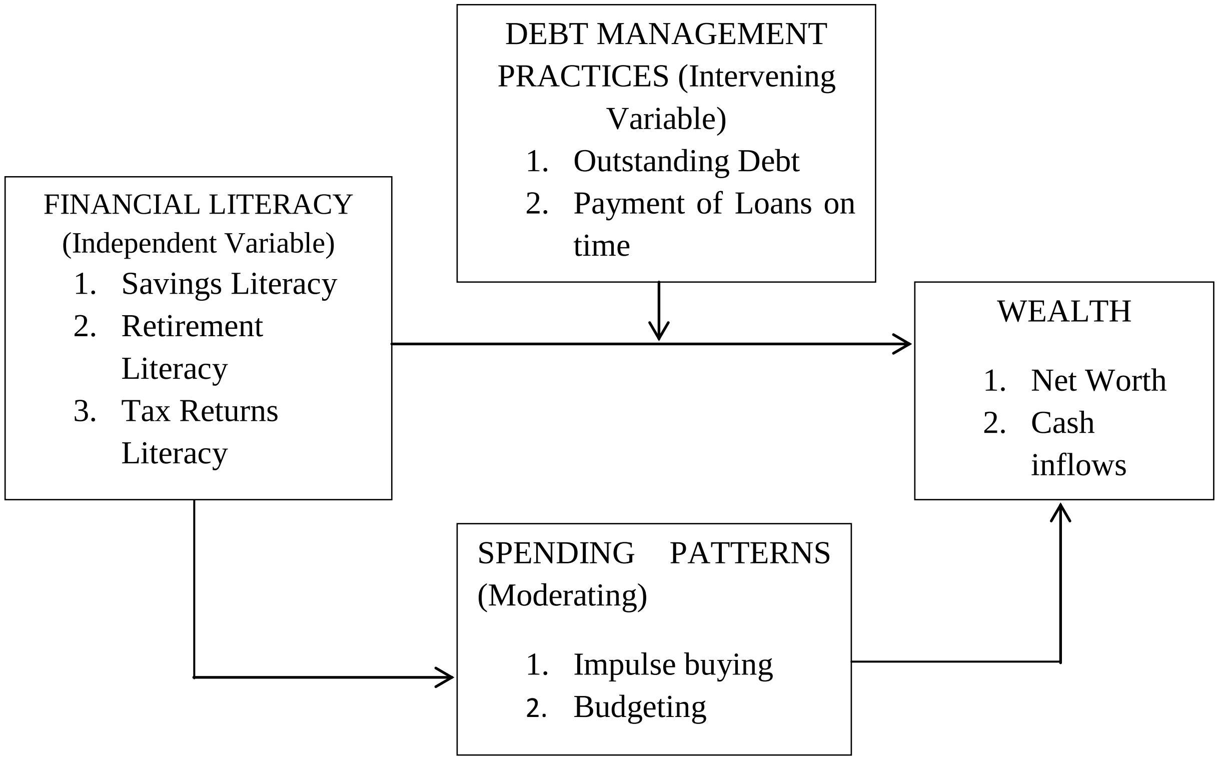
Gachango (2014) investigated the effect of financial literacy in personal financial management. The case study used a descriptive research design and focused on employees in financial and banking institutions. A sample of one hundred employees was studied and primary data collected by way of administering questionnaires. Data analysis was done using regression analysis. The study concludes that personal financial management practices is affected to a large extent by personal financial literacy levels.

Gatakaa (2010) also studied the effect of the relationship between personal financial literacy and lending by commercial banks in Kenya, in a research study. The census survey study used explanatory research design. Primary data was collected using questionnaires and data analysis undertaken using content analysis. The study finds financial literacy influences lending decision; it increases the chances of approval of a loan facility and improves decision understanding by borrowers.

2.5 Conceptual Framework

The framework below illustrates how the independent variables, dependent variable, intervening and moderating variables relate. The independent variables are savings literacy, retirement literacy and tax returns literacy. Dependent variable is wealth, spending patterns is the moderating variable and debt management practices is the intervening variable.

Figure 2.1: Conceptual Framework



Source: Author (2016)

2.6 Summary of Literature Review

The empirical review clearly shows that level of financial literacy affects wealth decisions. The prospect theory affirms that individual choices are made in a situation which involves risks. It is, therefore, imperative to increase financial literacy among the vulnerable young people. Research findings further contend that individuals who ensured personal financial planning were held back by their financial literacy levels, and public perception revealed that there remains a knowledge gap hindering individuals from managing their wealth successfully (Chen and Volpe, 2002).

Financial literacy holds people from making uninformed decisions, and the major determinants of the financial literacy level encompass the demographic factors such as ethnicity, gender, family income, employment status, course taken in college and individual's education level (Chen, Volpe, & Pavlicko, 1996). Despite the findings efforts to educate or train people on the financial literacy are low with fewer efforts to introduce it as part of the core education so as to enlighten the younger generation.

The review has shown a variety of evidence on financial literacy and wealth. It is, therefore, important that research should be done to assess the effect of financial literacy on personal wealth among staff of the judiciary in Nairobi City County. Besides, other researchers have focused on impact of financial literacy on personal financial management (Onyango, 2014; Gachango, 2014; Njehia, 2014). No study has looked at the effect of financial literacy on personal wealth. This research study ought to fill this gap.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

In this chapter, the research design and methods that were employed to carry out this research project will be described. It expounds on the steps followed to obtain data from various sources targeted. The chapter also discusses target population and data analysis and presentation methods employed.

3.2 Research Design

For purposes of the study, the researcher utilized the descriptive research design whereby a case study of the employees of the Judiciary in Nairobi City County was done. A case study is a method of research where an empirical inquiry investigating a contemporary occurrence in a real life situation is conducted (Yin, 2009). Data was obtained through surveys carried out on a sample selected from the population. These data represents the characteristics that appertain to the sample and the topic under study.

Duane (1998) opined that "Descriptive research method gathers information about the currently prevailing information. The reason behind the choice of this method is to describe the nature of a phenomenon as it exists at the time of the study and to find out the causes of the given occurrence". A cross-sectional research design that entails the analysis of data that is obtained from a population or its representative subset at a particular moment in time was done.

3.3 Target Population

Stopher (2012) defines population as an entire collection of elements of concern in a given situation. It is sometimes referred to as the universe. The elements of concern were employees of the Judiciary in Nairobi, Kenya. These items are what formed the population that was investigated. The target population was 1,397 employees at the judiciary in Nairobi City County, Kenya (see Appendix III). These employees are categorized into senior level, Mid-level, and Junior-level.

3.4 Sample Design

In statistics, the target population is the particular population from which information is to be obtained (Mugenda & Mugenda, 2003). This research study used a sample of 100 respondents. Onyango (2014) used a similar sample size while undertaking a similar research study. Stratified random sampling was used to draw the sample size. Stratified random sampling is used where the population can be classified into distinct categories (stratas) (Mugenda and Mugenda, 2003). The study population was categorized as senior level, mid level and junior level; these categories formed the strata. A representative sample of 100 was obtained; 12, 15 and 73 respondents were drawn from the said categories respectively. This study adopted inferential statistics to analyse data. The data obtained from this sample were infered to represent the entire population.

3.5 Data Collection

Primary data were obtained from respondents (judiciary employees in Nairobi City County) through drop and pick later questionnaires. The questionnaires had open-ended and close-ended questions. A total of 100 questionnaires were printed and issued out to the respondents. The questionnaire were accompanied with an introductory letter that was addressed to the respondents. More structured responses were obtained through the use of the close-ended questions. This facilitated concrete recommendations. Any further information that could not be captured by the close-ended questions was obtained by the use of open-ended questions.

3.6 Data Analysis

The data collected was edited for completeness and consistency. This was achieved by developing a thematic context from the key issues, concepts and themes originating from open-ended questions. Content analysis came in handy for purposes of analyzing the data. The content analysis was done by analysing the meaning and inferences as per the responses. The info that was generated was then interpreted and explained. The findings were analysed using SPSS software and interpreted. The same was then presented as figures and tables accompanied with explanations.

3.6.1. Preliminary Data Analysis

The mean and skewness, standard deviation and kurtosis of responses was utilised to provide simple descriptions of data collected. Mean is the average of data in a given data set. The standard deviation is the value used to represent how far other values deviate from the mean (University of Illinois, 2016). The collected set of data were entered into SPSS to generate the mean, mode, median and standard deviation, kurtosis and skewness.

3.6.2. Analytical Model

Findings from these calculations and responses represented the whole population. The relationship between the variables involved was analysed using a multiple regression model. The model treated wealth as the dependent variable while savings and debt management knowledge were treated as the independent variables. The variables in the conceptual framework are represented by the model below;

$$Y=\alpha+\beta_1X_1+\beta_2X_2+\beta_3X_3+\beta_4X_4+\beta_5X_5+\varepsilon$$

Where;

Y is Personal wealth. This was measured by the Net Worth=Assets-Liabilities

α is the constant

β_1, β_2, β_3, β_4, β_5 are the Beta coefficients

ε is the error term

Table 3.1 Study Variables Operationalised

Symbol	Definition	Measurement
Y	Personal Wealth	Net worth = Assets - Liabilities
X_1	Savings Literacy	Savings literacy index calculated from its scale using SPSS
X_2	Retirement Literacy	Index calculated from retirement scale using SPSS
X_3	Tax Returns Literacy	Tax return literacy index calculated from its scale using SPSS
X_4	Debt Management	Debt management practices index were evaluated by use of the questionnaire responses using SPSS
X_5	Spending Patterns	Spending patterns which were Evaluated by use of questionnaire responses and SPSS

Source: Researcher (2016).

3.6.3 Test of Significance

Tests for significance was deployed to determine how the variables in the conceptual model relate with personal wealth. It represents the value for which the null hypothesis will be accepted or rejected by the researcher. The null hypothesis for this study was ‘financial literacy does not affect personal wealth’, whereas the alternate hypothesis was ‘financial literacy affects personal wealth’. Statistical significance were tested using t-test via SPSS where the value for alpha (p-value) will be 0.05. If p is less than or equal to the value that is obtained then the data was acceptable because it would have corresponded to the probability of observing such values by chance.

An ANOVA test was done using SPSS to analyse the differences among group means of data collected. Other tests that were done by running data in SPSS are such as correlation of variables, diagnostic test, normality test and the test for collinearity.

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

In this chapter, data analysis done, results and discussion made will be highlighted. It covers the response rate, data validity, the descriptive statistics, and correlation and regression analyses.

4.2 Response Rate

The study relied on collecting data from 100 sampled employees. Questionnaires were distributed to the target elements but only 93 returned their responses. This represents a 93% response rate. According to Mugenda and Mugenda (2003), a response rate of above 50% is tolerable for data analysis. The study response rate of 93% is thus adequate for purposes of data analysis.

4.3 Data Validity and Reliability

To ensure and allow for data validity the questionnaires used in data collection had both open-ended and close-ended questions. To further enhance reliability the questionnaires were accompanied with an introductory letter that was addressed to the respondents. More structured responses were obtained using close-ended questions which also facilitated concrete recommendations. The researcher also used Cronbach Alpha to assess the reliability of the data collection instrument. A Cronbach Alpha of above 0.70 indicates a reliable collection instrument and internal consistency and is used where the Likert scale is used in a questionnaire (Mugenda and Mugenda, 2003).

Table 4.1: Data Reliability Statistics

Cronbach's Alpha	N of Items
.321	14

Source: research findings

The table above shows a 0.321 cronbach alpha. The researcher notes that the low score might have been due to the data collection questionnaire using mixed type of questions. The questions used likert scale questions in part. The 0.321 alpha indicates that the data collection instrument had some room for improvement to improve on internal consistency.

The test for multicollinearity among the independent variables was also undertaken. This is discussed under section 4.6.1.

4.4 Study Statistics

This section has two sub sections: descriptive statistics and demographic statistics.

4.4.1 Descriptive Statistics

This section discusses each study variable mean, standard deviation, kurtosis and skewness. The table below provides a summary of these descriptive statistics.

Table 4.2: Descriptive Statistics

	N Statistic	Minimum Statistic	Maximum Statistic	Mean Statistic	Std. Deviation Statistic	Skewness Statistic	Kurtosis Statistic
have financial education	92	0	2	0.39	0.51	0.70	-0.94
have financial or accounting qualification	92	0	1	0.38	0.49	0.50	-1.79
savings literacy	92	0	5	3.35	0.91	-0.48	1.06
retirement literacy	92	1.33	5	3.41	0.93	0.05	-1.01
tax returns literacy	92	1	5	3.84	1.08	-0.94	0.37
debt management	92	0	5	3.99	1.02	-1.52	3.07
spending patterns	92	0	5	2.86	1.06	-0.04	0.16
personal wealth	92	0	3.7	1.86	0.86	0.35	-0.39

source: research findings

The mean for the savings literacy variable is 3. Its standard deviation is one, skewness of -0.475 and kurtosis of 1.0. Thus this variable affects personal wealth to a moderate extent; the responses are also slightly skewed to the left of the mean, but with existence of few outliers as indicated by the kurtosis of 1.0. The retirement literacy variable's mean was 3 also and its standard deviation was 1, skewness 0.045 and kurtosis -1.008. This variable thus has similar effect on personal wealth as the savings literacy variable but the responses are skewed slightly to the right of the mean.

Tax returns literacy variable's mean was 4 and it's standard deviation was 1, and skewness -0.9 and 0.369 kurtosis. This implies that the respondents indicate that tax returns literacy has a great extent in affecting personal wealth, but slightly skewed to the left and few outliers exist. Debt management variable has a mean of 4 also and standard deviation 1, -1.5 skewness and 3.07 kurtosis. Thus debt management affects personal wealth to a great extent. There exists some outliers also, given the 3.07 kurtosis figure.

Spending patterns had mean 3, standard deviation 1, kurtosis was 0.155 and skewness -0.046. Therefore spending patterns have moderate extent in affecting personal wealth. The responses under this variable are slightly skewed to the left, few outliers also exist. Personal wealth variable had 2 as its mean, standard deviation 0.86, a positive 0.352 skewness and -0.39 kurtosis. Therefore the respondents have personal wealth in the range Kenya shillings 250,001 to 500,000. The responses curve is skewed to the right but few outliers exist on the left of the mean.

4.4.2 Demographic Statistics

Table 4.3: Demographic Statistics

		Gender	working experience	position at work	Age	marital status	highest education
N	Valid	91	90	88	92	90	92
	Missing	2	3	5	1	3	1
Mean		0	9.9694	3	3	2	3
Median		0	8	3	3	2	3
Mode		0	0.25	3	3	2	3
Std. Deviation		0.5	8.4173	1	1	1	1
Variance		0.25	70.851	0	1	0	1
Skewness		0.202	0.916	-1.89	0.5	1.02	-0.03
Std. Error of Skewness		0.253	0.254	0.26	0.3	0.25	0.25
Kurtosis		-2.004	0.511	2.61	-1	4.05	-0.73
Std. Error of Kurtosis		0.5	0.50	0.51	0.5	0.50	0.50

Source: research findings

From the table above, the median and mode gender in the respondents was female. The mean, mode, and median work experience were 9.97, 0.25 and 8 years respectively. Position of work in the workplace had low level employees comprising the median, mean and mode. The median, mean and mode age bracket being 31-40 years employees. While the median, mean and mode marital status was the married respondents. The highest education among the respondents had graduates as the median, mean, and mode.

4.5 Regression Analysis and Hypotheses Testing

This section details model summary results, analysis of variance (ANOVA), and presents the model coefficients.

4.5.1 Model Summary Results

This section discusses the model summary results. The table below provides the model summary.

Table 4.4: Regression Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.319[a]	0.102	0.05	0.842

a. Predictors: Constant, spending patterns, savings literacy, debt management, retirement literacy, tax returns literacy

Source: research findings

The analysed data nearness to the best line of fit is measured by the R square statistic (Mugenda and Mugenda, 2003). Some researchers call this measure the coefficient of determination. The study model indicates an R of 0.319, R square of 0.102 and adjusted R square statistic of 0.05. Therefore 10.2% of the variations of the research data about the average is explained by this model. R-coefficient indicates the correlation between the study variables. Therefore a 0.319 coefficient in this statistic shows a positive correlation between personal wealth among judiciary employees in Nairobi City County and the independent variables spending patterns, savings literacy, debt management, retirement literacy and tax returns literacy.

4.5.2 Analysis of Variance

This section discusses the analysis of variance. The table below indicates the related summaries.

Table 4.5: **Analysis of Variance**

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	6.922	5	1.384	1.953	.094[b]
	Residual	60.966	86	0.709		
	Total	67.887	91			

a. Dependent Variable: personal wealth

b. Predictors: (Constant), spending patterns, savings literacy, debt management, retirement literacy, tax returns literacy

Source: research findings

From the analysis of variance indicated under the table above, the F statistic is 1.953. The significance of the study model is 0.094. The analysis was undertaken at 95% level of significance. The 0.094 significance level is therefore outside the 0.05 confidence interval, thus the study model is thus insignificant. The predictors (independent variables) spending patterns, savings literacy, debt management, retirement literacy and tax returns literacy have an insignificant effect on the dependent variable personal wealth therefore.

4.5.3 Model Coefficients

The model coefficients are presented as follows:

Table: 4.6: Regression Model Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B
		B	Std. Error	Beta			Lower Bound
	Constant	0.917	0.458		2.01	0.05	0.01
	savings literacy	0.164	0.133	0.17	1.23	0.22	-0.10
	retirement literacy	0.058	0.131	0.06	0.44	0.66	-0.20
	tax returns literacy	-0.124	0.114	-0.16	-1.1	0.28	-0.35
	debt management	0.205	0.102	-0.24	2	0.05	0.00
	spending patterns	-0.053	0.086	-0.07	-0.6	0.54	-0.22

a. Dependent Variable: personal wealth

Source: Research findings

Based on the table above, the below study model is obtained:

$$\mathbf{Y=0.917+0.164X_1+0.058X_2-0.124X_3+0.205X_4-0.053X_5}$$

The researcher concludes that at the point where the independent variables are absent (all at zero), personal wealth by judiciary employees in Nairobi City County shall be at a level of 0.917. A unit change in savings literacy leads to a 0.164 decrease/increase in the personal wealth, with an insignificant 0.221 significance. A unit change in retirement literacy leads to a 0.058 decrease/increase in the personal wealth, with a significant 0.66 significance. A unit change in tax returns literacy leads to a -0.124 decrease/increase in the personal wealth, with an insignificant 0.28 significance. A unit change in debt management leads to a 0.205 decrease/increase in the personal wealth, with an insignificant 0.048 significance. A unit change in spending patterns leads to a 0.053 decrease/increase in the personal wealth, with a significant 0.542 significance.

4.6 Correlation Analysis

This section presents and discusses the correlation analysis between the dependent variable (personal wealth) and each independent variable.

Table 4.7: Coefficients of Correlation

			savings literacy	retirement literacy	tax returns literacy	debt management	spending patterns	personal wealth
Spearman's rho	savings literacy	Correlation Coefficient	1					
	retirement literacy	Correlation Coefficient	0.584	1				
	tax returns literacy	Correlation Coefficient	0.578	0.64	1			
	debt management	Correlation Coefficient	0.491	0.547	0.498	1		
	spending patterns	Correlation Coefficient	0.11	0.077	0.201	0.079	1	
	personal wealth	Correlation Coefficient	0.23	0.191	0.018	0.226	-0.06	1

Source: research findings

From the table above, the personal wealth variable has a weak positive but insignificant correlation with all independent variables except spending patterns variable which has a negative 0.06 correlation coefficient and a 0.571 significance. Savings literacy has a correlation coefficient of positive 0.23 and significance of 0.028, with the dependent variable personal wealth. This indicates a weak insignificant positive correlation. Enhanced savings literacy among the Judiciary employees therefore improves their personal wealth. The researcher therefore recommends for the employees to improve on their savings literacy, with a view to grow their personal wealth.

Retirement literacy has a correlation coefficient of positive 0.19 and significance of 0.068, with the dependent variable personal wealth. This indicates also a weak insignificant positive correlation. Retirement needs awareness and planning by judiciary employees therefore improves their personal wealth. As with savings literacy, retirement literacy is thus recommended among the said employees.

Tax returns literacy has a correlation coefficient of positive 0.018 and significance of 0.864, with the dependent variable personal wealth. This indicates a weak insignificant positive correlation between the two variables. This tax returns variables also has a negative beta coefficient in the regression model. Employees in the judiciary should therefore aim to control this variable; though it correlates positively with personal wealth, it impacts personal wealth negatively.

Debt management variable has a correlation coefficient of positive 0.23 and significance of 0.03, with the dependent variable personal wealth. This indicates also a weak insignificant positive correlation. With a positive beta coefficient in the regression model, debt management positively affects personal wealth. The researcher therefore recommends the judiciary employees to be aware of their debt levels and manage their debts properly; they need to keep their debts at optimal levels, repay their debts on time, and to be acquainted with bankruptcy obligations.

Spending patterns has a correlation coefficient of negative 0.06 and significance of 0.571, with the dependent variable personal wealth. This indicates a weak insignificant negative correlation. Spending patterns have a positive beta coefficient in the regression model. Since the variable correlates negatively with personal wealth also, the employees should be cautious on their spending patterns. They should control their spending patterns via drafting spending budgets and spending within the budgeted levels. Spending affects the net savings made by the employees.

All the independent variables have positive correlations between themselves. Savings literacy has a strong correlation with retirement literacy (0.6 coefficient), tax returns literacy (0.6 coefficient), and a weak correlation with spending patterns (coefficient of 0.11). Retirement literacy has a strong positive correlation with tax returns literacy (coefficient of 0.635), debt management (0.547 coefficient) and a weak positive correlation with spending patterns (0.077 coefficient). Tax returns literacy also has a positive weak correlation with debt management and spending patterns with correlation coefficients of 0.498 and 0.201 respectively. Debt management has a weak correlation with spending patterns (coefficient of 0.079).

4.6.1 Test of Multicollinearity

The problem of multicollinearity exists where the independent variables are highly correlated with each other, with coefficients higher than 0.80 (Mugenda and Mugenda, 2003). From the above correlations, there is no high correlations between the study independent variables. The independent variables only have positive correlations, but not very high. The researcher opines that the problem of multicollinearity is minimal.

4.7 Discussion of Research Findings

The researcher sought to achieve a number of objectives. First, to determine the level of financial literacy among the Judiciary employees. Towards this objective, the researcher finds that the average employee at the Judiciary in Nairobi City County has a graduate level of education. 62% of the employees however have never attended a financial education course nor obtained qualification in finance. Financial education, information, training, guidance, and instruction is a sure way of improving financial literacy (Brown et al., 2005). From this perspective therefore there is less than average financial literacy level among Judiciary employees in Nairobi City County.

Establishing the effect of retirement and savings literacy on personal wealth was another objective. The researcher finds these variables to have weak positive correlation with personal wealth; both also have positive coefficients in the regression model. This concurs with the proposition by Life Cycle Saving theory (Baum and Payea, 2004) that people save for retirement. On the effect of tax returns literacy on personal wealth of the Judiciary employees in Nairobi County, the research study finds that tax returns literacy has a weak significant positive correlation with personal wealth. This variable however has a negative 0.124 beta coefficient in the regression model. The study found debt management has a weak insignificant positive correlation with personal wealth. Spending patterns has a weak significant negative correlation with personal wealth, this study finds also.

The researcher also found that personal wealth has a 0.319 correlation coefficient with the financial literacy (measured by savings literacy, retirement literacy, tax returns literacy, debt management, and spending patterns). This indicates that personal wealth has a weak positive correlation with financial literacy.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter elucidates and explains an overview of the research findings, conclusions and makes recommendations. Any limitations encountered are highlighted and proposals for further research made.

5.2 Summary of Findings

The research study findings can be summarized as follows: the median and mode gender in the respondents was female. The mean, mode, and median length of work service at the Judiciary were 9.97, 0.25 and 8 years respectively. The respondents' position at the Judiciary had low level employees comprising the median, mean and mode. The median, mean and mode age bracket being 31-40 years employees. While the median, mean and mode marital status was the married respondents and the highest education attained among the respondents had graduates as the median, mean, and mode.

About the dependent and independent variables, savings literacy's mean was 3 and standard deviation was one, skewness of -0.475 and kurtosis of 1.0. The retirement literacy variable's mean was 3 also and it's standard deviation was 1, skewness 0.045 and kurtosis -1.008. Tax returns literacy variable had 4 as it's mean and it's standard deviation was 1, skewness -0.9 and 0.369 kurtosis. Debt management variable had a mean of 4 also and standard deviation 1, -1.5 skewness and 3.07 kurtosis. The mean for spending patterns was 3 and the standard deviation was 1, kurtosis was 0.155 and skewness -0.046. The mean for the personal wealth variable was 2 and its standard deviation was 0.86, a positive 0.352 skewness and -0.39 kurtosis. From correlation analysis, the personal wealth variable had a weak positive but insignificant correlation with all independent variables except spending patterns variable.

5.3 Conclusion

Going by the findings summary presented above, the researcher concludes that financial literacy has a positive effect on personal wealth among Judiciary employees in Nairobi City County. This effect is however an insignificant one. The R coefficient in the model is 0.319 and the analysis of variance (undertaken at 95 percent confidence level) shows a significance of 0.094. The study sought to achieve several specific objectives. One is the objective to establish the level of financial literacy among the employees; the researcher finds that the employees at the judiciary have some level of financial literacy. This is inferred from the finding that on average the personal wealth of the employees ranges between Kenya shillings 250,001 and 500,000. 39 percent of the employees also have financial education and 38 percent have finance or accounting qualifications. Financial education and finance qualifications form part of financial literacy.

The other objective was to establish the effect of retirement and savings literacy on personal wealth. The researcher concludes that retirement and savings literacy have weak positive effect on personal wealth. This is inferred from the correlation coefficients 0.23 and 0.19 with retirement literacy and savings respectively. The two variables also have positive beta coefficients in the regression model. Improvements in these two variables positively impact individual personal wealth, therefore.

The research study also sought to establish the effect of tax returns literacy on personal wealth. The researcher finds that tax returns literacy has a positive effect on personal wealth. The variable has a positive 0.02 correlation coefficient with personal wealth, but a negative beta coefficient in the regression model. Tax returns literacy therefore has a weak positive correlation with personal wealth. Variations in this variable also negatively impact the personal wealth. This variable therefore needs control by Judiciary employees so as to mitigate its effect on their personal wealth.

Debt management and spending patterns have mixed effect on personal wealth. Debt management positively correlates with personal wealth, with a weak positive correlation with personal wealth (correlation coefficient of 0.23). The beta coefficient in the regression model is a positive 0.205 also. Spending patterns however correlates negatively with personal wealth and has a negative beta coefficient in the regression model. The spending variable therefore has a negative effect on the individuals' personal wealth.

5.4 Recommendations

Based on the research study findings and conclusions made above, the researcher makes a number of recommendations. First, employees at the Judiciary in Nairobi City County and related stakeholders in the economy should endeavor to improve their financial literacy skills in order to improve their personal wealth level. Savings and retirement literacy and debt management variables have positive coefficients in the regression model; these variables need positive reinforcement(s) in driving positive growth in personal wealth. Tax returns literacy and spending patterns both have negative beta coefficients; these are recommended for close monitoring and control in personal wealth growth and management.

5.5 Limitations of the Study

The researcher faced the following limitations that hampered effective accomplishment of the research objectives. First, financial resources available for the research study were a limiting factor. The researcher relied on personal finances to undertake the research study; this somewhat influenced the scope and the number of respondents sought. More funds availability would have enriched the study; as more respondents could have been sampled and studied.

Time was another limiting factor. The study was undertaken within stipulated academic timelines as the research study was intended to fulfill academic course work requirements. The study also was limited in scope, having focused on Judiciary employees within the Nairobi City County locality. This limits the flexibility to generalize the study findings to all Judiciary employees and or to other sector employees.

5.6 Suggestions for Further Research

This section provides a few suggestions for future research in this area. First, the researcher would recommend for a similar research to be undertaken incorporating all Judiciary employees in Kenya and replication of the study in other organizations.

It would also be informative and insightful to undertake a similar research study on the effect of financial literacy on personal wealth management. Financial literacy draws a lot from financial skills and knowledge gathered by persons over time and how the said skills and knowledge are utilized in wealth management by individuals, among others.

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APPENDICES

APPENDIX I: COVER LETTER

University of Nairobi,

P.O. Box 30197-00100

Nairobi, Kenya

Dear Sir/Madam,

RE: ACADEMIC RESEARCH QUESTIONNAIRE

I am a student of Master of Business Administration in Finance at the University of Nairobi. As part of the requirements for the award of this degree , I am required to undertake a research project. My topic of study is ‘Effect of Financial Literacy on Personal Wealth of Employees of the Judiciary in Nairobi, Kenya.’

In this regard, I am kindly requesting you to set aside a few minutes and fill in the brief questionnaire attached. Your accurate and candid responses will be crucial in ensuring an objective research study. Your responses will be kept confidential and shall be used for the purpose of this study alone.

Thank you in advance

Yours faithfully

Chrisanthus O. Mayiah

APPENDIX II: LETTER OF INTRODUCTION

UNIVERSITY OF NAIROBI
SCHOOL OF BUSINESS

Telephone: 020-2059162
Telegrams: "Varsity", Nairobi
Telex: 22095 Varsity

P.O. Box 30197
Nairobi, Kenya

DATE 30/9/2016

TO WHOM IT MAY CONCERN

The bearer of this letter CHRISANTUS D. MATIAH

Registration No. D61/72308/2014

is a bona fide continuing student in the Master of Business Administration (MBA) degree program in this University.

He/she is required to submit as part of his/her coursework assessment a research project report on a management problem. We would like the students to do their projects on real problems affecting firms in Kenya. We would, therefore, appreciate your assistance to enable him/her collect data in your organization.

The results of the report will be used solely for academic purposes and a copy of the same will be availed to the interviewed organizations on request.

Thank you.

UNIVERSITY OF NAIROBI
SCHOOL OF BUSINESS
30 SEP 2016
P.O. Box 30197 – 00100, NAIROBI

PATRICK NYABUTO
SENIOR ADMINISTRATIVE ASSISTANT
SCHOOL OF BUSINESS

APPENDIX III: QUESTIONNAIRE

SECTION A

Personal and Work Related Questions

1 What is your gender? Male [ ] Female [ ] (*Please tick where appropriate*)

2 How long have you worked at the Judiciary? ______________________________

3 Kindly state your position at the Judiciary_________________________________

4 Age: Below 21[ ] 21-30[ ] 31-40[ ] 41-50[ ] 51-60[ ] Above 60[ ]

5 Marital status: Single [ ] Married [ ] Divorced [ ] Widowed [ ]

6 What is your highest level of education attained?

High school[ ] Certificate/Diploma[ ] Graduate [ ] Post graduate[ ]

7 Have you ever attended a financial education course? Yes [ ] No [ ]

If yes, how many? ____

Please elaborate: ____

8 Do you have any finance, business or accounting qualifications? Yes [ ] No[ ]

If yes, please list them

- ____
- ____
- ____

Please turn to the next page

SECTION B

Kindly indicate the extent of literacy of the following aspects of wealth management in your life. Use a scale of 1 to 5 where: *1 = not at all/not applicable; 2 = less extent; 3 = moderate extent; 4 = great extent; 5 = very great extent*

Investments and Savings	**1**	**2**	**3**	**4**	**5**
I have the ability to discern financial choices and discuss financial issues comfortably					
I can use combinations of skills, resources and knowledge to make financial decisions					
I can make informed effective financial choices					
I understand financial terms and concepts					
I do regularly check my bank statements for inconsistencies					
I balance my checkbook carefully					
I am conversant with my present rate of savings and wealth accumulation.					
Retirement					
I am aware of the performance of my investments outside of my retirement saving plans					
A disciplined approach to re-balancing my investment is very important					
I understand the importance of the Judiciary's pension plan					

that provides adequate pension upon retirement.					
I have determined how much income I can expect on retirement.					
I am fully aware of the impact of inflation on my future retirement income					
I have adequate knowledge to allow me to manage my wealth upon retirement					
Tax Returns Literacy					
I understand the importance of paying taxes					
I am conversant with and utilize the various tax reliefs/rebates that I am entitled to when I am filing my tax returns					
Debt Management					
I appreciate the need to pay my debts in time					
I know the consequences of defaulting on a loan					
Personal loans offered by financial institutions in the market is a convenient tool for me to use- I can borrow for any reason at any point of time					
I am familiar with the benefits of paying my mortgage and hire purchase installments on time every month					

I am acquainted with the legal implications of bankruptcy					
Spending Patterns					
I make my shopping list before buying anything					
I stick to my shopping list when I am in a supermarket/shop or market					
I spend more than 50% of my income on food					
Transport consumes most of my income					

Please turn to the next page

SECTION C: PERSONAL WEALTH

The following are statements regarding an individual's personal wealth. Please select the most appropriate answer to each of the following questions:

Tick as appropriate

1 =KSH.0-250,000 **2** =KSH.250,001-500,000 **3**=KSH.500,001-750,000

4=KSH.750,001-1,000,000 **5**=more than KSH.1,000,000

	1	**2**	**3**	**4**	**5**
ASSETS	**KSh.0-250,000**	**KSh.250,001-500,000**	**KSh.500,001-750,000**	**KSh.750,001-1,000,000**	**More than KSh.1,000,000**
Land					
Buildings					
Vehicles					
Investments					
Cash at bank					
Other assets					
LIABILITIES	**KSh. 0-250,000**	**KSh.250,001-500,000**	**KSh.500,001-750,000**	**KSh.750,001-1,000,000**	**More than 1,000,000**
SACCO loan					
Bank loan					
HELB loan					
Other Liabilities					

THANK YOU FOR YOUR TIME

APPENDIX IV: POPULATION OF THE STUDY

Employee Level	Number	Percentage (%)
Senior-level	167	12
Mid-level	209	15
Junior-level	1021	73
Total	**1397**	**100**

Source: Judicial Service Commission (2016).