

**DETERMINANTS OF PERSONAL FINANCIAL MANAGEMENT DECISIONS: A
COMPARISON OF SELF-EMPLOYED GENERATION X AND GENERATION Y IN
EMBAKASI EAST CONSTITUENCY OF NAIROBI, KENYA**

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ABSTRACT

Personal financial management (PFM) decisions greatly influence living standards, the performance of organizations, and by extension, the economy. Since every generation is unique, Generation X and Y more often than not demonstrate different decisions on PFM. The general objective of the study was to investigate and compare the determinants of personal financial management decisions among the self-employed Generations X and Y in Embakasi East constituency of Nairobi, Kenya as guided by four independent variables; financial knowledge, demographic factors which are age, education level, marital status and income level; financial attitude and financial locus of control (LOC). Out of a target population of 5,440 individuals, a sample of 372 was selected whereby 304 individuals were Generation X and 68 were Generation Y. The response rate was 82.26%. The study findings indicated that in general, financial knowledge, financial attitude, financial locus of control, and level of income were positively and significantly associated with PFM decisions of self-employed Generation X and Y in Embakasi East constituency while gender and marital status had no significant influence. The comparative results showed that financial knowledge has a significant influence on PFM decisions for both Generation X and Y. On the other hand, financial LOC did not have a significant effect on PFM decisions for both generations. Whereas financial attitude significantly influences PFM decisions of Generation X, it did not have a significant effect on PFM decisions for Generation Y. The study concluded that most Generation X and Y business owners in Embakasi East are low income earners but are knowledgeable about the basic financial concepts. In addition, most self-employed Generation X and Y are risk averse. The study recommended that government agencies, micro finance institutions and banks should increase specialized financial education programs for each generation with a focus on Generation Y in order to not only create, but also increase awareness and encourage risk diversification.

Keywords: *Financial Management Decisions, Generation X & Generation Y*

1.1 BACKGROUND TO THE PROBLEM

Because of globalization, increased technological advancement, and the continued increase in life expectancy in Kenya from 57 in 1991 to 67.3 in 2018 (Human Development Index 2018) effective personal financial management (PFM) has become increasingly important (Bauer, Collins & Richardson, 2017). According to a 2018 survey by Ipsos, a research firm, 45% of Kenyans are self-employed as their main job while only 17% are in formal employment. This implies that business drives the economy. Coupled with the generational differences in values, beliefs, and interests, the current study assesses the differences in personal financial decision making among the self-employed Generations X and Y.

A generation as defined by Karl Mannheim in 1928 is a birth cohort that has similar views, values, tastes, and habits, and also experiences the same historical events that influence social change and behavior. No official commission decides the name, start or end of a generation but consensus is developed through popular parlance (Twenge, 2018) whereby generations are named as: Generation X (Gen X) who are the children of Baby boomers and the parents of Generation Y (Gen Y/Millennials), Generation Z (Gen Z/iGen) and finally Generation Alpha. Several researchers have classified the generational spans by year of birth, that is, Gordinier 2008, Masnick 2006, Market 2004 and Schewe & Noble 2002. The current study adopts the Howe and Strauss (2004) 20-year classification whereby Gen X were born between 1961 and 1981 while Gen Y were born between the years 1982 and 2004.

According to the Organization for Economic Co-operation and Development (OECD 2016,), individuals who are under self-employed are those who have a business and own the business. Additionally, self-employment is based on the profits that are earned from the business and are used as the remunerations for the individual. The individuals are in charge of the operations of the business or in some cases they delegate such authorities while being responsible for the business and its operations (15th Conference of Labour Statisticians, January 1993).

1.2 STATEMENT OF THE PROBLEM

PFM decisions greatly influence living standards, the performance of organizations, and by extension, the economy (Aghababaei & Khademi, 2019; Mugun, 2013). Since every generation is unique, Generation X and Y more often than not demonstrate different decisions on personal financial management (Delafrouz & Paim, 2011). In a study by the Kenya National Bureau of Statistics (KNBS) in 2016, it was revealed that despite having an education on financial concepts, the savings levels and retirement planning among many self-employed generation Y were significantly low.

In a similar study by Financial Sector Deepening Kenya (2019) with Embakasi East constituents as one of the study samples, it was found that 62.1 percent were unable to meet their daily expenses and relied heavily on their families for financial solutions. It was also observed that the highest number of individuals who engage in daily sports betting as a method of investment were aged over 55 years at 33.2 percent while individuals aged 18-25 preferred digital banking to traditional banking but 18.2 percent are excluded from accessing financial products and services.

Individuals of ages 26-35 were found to be the most financially unhealthy as they spend more on dining out and entertainment, had lower credit scores, and seek personal loans for consumables. To be able to respond to the factors that influence PFM decisions of generation X and Y, hence, there is the need to ensure that there is an investigation, identification and understanding of such variables and also to establish to what extent they collectively or individually contribute to PFM decisions for both generational groups.

1.3 OBJECTIVES OF THE STUDY

The general objective of the study was to investigate and compare the determinants of personal financial management decisions on self-employed generation X and Y in Embakasi east constituency of Nairobi, Kenya.

The study was guided by the following specific objectives:

- i. To establish the influence of financial knowledge on personal financial management decisions self-employed Generation X and Y in Embakasi East constituency of Nairobi, Kenya
- ii. To assess the influence of demographic factors on personal financial management decisions among self-employed Generation X and Y in Embakasi East constituency of Nairobi, Kenya
- iii. To determine the influence of financial attitude on personal financial management decisions self-employed Generation X and Y in Embakasi East constituency of Nairobi, Kenya
- iv. To establish the influence of financial locus of control (LOC) on personal financial management decisions self-employed Generation X and Y in Embakasi East constituency of Nairobi, Kenya
- v. To compare the personal financial management decisions of Generation X and Y in Embakasi East constituency of Nairobi, Kenya

1.4 STUDY HYPOTHESES

The study was guided by the following hypotheses:

- H₀₁:** There is no significant relationship between financial knowledge and personal financial management decisions among self-employed Generation X and Y in Embakasi East constituency of Nairobi, Kenya
- H₀₂:** There is no significant relationship between demographic factors and personal financial management decisions among self-employed Generation X and Y in Embakasi East constituency of Nairobi, Kenya
- H₀₃:** There is no significant relationship between financial attitude and personal financial management decisions among self-employed Generation X and Y in Embakasi East constituency of Nairobi, Kenya

H04: There is no significant relationship between financial LOC and personal financial management decisions among self-employed Generation X and Y in Embakasi East constituency of Nairobi, Kenya

H05: There is no significant difference between the personal financial management decisions of Generation X and Y in Embakasi East constituency of Nairobi, Kenya

LITERATURE REVIEW

2.1 Knowledge Gap

The literature indicates the need for establishing the collective influence of several predictor variables on personal finance management decisions of an individual. Local and international studies have also been done but little attention has been paid to the self-employed population. Most studies target individuals in formal employment as well as students in educational institutions. A comparative study of PFM decisions among two Generations X and Y is also paramount. The current study, therefore, intends to fill the gap by studying financial knowledge, financial attitude, LOC, and demographic factors as independent variables to show their relationship with PFM among Generation X and Y in Embakasi East constituency.

There is also a contextual gap because apart from studies being carried out in other countries, there is also no single study conducted in Embakasi East constituency on determinants of PFM decisions among self-employed Generation X and Y. Individuals in different countries, as well as counties, operate in different economies and despite globalization and devolution, the environment (socio-economic) in which individuals make financial decisions differ. Therefore, the current study intended to eliminate the gap by focusing on the Embakasi East constituency, Kenya.

A methodological gap also exists since the reviewed literature shows that descriptive research design and regression analysis are mostly used to consistently achieve a positive significant relationship between variables used, only two studies employed ANOVA whereby a no relationship between variables was yielded (Njuguna and Otsola, 2015; Zameer and Devasagayam, 2015). The current study however enhanced this methodology by use of comparative descriptive research design which showed the characteristics of two generational groups that determine how they make decisions. In addition, two-variable chi-square test of hypothesis was used to not only observe the relationship between demographic factors and PFM decisions of two generational groups but also to compare the two groups. This was not done in previous studies.

RESEARCH DESIGN AND METHODOLOGY

The study employed a descriptive comparative research design for both quantitative and qualitative data. This assisted in exploring the differences and similarities between two generational groups, Generation X and Y in the current study. The descriptive research design involves inquiries and fact-findings from the determinants of PFM decisions among self-employed Generation X and Y in Embakasi East constituency of Nairobi, Kenya. The design explored and evaluate in detail the relationship between financial LOC, financial

knowledge, demographic factors, financial attitude, and personal finance management decisions (Bryman, 2015).

The target population of the study was 5,440 comprising of 4,451 Generation Y and 989 Generation X who are self-employed business owners in Embakasi East constituency with a business permit renewed in the year 2019 (Nairobi City County, 2020). The study adopted the Howe and Strauss (2004) definition of generational groups which places Generation X as the demographic cohort of individuals born between 1961 and 1981 while Generation Y were born between 1982 and 2004.

The dependent variable was PFM decisions while independent variables was financial knowledge, financial attitude, demographic factors, and financial LOC. The operationalization for the measurement of variables is shown in Table 1.

Table 1: Measurements of Study Variables

Variable and symbol	Operational Indicator	Measurement	Justification	Question
Personal financial management decisions (PFMD)	PFM decisions in budgeting, saving, investing and retirement planning	-Presence of a written personal budget (1-yes, 2-no, 3-neutral) -Regular saving of monthly income -Regular investing -Contribution to a retirement fund	OECD INFE (2011); Delafrooz and Paim (2011) Mien and Thao (2015); Mwaniki, L.N (2019)	9,10,11, 12,13,14, 15,16
Financial knowledge (FK)	Key financial concepts	-Correct answer to key financial concepts(1-correct, 2-wrong)	OECD INFE (2011); Schug, Wynn, and Posnanski (2014); Mwaniki, L.N (2019)	13,14,15, 16,17
Demographic factors (DF)	Age Gender Marital status Income level	Age-Nominal scale (1-Gen X and 2-Gen Y) Gender – Nominal scale (1-male and 2-female) Marital status -Nominal scale (1-married, 2-single, 3-separated, 4-living with partner) Income level –Range of monthly income	Jalil, Islam, and Hasan (2013); Alwi, Hashim, and Ali (2015); OECD INFE (2011)	2,3,4,7
Financial attitude (FA)	Spending behaviour Risk attitude	Likert scale to show prudence in spending and risk appetite	OECD INFE (2011); Fünfgeld and Wang (2019)	18,19,20, 21,22,23, 24
Financial locus of control (LOC)	Responsibility for what affects decisions (self-drive vs fate)	Rotter’s scale to show LOC: (1- Selects first statement 3 or more times; 2- Selects the second statement 3 or more times)	FinAccess, KNBS, CBK (2019); Boshoff and Van Zyl (2017)	25,26,27, 28,29

The reviewed empirical and theoretical literature reveals a relationship between financial knowledge, financial LOC, demographic factors, financial attitude, and PFM decisions. The Likert scale responses 1- 5 were computed for each respondent to obtain an average for each variable. Since the dependent variable had three measurement scales, an average was also obtained from each respondent to obtain a value for the dependent variable.

The multiple regression analysis model shown below:

$$PFMD = \alpha_0 + \beta_1FK + \beta_2FA + \beta_3LOC + \epsilon$$

Where;

PFMD is personal financial management decisions

α_0 is a constant

β_1, β_2 and β_3 are the coefficients of independent variables

FK is financial knowledge, FA is financial attitude, LOC is Locus of control

ϵ is the error term

RESULTS AND FINDINGS

4.1 Correlation Analysis of Financial Knowledge, Financial Attitude, Financial LOC and PFM Decisions

Correlation analysis was conducted to establish the relationship between the independent and dependent variables. The correlation matrix is presented in Table 2.

Table 2: Correlation Matrix for each Generation (n=306)

Generation			PFM Decisions	Financial Knowledge	Financial Attitude
X	Financial Knowledge	Pearson Correlation	.655**		
		Sig. (2-tailed)	.000		
		N	44	44	
	Financial Attitude	Pearson Correlation	.514**	.451**	
		Sig. (2-tailed)	.000	.002	
		N	44	44	44
	Financial LOC	Pearson Correlation	.693**	.519**	.482**
		Sig. (2-tailed)	.000	.000	.001
		N	44	44	44
Y	Financial Knowledge	Pearson Correlation	.611**		
		Sig. (2-tailed)	.000		
		N	262	262	
	Financial Attitude	Pearson Correlation	.639**	.604**	
		Sig. (2-tailed)	.000	.000	
		N	262	262	262
	Financial LOC	Pearson Correlation	.595**	.575**	.604**
		Sig. (2-tailed)	.000	.000	.000
		N	262	262	262

Correlation Matrix(n=306)

		PFM Decisions	Financial Knowledge	Financial Attitude	Financial LOC
PFM Decisions	Pearson Correlation Sig. (2-tailed)	1.000			
Financial Knowledge	Pearson Correlation Sig. (2-tailed)	.614** 0.000	1.000		
Financial Attitude	Pearson Correlation Sig. (2-tailed)	.623** 0.000	.587** 0.000	1.000	
Financial LOC	Pearson Correlation Sig. (2-tailed)	.606** 0.000	.572** 0.000	.592** 0.000	1.000

Source: Author (2021)

The results revealed that financial knowledge ($r= 0.614^{**}$, $p=0.000$) is positively and significantly associated with PFM decisions self-employed Generation X and Y. The results further indicated that Financial Attitude ($r= 0.623^{**}$, $p=0.000$) is also positively and significantly associated with PFM decisions self-employed Generation X and Y. Lastly, the results showed that Financial LOC ($r= 0.606^{**}$, $p=0.000$) and PFM decisions self-employed Generation X and Y are positively and significantly related. This implies that an increase in financial knowledge, financial attitude and financial LOC would lead to an increase on PFM decisions self-employed generation X and Y. The demographic characteristics were not included in the correlation analysis since they are categorical in nature.

4.2 Results of Regression Analysis

The study sought to establish the statistical significance relationship between financial knowledge, financial attitude and financial LOC on PFM decisions self-employed Generation X and Y through regression analysis. The results presented in Table 3 present the results used of the regression model in explaining the study phenomena.

Table 3

Regression Model for each Generation

Generation	Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
X	1	.783 ^a	0.613	0.584	0.44441
Y	1	.721 ^b	0.52	0.515	0.49238
Gen X Predictors: (Constant), Mean Financial Locus, Mean Financial Attitude, Mean Financial Knowledge					
Gen Y Predictors: (Constant), Mean Financial Locus, Mean Financial Knowledge, Mean Financial Attitude					

ANOVA Table:

Generation	Model	Sum of Squares	df	Mean Square	F	Sig.	
X	1	Regression	12.506	4	4.169	21.106	.000 ^b
		Residual	7.9	40	0.198		
		Total	20.406	44			
Y	1	Regression	67.822	4	22.607	93.251	.000 ^c
		Residual	62.548	258	0.242		
		Total	130.37	262			
a. Dependent Variable: PFM							
Gen X Predictors: (Constant), Mean Financial Locus, Mean Financial Attitude, Mean Financial Knowledge							
Gen Y Predictors: (Constant), Mean Financial Locus, Mean Financial Knowledge, Mean Financial Attitude							

Coefficients table:

Gen	Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	
		B	Std. Error	Beta			
X	1	(Constant)	0.693	0.285		2.4	0.020
		Financial Knowledge	0.293	0.096	0.366	3.06	0.004
		Financial Attitude	0.142	0.119	0.139	1.2	0.240
		Financial Locus	0.385	0.108	0.436	3.6	0.001
Y	1	(Constant)	1.131	0.101		11.2	0
		Financial Knowledge	0.228	0.047	0.276	4.8	0
		Financial Attitude	0.266	0.048	0.329	5.6	0
		Financial Locus	0.206	0.05	0.238	4.2	0

Regression Model

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	
	.723a	0.523	0.518	0.48798	

ANOVA Table:	Sum of Squares	df	Mean Square	F-Statistic	Sig. of model
Regression	78.877	3	26.292	110.415	.000b
Residual	71.913	302	0.238		
Total	150.79	305			

Coefficients Table:	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
(Constant)	1.087	0.095		11.435	0.000
Financial Knowledge	0.236	0.043	0.289	5.523	0.000
Financial Attitude	0.246	0.044	0.297	5.577	0.000
Financial Locus of control	0.229	0.045	0.266	5.058	0.000

a. Predictors: (Constant), Financial LOC, Financial Knowledge, Financial Attitude

b. Dependent Variable: PFM Decisions

c. n=306

Source: Author (2021)

Generation X Regression Results

The regression model of Generation X is presented as follows.

$$PFMD = 0.693 + 0.293FK + 0.142FA + 0.385LOC + 0.285E$$

Where;

PFMD is Personal financial management decisions

$\alpha_0=0.693$ is the constant

$\beta_1=0.293, \beta_2=0.142$ and $\beta_3=0.385$ are the coefficients of independent variables

FK is financial knowledge

FA is financial attitude

LOC is Locus of control

E=0.285 is the error term

For the self-employed Generation X in the study area, the constant of 0.693 showed that when financial knowledge, financial attitude and financial LOC are held constant, PFM decisions would remain at 0.693 units. The regression coefficient results show that financial knowledge and PFM decisions is positively and significantly related ($\beta=0.293$, $p=0.004$), financial attitude and PFM decisions is positively and significantly related ($\beta=0.142$, $p=0.240$) while financial LOC and PFM decisions is positively and significantly related ($\beta=0.385$, $p=0.001$).

Generation Y Regression Results

The regression model of Generation Y is presented as

$$\text{PFMD} = 1.131 + 0.228\text{FK} + 0.266\text{FA} + 0.206\text{LOC} + 0.101$$

Where;

PFMD is Personal financial management decisions

$\alpha_0=1.131$ is the constant

$\beta_1=0.228$, $\beta_2=0.266$ and $\beta_3=0.206$ are the coefficients of independent variables

FK is financial knowledge

FA is financial attitude

LOC is Locus of control

E=0.101 is the error term

For the self-employed Generation Y in the study area, the constant of 1.131 showed that when financial knowledge, financial attitude and financial LOC are held constant, PFM decisions would remain at 1.131 units. The regression coefficient results show that financial knowledge and PFM decisions is positively and significantly related ($\beta=0.228$, $p=0.000$), financial attitude and PFM decisions is positively and significantly related ($\beta=0.266$, $p=0.000$) while financial LOC and PFM decisions is positively and significantly related ($\beta=0.206$, $p=0.000$).

On a combined analysis, the variables financial attitude and financial knowledge and financial LOC are noted to be satisfactory variables when explaining financial management decisions self-employed Generation X and Y. Also, R square of 0.523. This means that financial knowledge, financial attitude and financial LOC explain 52.3% of the variations in the dependent variable, which is financial management decisions self-employed Generation X and Y. This result also indicates that model applied to link the variables relationship was satisfactory.

The findings have further indicated that there was $F=110.415$ based on the regression analysis. On the other hand, $p<0.000$ that is <0.005 . It was concluded that, there was statistical significance relationship between the independent variables notably financial knowledge, financial attitude and financial LOC on the dependent variable that was financial management decisions self-employed Generation X and Y.

The regression model was presented as follows.

$$\text{PFMD} = 1.087 + 0.236\text{FK} + 0.246\text{FA} + 0.229\text{LOC}$$

Where;

PFMD is personal financial management decisions

$\alpha_0=1.087$ is the constant

$\beta_1=0.236$, $\beta_2=0.246$ and $\beta_3=0.229$ are the coefficients of independent variables

FK is financial knowledge

FA is financial attitude

LOC is financial Locus of control

ε is the error term

The constant of 1.087 showed that when financial knowledge, financial attitude and financial LOC are held constant, PFM decisions self-employed Generation X and Y in Embakasi East constituency of Nairobi, Kenya would remain at 1.087 units. The regression of coefficient results show that financial knowledge and PFM decisions self-employed Generation X and Y in Embakasi East constituency of Nairobi, Kenya is positively and significantly related ($\beta=0.236$, $p=0.000$).

The results further indicated that financial attitude and PFM decisions of self-employed Generation X and Y in Embakasi East constituency of Nairobi, Kenya is positively and significantly related ($\beta=0.246$, $p=0.000$). Lastly, results showed that financial LOC and PFM decisions self-employed Generation X and Y in Embakasi East constituency of Nairobi, Kenya is positively and significantly related ($\beta=0.229$, $p=0.000$).

Since the p-value for financial knowledge was $0.000 < 0.05$, the hypothesis that there is no significant relationship between financial knowledge and PFM decisions among self-employed Generation X and Y in Embakasi East constituency of Nairobi, Kenya was therefore rejected. Further, the p-value for financial attitude was below 0.05 and thus the hypothesis that there is no significant relationship between financial attitude and PFM decisions among self-employed Generation X and Y in Embakasi East constituency of Nairobi, Kenya was rejected. Lastly, the p-value for financial LOC was below 0.05 and therefore the hypothesis that there is no significant relationship between financial LOC and PFM decisions among self-employed Generation X and Y in Embakasi East constituency of Nairobi, Kenya was rejected.

4.3 Interpretation and Discussion of the Findings

4.3.1 Financial Knowledge and PFM Decisions

The first objective of the study was to establish the influence of financial knowledge on PFM decisions self-employed Generation X and Y in Embakasi East constituency of Nairobi, Kenya. Correlation results indicated that financial knowledge ($r= 0.614^{**}$, $p=0.000$) was positively and significantly associated with PFM decisions self-employed Generation X and

Y. The regression of coefficients results in Table 3 showed that financial knowledge and PFM decisions self-employed Generation X and Y in Embakasi East constituency of Nairobi, Kenya is positively and significantly related ($\beta=0.236$, $p=0.000$). The p-value for financial knowledge was $0.000 < 0.05$ and thus the hypothesis that there is no significant relationship between financial knowledge and PFM decisions among self-employed Generation X and Y in Embakasi East constituency of Nairobi, Kenya was therefore rejected.

The findings are consistent with Varcoe, Allen, Devitto, and Go (2015) whose study indicated that there was a significantly positive relationship between financial knowledge and financial behaviour as measured by an understanding of financial terms among teenagers in Italy. The findings are also in line with Borden et al. (2018) who established that a seminar effectively increased an individual's financial knowledge regarding credit implying a positive relationship between financial knowledge and personal finance management. Yap, Chong, Leow, and Chok (2017) established that financial literacy as measured by skills and expertise had a significantly positive relationship with financial retirement planning. However, Gerhard, Gladstone, and Hoffmann (2018) observed that financial knowledge and financial decisions are not related.

4.3.2 Demographic Factors and PFM Decisions

The second objective was to assess the influence of demographic factors on PFM decisions among self-employed Generation X and Y in Embakasi East constituency of Nairobi, Kenya. This was assessed using chi-square in Table 21 on the demographic factors namely gender, age bracket, marital status, and income level on PFM decisions. The results indicated gender did not have a significant effect on PFM decisions for both the generation X and generation Y. Marital status did not significantly affect PFM decisions for both the generation X and generation Y. Lastly, the results indicated that income level had a significant effect on PFM decisions for both the generation X and generation Y.

The findings are consistent with Kaur and Hassan (2019) who found that gender had no significant relationship with retirement planning among Malaysia's Generation Y. In agreement Beckman (2013) in their research found no significant variations in the personal finance scores between the two genders. Jalil, Islam, and Hasan (2013) on the relationship between demographics and financial planning found that older individuals focused on retirement planning. Agravat and Kaplelach (2017), the effect of demographic characteristics on micro-pension uptake among informal employees indicated that age influences the micro pension uptake. However, Malaysia, Sabri and Juen (2014) showed that while women with high-income levels, unlike men, are financially literate, practice financial management, and display high retirement confidence.

4.3.3 Financial Attitude and PFM Decisions

The third objective was to determine the influence of financial attitude on PFM decisions self-employed Generation X and Y in Embakasi East constituency of Nairobi, Kenya. Correlation results further indicated that Financial Attitude is also positively and significantly associated with PFM decisions self-employed Generation X and Y. The regression results in

Table 20 indicated that financial attitude and PFM decisions self-employed Generation X and Y in Embakasi East constituency of Nairobi, Kenya is positively and significantly related. The p-value for financial attitude was below 0.05 and thus the hypothesis that there is no significant relationship between financial attitude and PFM decisions among self-employed Generation X and Y in Embakasi East constituency of Nairobi, Kenya was rejected.

The results are in agreement with Rajna, Ezat, Al Junid, and Moshiri (2017) who established a positive attitude towards PFM. Dowling, Tim, and Hoiles (2019) study found that practices of financial management and financial attitudes significantly predicted financial problems. Ameliawati and Setiyani (2018) found that financial attitudes to a large extent affect personal finance management decisions.

4.3.4 Financial Locus of Control and PFM Decisions

The fourth objective was to establish the influence of financial LOC on PFM decisions self-employed Generation X and Y in Embakasi East constituency of Nairobi, Kenya. Correlation results showed that financial LOC and PFM decisions self-employed Generation X and Y are positively and significantly related. Regression results in Table 20 showed that Financial LOC and PFM decisions of self-employed Generation X and Y in Embakasi East constituency of Nairobi, Kenya is positively and significantly related. The p-value for financial LOC was below 0.05 and therefore the hypothesis that there is no significant relationship between financial LOC and PFM decisions among self-employed Generation X and Y in Embakasi East constituency of Nairobi, Kenya was rejected.

The results are in line with Zakaria, Jaafar, and Marican (2012) who used a structural equation modeling approach and found evidence supporting the positive association between LOC and PFM decisions. Britt, Cumbie, and Bell (2013) findings indicated that college students with an external LOC exhibited the worst form of PFM decisions while internal LOC had a positive relationship with effective PFM decisions among students. Boshoff and Van Zyl (2017) revealed a statistically significant positive relationship ($p \leq 0.05$) between both internal and external LOC and PFM decisions.

4.3.5 Comparing PFM Decisions among Generation X and Generation Y

The fifth objective was to compare the PFM decisions of Generation X and Y in Embakasi East constituency of Nairobi, Kenya. The comparison was assessed using chi-square on the independent factors for each age group, namely financial knowledge, financial attitude, financial LOC and demographic factors on PFM decisions for Generation X and Generation Y. The results indicated that PFM decisions for both the Generation X and Generation Y are affected significantly by financial knowledge has a significant effect on as per p-values in table 22. While financial attitude has a significant effect on PFM decisions for the Generation X, there is no significant effect on PFM decisions for Generation Y as per table 22 p-values. The Chi-Square results indicated that financial LOC does not have a significant effect on PFM decisions for both the Gen X and Y.

5.1 Conclusions

Based on the study findings, the study concluded that most Generation X and Y who won business have more knowledge in terms of the basic financial concepts as agreed by most of them with the statements on financial knowledge. However, majority of the respondents' level of income was low at Ksh 0-49,999 for the year 2019. The study also concluded that financial knowledge significantly influences PFM decisions. Financial knowledge is essential, however, there is the need to apply knowledge to turn into sustainable and profitable enterprises.

The study concluded that financial attitude of the self-employed Generation X and Y influences their financial decision making. However, most self-employed Generation X and Y are risk averse. This was evidenced by the low tendency to engage/invest in high risk business ventures. Regression result indicate that financial management decisions are also affected by financial attitude. The positive financial attitude is based in the knowledge on financial management that is there among individuals as well as how they are able to create financial well-being. Financial knowledge and financial attitude are strongly related. There is a double effect on the financial management decisions between Generation X and Y by financial attitude and financial knowledge.

The study concluded that financial LOC of the self-employed Generation X and Y influences their financial decision making. Most self-employed Generation X and Y believed that events happened to them due to factors that are beyond their control. The study also concluded that the marital status, educational level and level of income significantly affected financial management decisions among self-employed Generation X and Y.

5.2 Recommendations

In line with the conclusions, micro finance institutions, government agencies and banks should increase specialized financial education programs for each generation with a focus on Generation Y so as to not only create, but also increase awareness on areas that are lacking such as efficient sources of funds for starting up a business. This will encourage the self-employed to expand and grow their businesses. Financial education programs are key in terms of the growth of the business enterprises and also the overall economy. From the results, it is also evident that most of the self-employed Generation X and Y in Embakasi East are risk averse. Therefore, it is important for all stakeholders including finance institutions, schools, family and friends to encourage and train on diversification of risks.

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