FINANCIAL MANAGEMENT PRACTICES AMONG
SELECTED HOUSEHOLDS IN NAIROBI

By

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A Thesis submitted in partial fulfillment of the requirements for the Degree of Master of Education in Home Economics at Kenyatta University.

November, 1991
DEDICATION

To my dear loving husband, Mr. Lazaro Akunga Kimanga
and our loving children, Lawrence, Robert and Allan.
ACKNOWLEDGMENTS:

I would like to express my sincere appreciation to all whose contributions made the completion of this thesis possible. First, I would like to thank Kenyatta University for supporting my post-graduate studies through the Home Economics Department. I particularly thank Dr. Olive Mugenda and Dr. Dina Tumuti for their keen supervision, scholarly guidance, advice, tireless devotion and sustained interest which they showed throughout my work.

Special thanks go to all the family money managers in the selected households who spared time to respond to my questionnaire. My thanks also go to Mr. David Nyameino for all the effort and time he put in typing this work and to Mr. Bojana for editing the script.

Finally I wish to thank my family for the understanding and encouragement they showed while I was working on this thesis. In particular, my husband, Lazaro Akunga Kimang’a, my sons, Lawrence, Robert and Allan for the support and encouragement they gave me during the entire period.

To you all, I say, "thank you".

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ABSTRACT

This was a survey research with a two-fold purpose. One purpose was to investigate the financial management practices among selected households in Nairobi. The other purpose was to investigate how the socio-economic factors and financial management practices influence satisfaction with these practices.

The major objectives of this study were to:

1) identify the social economic characteristics of the low, middle and high income households;

2) determine the financial management practices of the low, middle and high income households in Nairobi;

3) investigate the differences among the low, middle and high income households in their financial management practices;
4) examine the relationship between socio-economic factors, financial management practices and satisfaction with these practices.

The data used in the study were collected using a questionnaire which was given out to a sample of 250 members of low (100), middle (100) and high (50) income households. The data were analyzed using a computer. Data analysis procedures used were: frequencies, percentages, chi-square and pearson product moment correlation coefficient. Results showed that most of the family money managers were aged between 25-44 years old, with the majority of them being males. In most of the households, household members were found not to contribute any income towards the family expenditure. Most of the low income earners were found to be labourers and housewives. On income, it was found out that though some households reside in estates categorized as low, middle and high income estates they may not be actually earning those income brackets categorized as low, middle and high incomes.
The study showed that although majority of the households budget for their family finances. They may not do this frequently, neither do they review their budgets frequently to determine whether and where adjustments need to be done. Majority of households who budget and review their budget less frequently were from low income category. Most respondents also reported that their budget seldom worked. Probably this is because even if they budget, they seldomly review their budget. Results also revealed that quite a number of the family money managers do not record nor control their expenditure.

Credit use within households was high among the low income earners. They were also found to get far behind in payments. Most households were also found to save low percentages of their total monthly income (below 20%). Generally the majority of households reported that they had financial goals. Most household money managers also reported that they communicated with others for example spouses, family members and friends on money matters.
There were marked differences among low, middle and high income earners in their financial management practices namely: budgeting, review of budgeting, controlling expenditure, credit use, savings, financial goals, communication and satisfaction with financial management practices. However, no differences among low, middle and high income earners were found in price changes, record keeping and expenditure patterns. It was evident from the results that majority of the respondents would like to learn financial management practices if given a chance.

There was a strong positive relationship between age and marital status, and, age and household size. Education was also strongly related to income, household size, financial management Index, and satisfaction with financial management practices. There was also a positive significant relationships between the financial management Index and satisfaction with financial management practices.
Negative significant relationships were noted between marital status and communication, household size and saving practices, income and credit use and satisfaction with financial management practices and credit use.

From the findings of these study, the researcher concludes that, though households budget for their family finances, they do not review their budgets frequently neither do they keep their records of expenditure. Such tools would assist them achieve their financial goals as planned. Maybe, this is the reason why majority of the household reported that their budget seldom worked.
CHAPTER ONE

Introduction

Nations, people, individuals and all institutions such as families, at whatever level use available resources to raise their economic standards and improve their welfare. The family uses these available resources to sustain and maintain their status. There are two main types of resources 1) human resources 2) non-human resources. Examples of human resources include; interests, abilities and energies of household members, while those of non-human resources are; income, time, and other tangible resources like assets. These resources, must be managed well for sustenance and efficient use. This is true at international, national and family level.

Family income is that stream of money, goods services and satisfaction that come under the control of the family to be used by them to satisfy needs and desires and to discharge obligations (Greene and Dince, 1983). Chief among the family's concern is the use of its major non-human resource namely money. Much thought and efforts are expanded in its size and source.

Money income in an exchange economy conditions the contest of family's living through the standard of food, clothing and housing it allows, the cultural
opportunities it provides, and the experiences, possessions, and comfort it furnishes. As streams of water may be caught behind a dam and sent on through dynamos to generate power, so may this stream of income be controlled and directed to creative ends in a family's living by the process of management.

Every family strives for a satisfying financial well being whereby they are able to meet their needs and demands with their available financial resources. Greene and Dince (1983) also note that the family's financial wellbeing requires that one makes maximum use of his/her income. Whatever the level, with careful planning, even people who earn moderate incomes can achieve financial well being.

Establishment of financial goals early in life can improve the quality of life by making maximum use of one's income. A family has financial goals that it wants to achieve, either immediately or in the long term. Thus, it is important for the families to spend the available income so that the goals set may be achieved. Many people make personal financial decisions by chance, for example, saving plans are based on how much money is left over at the end of the month. It should be obvious that there is
a better way to plan for the future, and this may be through effective financial management skills.

Financial management involves planning, organizing, controlling and evaluating the use of money income (Gross and Grandall, 1963). The purpose of financial management is simply to get the greatest satisfaction from the money income at hand. This helps families make realistic workable decisions, since they have a clear picture of their financial resources and expenditure. It also provides a systematic method for managing the finances by making the family more aware of their priorities (the goals most important to them). On the other hand, the family has a better chance to achieve their personal satisfaction and happiness that is derived from a sense of accomplishment. While, at the same time, the family will be protected against losses beyond their control through adequate savings and other ways of protection.

However, with lack of financial management, families are not likely to save, may be in debts and are likely to overspend in some areas than others. This may lead to a financial crisis that may result into bankruptcy, an indication of a family's inability to cope
with problems of debt and the management of their finances (Lawyer, 1977).

Background Information

No one will doubt that money plays an important role in our lives. Smith (1963), points out that,

"We cannot get along without it, and we cannot get along with it" PP 130.

However, Thal (1968), in view of this statement argues that "we cannot get along without money, but we can surely learn to get along with it.

Families have increasingly focussed on money as the economy of their respective countries has grown. Deacon and Firebough (1988), stress that attention needs to be directed to a family's role in management, as it is the avenue by which the family can realize their financial goals.

In the United States, where most of the studies have been done on family financial management, marriages are monogamous. They have nuclear families which consist of parents and their children (Adams 1980).

This nuclear family is not, however, the normative
household unit in our Kenyan society. On the contrary, extended families prevail in Kenya, whereby the nuclear units may be compounded by the addition of marital partners and their children in various forms of polygamy. The household may also be compounded by the addition of other blood (consanguineal) kin, clansmen or friends. All these may live together sharing the financial resources available. The bread earner feels obliged to help them, while on the other hand, the members of the extended family expect to be helped financially when need be. A common practice among Kenyans.

Traditionally, an African family was characterized as a stable one in which the father was the dominant figure and the mother assumed an inferior position. Olashahinde (1976), in a study on the changing perceptions of family power, structure, and manipulative behaviour among Yoruba women, noted that, in an African culture, the wife was subordinate to the husband. When the husband talks to her, she was expected to be quiet and not to look at the man in the eyes. The father maintained his traditional role as the bread-winner of his family.

He was the one who made material provision for his
family and the family climate was definitely authoritarian. He made decisions as to how the family earnings would be spent, whatever remained from the earnings was regarded as his, to be distributed or kept as he saw fit. Hence the wife and younger family members were not only accustomed to cooperate, but also to defer to the views and decisions of the father.

However, in recent times, the African family is changing. Uka (1976), notes that the change taking place in the structure of the traditional family involves attitudinal changes to family obligations, decision making, relationship between husband and wife, and the socialization of the children.

Today, educated fathers seem anxious to reverse the authoritarian role so common in traditional societies. Such fathers therefore encourage their wives and children to develop their initiative, express their own interest and personalities. In most elite homes, for example, less emphasis is placed on absolute obedience of children. They are expected to participate in family decision-making, and not to look down when being addressed by their parents. The parents feel that they should be less authoritarian towards their children than
their own parents were to them.

Starr (1956), expressed that tradition, fate, or past experience can no longer be used as primary determinants of family affairs as that of managing family finance. Family members should work together and establish financial management principles most effective in achieving their financial goals. This is crucial as the world is changing with the majority of consumer goods being purchased and inflation being more of a threat to the purchasing power than before.

Money is earned and spent, bills come and go, an endless cycle of working and paying bills and debts which can lead to constant anxiety. To avoid this, it is important that families plan their finances with great care. They should prioritise their needs and goals and then work to meet them within their financial means.

This is possible with the help of a family financial plan. A financial plan is an outline of expenditure which may be mental or written. It indicates how and when to allocate available resources among various needs and wants. Deacon and Firebough (1988), point out that as money is becoming a limited resource, it is important that it is carefully planned by the family in order to
meet their needs and demands.

This study investigates the financial management practices among households in Nairobi Province. These include low, middle and high income households, who, according to the remuneration review committee chaired by Ramtu (1985), are classified as:

From Kshs. 2,999 and below - Low income earners.

From Kshs. 3,000- 6,999 - Middle income earners.

From Kshs. 7,000 and above - High income earners.

The study covered, Shauri Moyo, Buruburu phase II and Mountain view estates. These according to the Nairobi City Commission Social Services and Housing department are classified as low, middle and high income housing estates respectively.

Statement of the problem

There has been an increase in cases such as suicide, violence and homicide within families in Kenya as has been highlighted in the media. For example, Kenya Times
(15th June, 1989) reported that a man killed his 65-year old father over Kshs. 4.00 debt. In another incident, in the Standard (1st Oct. 1989) a middle aged man hacked his wife to death before slitting her throat open. This was brought about by a heated argument over food shortage in the house.

Some of these cases may be brought about by improper management of family finances. Had these people planned their finances, such cases, maybe, would have been avoided.

Without a financial plan, a family may find it difficult to stay within their income due to experienced high costs of living brought about by inflation. For example, Narain (1976), in a study on the forgotten factor in social change, the case of women in Nairobi, reports that minimum wages throughout East Africa are well below minimum levels necessary to support a family in town. She further notes that, in 1972, an advisory board found that in Uganda, the cost of minimum requirements for a family of four in Kampala was shs. 267/= per month. While the minimum wage rate at that time was shs. 150/=. This indicated that households were earning much below their requirements. This is true today
as the Demographic and Health Survey (DHS) (1989), shows that the probability of child survival has increased to 50%, meaning more mouths to be fed. In the high inflation rate in Kenya which does not correspond to the income increments, the families are left with earnings which do not meet their requirements. With such situations, families should thus establish effective financial management principles which can assist them meet their needs within their limited financial resources.

At times one wonders whether households really take trouble to systematically manage their families. Sometimes it is evident that some families attain goals faster than others, even when income and assets are kept constant. Such an observation means that there is something more than just availability of income that helps some families attain goals. It is thus crucial to establish such financial management practices that help to achieve their goals.

Probably a big percentage of families could improve their financial status by planning their finances better. The present research is therefore a situational study to determine whether families plan for their finances. For those who plan, the researcher explored methods used to
manage and how these could be improved. An effort was also made to establish whether families are satisfied with their financial situation and if so, whether financial planning positively influences financial satisfaction. For those who do not plan, recommendations about how they could be helped were given.

The study was carried out in Nairobi Province, an urban setting with a high cost of living. This is due to the fact that families pay for most of their goods and services, such as food, and house help services which in the rural areas are normally provided by the family unit.

**Purpose of the study**

Most people wonder how much they should be spending on food, housing and other expenses, and whether a budget is necessary (Lawn 1986). Such questions occur to many who may need help in effective financial management strategies that may help them meet their needs.

Literature shows that effective financial management practices within families brings tremendous satisfaction to family life. Walker, Trembley and Parkhurst (1984), in developing and testing a model of family resource
management, found out that financial management practices were closely related to perceived quality of life. Also, Godwin and Caroll (1985) noted that holding incomes and other social economic varieties constant, satisfaction with financial management and economic status were related to a sense of being in control of the finances.

The purpose of this study is therefore, to determine financial management practices among households in some selected areas of Nairobi Province. The study will also investigate how the socio-economic factors and financial management practices influence satisfaction with these practices.

Objectives of the study

This study addressed itself to the following specific objectives as regards to the low, middle and high income households:

i. Identify the socio-economic characteristics of the low, middle and high income households.

ii. Determine whether these households budget for their family finances.

iii. Investigate the record-keeping practices of
these households.

iv. Investigate the use of credit by these households.

v. Determine the saving practices of these respondents.

vi. Investigate the differences of the low, middle and high income households in their financial management practices.

vii. Determine the satisfaction of these households with their financial management practices.

viii Examine the relationship of socio-economic factors and financial management practices.

ix Identify factors that influence satisfaction with households' financial management practices.

Hypotheses:

i. There is a positive relationship between income and the level of saving within families.

ii. There is a relationship between financial management practices and the satisfaction with
these practices.

iii. there is a relationship between availability of income and financial management practices.

Theoretical Background

The theoretical background on which this study was based on was the family resource management theory. This theory was proposed by Deacon and Firebough (1988). In this theory, the family is viewed as a system with two sub-systems, namely personal and managerial sub-systems. Through the management system, individuals and families strive to accomplish their goals by the acquisition and use of resources.

Family resource management system is composed of inputs, throughputs and outputs. Specific forms of input entering the family system are classified as resources and demands. Demands are either goals or events that require action. Goals are defined as value based objectives that give direction and orientation to action. Events are unexpected or low probability occurrence that require action. Resources are means of meeting demands and may be either material or human (Deacon and Firebough
1988). **Throughput** is defined as transformation of matter, energy or information by a system from input to output. For the management of income, throughput comprises planning and implementing. The transformation process includes decision-making and the process of evaluation in choosing or resolving alternatives. The final component of management system is output. Deacon and Firebough (1988) define output as met demands. **Output** could be in form of satisfaction derived as a result of achieving a desired end.

In this study the input component of the family management system is composed of socio-economic factors which are education, income, marital status, household size, age and occupation. Throughput component is composed of transformation processes which include financial management practices and communication. Output component is characterized by satisfaction with the financial management practices of these households.

The above resource management theory has been developed in the United States of America. The researcher, thus, thought to test it here in Kenya and find out how it relates to the Kenyan situation.
FIGURE 1: FAMILY RESOURCE MANAGEMENT THEORY.

Significance of the Study.

This study will identify financial management strategies including financial information and education. This identification may be useful to Home -economists and family counsellors who assist families in meeting their needs and achieving their financial goals.

The information derived from this study will be made available to various ministries as a contribution to strengthen their field personnel. For example, ministries of Agriculture and Social Services will benefit by using the results of this research through their extension workers in promoting education, disseminating information, and communicating with the consumers in financial management. It is expected that this will help families to have better control over factors affecting their financial wellbeing.

The findings of this study will be made available to the Ministry of Education and other institutions of higher learning such as Universities and colleges. They are likely to be included in their curriculum to improve or add on to the already existing material since Kenyan educational institutions have seen the need of educating
the family on their resources. These will help pupils and families become better managers of their financial resources.

The findings can also be disseminated through the media to the public, more so to women groups, who may be educated on effective ways of managing their family finances to achieve their family needs.

It is also hoped that the results of this study will provide a base for future research in the area of financial management practices within households in Kenya.

Limitations of the Study

This study has the following limitations:

1. Because the study was limited to a sample of the Kenyan population within Nairobi, implications and generalization of the study findings to other areas in Kenya was not possible since financial management practices of Kenyans based in rural areas may differ from those living within urban areas such as Nairobi which was the study area.

2. Money income has been used as the only measure of
categorizing the households into low, middle, and high income households. Other types of family income as assets have not been looked into. Thus, these categories may not reflect the households' socio-economic status in reality.

Underlying Assumption

The following assumption pertaining to the study was made:
That majority of the households in Shauri Moyo, Buruburu Phase II and Mountain View estates are low, middle and high income earners respectively.

Definition of terms used

Family Finance
This is the total amount of money available to the family for their expenditure. It could be from sources such as, salaries, wages, profits and dividends.
Households

This is a group of persons living together under one roof. They are under the responsibility of the same household head and share a common source of income.

Financial Planning

This is the working out of a plan that could be mental or written, which indicates how and when to allocate available resources among various needs and wants.

Financial Management

This is planning for and implementing the use of the family finance to meet the desired goals or ends.
CHAPTER TWO

Literature Review

Literature on financial management at household level in Kenya is scanty. This study will review literature under the following sub-topics-:

1. Management
2. Resources
3. Financial management
4. Financial management components
5. Factors that affect financial management.
6. Strategies of financial management
7. Processes of financial management
8. Satisfaction with financial management.

Management

Management is a process made up of many decision-making activities directed towards certain ends or goals and it is part of our daily living.

According to Deacon and Firebough (1988), management
is "Planning for and implementing the use of resources to meet demands." It is a dynamic process that permits alteration in the external, physical and social setting or in internal situations affected by the ebb and flow of life processes (Gross and Grandall, 1963).

Management means control and control means action, says Gross and Grandall, (1963). Management succeeds not by what it has accomplished in the past but by its ability to control what is happening at present and what is going to happen in the future.

The process of management consists of three more or less consecutive steps: **Planning**, which is mapping out courses of action in order to reach immediate and long-term goals. **Controlling**, which refers to the process of controlling various elements of the plan while carrying it through, controlling calls for guiding and directing self or others to carry through the plan, and **evaluating** which refers to results preparatory to future planning, looking back over what has been done and judging the results in light of family goals.

The fundamental purpose of management is to achieve goals and bring about change in an orderly way (Nickell and Dorsey, 1967). This change may be the result of the
achievement of freely chosen goals or it may consist of adjustment to changes which in themselves are beyond the control of the individual or family. The manager must thus consider what might be done better in the future to improve on what was done in the past.

It is recognized however, that the process of management does not change, it is the goals, the resources and the demands upon the resources which change, as the planning of what to do with lesser or greater amount of money, the control of the carrying out of the plan and the evaluating of the plan go on.

The home invariably reflects the character of its management. The qualities that make for success are reflected in the work of the household, in the home life of the family and in its social life. The creation of a harmonious, willing and integrated working spirit within the family group calls for such personal quality as intelligence, enthusiasm, understanding of human nature, imagination, judgement, perseverance, adaptability, self-management and the ability to communicate ideas (Gross and Grandell, 1963).
The quality of management in the home is frequently recognized by the presence of mismanagement. On this point, Terry (1964) says—:

"the results of mismanagement are quickly noticed and through their presence, the identity of management is brought into clear focus" PP 70.

A number of obstacles may lead to mismanagement of resources within families. These obstacles include (1) Families not being aware of the process of management and all possible resources available to them, (2) Management not related to goals, (3) lack of needed information for managerial decisions, (4) desire for ready made answers to management problems, (5) lack of realization of the need to evaluate the families' experiences and results in light of their goals and the inability to identify essentials and to establish priorities.

There are certain dangers inherent in the management process which every family should be aware of and guard against as they affect all members in the home. An overzealous manager, for example, expecting too much beyond one's abilities or interests robs one of valuable experiences. On the other hand a lenient one, not expecting one to carry out responsibilities for which he
possesses abilities is as bad. Either extreme, rob the person of valuable experiences. Also failure to recognize individual differences within the family is a real hazard to accomplishment of goals and happiness. The family manager should take individual differences into account as individuals are all different.

Management in family living is effective to the degree that it makes possible better use of money and abilities, influences the establishment of reasonable standards and integrates human values into living (Greene and Dince, 1983). Such management is helpful and satisfying to individuals and to the group.

Management is successful in so far as it places development of individuals ahead of organization and makes the process of management the means to the end—to provide satisfying human experiences. Solutions to home-management problems cannot be set up as patterns of action that a home-maker can fit to her individual family. Each family requires a plan of its own. Household heads who are effective in their plans of action try to fit their families' needs and desires. When this is done, management becomes a growing vital part of the families' experience.
Resources

Resources can be termed as what is used to achieve the set goals. Deacon and Firebough (1988), define resources as those that provide the means to satisfy the family systems, purposes or demands. Resources are necessary in solving every management problem. These resources vary in kind and in their potential for meeting the complex and unique needs and interests of individuals and families.

From the above definition of management, resources of the family are used to achieve the families' goals, and the decisions made in management determine how these resources will be used. The aim of effective management is to use the families' resources in a way that will bring the greatest satisfaction to the family. Resource management, is therefore, a system of making decisions about use of resources, obtaining, allocating and utilizing resources in order to meet desired ends in a task of the households management system.

Resources can be classified as human and non-human (Gross and Grandall, 1963). The non-human are material resources, they are tangible and include money, material
goods, and community facilities, which include some human resources, for example, educational facilities, health services and consultant services as family counselling agencies. But for the most part, their contribution in the form of material goods such as parks, libraries, and shopping and recreational facilities. Communities differ greatly in the resources they provide, for example one place may provide ample housing, another may not.

The human resources on the other hand are all the means that are vested in people that can be used to meet demands, they are the continuing personal characteristics. They include time, energy, interest, abilities, skills, knowledge, and attitudes. We are not always accustomed to thinking of abilities and interests of family members as resources, but in concrete instances, we know they are just that. The woman who is artistic and adds individuality to ordinary and inexpensive articles of house furnishing has a valuable resource. Also a family that is willing to accept a wide variety of foods is a great asset to the home-maker who is attempting to provide adequate meals on a limited income.
Armling and Droms (1982), point out that resources are all similar in that they are all useful, they are limited, their use is interrelated, the management process is applicable to all resources, and finally most important, the quality of life an individual achieves is dependent upon his use of them.

Probably, as Gross and Grandall (1963), put it, the most important similarity in the use of all resources is that the entire fabric of life is determined by them, whether or not one is conscious of this overall result. Management of all these resources is closely related to the achievement of the set family goals.

Of primary importance in determining management of resources is the philosophy of the individual or group toward these resources. An individual's philosophy concerning resources is often stated in terms of the relative importance to him of material things compared to the less tangible resource, such as time and energy and compared to the people concerned. Philosophy towards resources, usually reflects the attitudes of the large social group of which the individual or family is part.
It is essential in evaluating the quality of life being sought to recognize that goals can be achieved only through the use of resources. Therefore, the distribution of resources determines the degree to which a family is actually striving toward particular goals as an individual may verbally claim that the attainment of a particular goal is important to him, but only by the allocation of necessary economic resources to that goal can he prove his sincerity.

An overall objective in the use of resources is to get the greatest satisfaction from them. A guide in doing so is:

1) Increasing supply of resources.
2) Knowing alternative uses.
3) Increasing utility and expenditure appreciates.
4) Balancing choices among resources.

Family income which is a non-human resource comes in various types. It is always good for the family members to identify all the types of income available to them then draw up a plan as to how to manage them:
Carpenter, (1968) classified types of income as follows:

i. Money Income: This comes in form of salaries, wages and bonuses.

ii. Real Income: This includes goods and services, family contributions and community facilities.

iii. Physic Income: This is the pleasure or sense of satisfaction obtained from the goods and services available.

The total income therefore is not a set of amount of money available to the family, but the sum of attitudes, skills and resources of the family (Gross and Grandall 1963). However, this study will focus on family finance (money income) which is available to the family, and its management to meet the family needs and demands, and sustain or improve their standards of living. In Kenya, the family may accrue the finances from salaries, wages, business, bonuses, farming and dividends among others. These finances should be properly managed so as to help families achieve their goals. This may bring tremendous satisfaction to the family life as Williams (1986), in a study on family and personal resource management as
affecting the quality of life, found out that effective financial management procedures significantly contributed to resource satisfaction. This is in consistence with Walker, Trembley and Parkhurst (1984), who in their study on financial management and family life, point out that financial management practices are related to perceived quality of financial management and influenced quality life.

Financial Management

Financial Management may be defined as planning, implementing, and evaluating the use of all types of income. Its purpose is simply to get the greatest satisfaction from the resources at hand. Included in such satisfactions are the development of the various individuals in the family, the furthering of group happiness and the opportunity to constitute to civic wellbeing (Greene and Dince, 1983).

Family finances in an exchange economy, condition the content of a family's living through the standard of food, clothing and housing it allows, the cultural opportunities it provides and the experiences,
possessions and comfort it furnishes.

The process of financial management is the same for the family as for an individual. There is a difference, however, in ultimate goals, the individuals goals are usually more or less personal, whereas those of the family involve both the individuals of the group and the group as a whole.

To be thoroughly workable and satisfactory, any plan using finance, should be worked out by or at least for the person or group concerned. Any family that expects to accomplish its goals by having someone else direct the plan or by following some ready made plan is bound to meet with disappointment. Patterns of expenditure that fit every family do not exist. Plans must be developed by an appraisal of all income and by careful analysis of each phase of an essential need in order to bring the two together and to arrive at a satisfactory plan.

The force and speed to arrive at a satisfactory plan changes in present day economy leave no place for rigid patterns or models of expenditures. No two families, even though they have identical income, will have identical needs and desires.
Nickell and Dorsey (1967) point out that mismanagement of family funds may be due to a failure to realize or understand the place that management takes in modern life; ingenuity, intelligence and the stamina to carry through well-conceived plans for financing a high pay dividend in reaching goals. They further outline seven (7) guidelines seen to operate in applying the management concept to the use of money income for a family. These are:

1) Clearly recognizing and defining goals, because they set the pattern for money use.

2) Analyzing probable income through time; the short and long time.

3) Recognizing the stages of the family life cycle with the phases of each stage and forecasting needs for money during each.

4) Coordinating plans for shorter and longer periods.

5) Deciding on the method of handling money that will satisfy all members of the family.

6) Actuating plans by using the method chosen.

7) Controlling the use of money as planned and evaluating the plans and results concurrently.
Management of finances through such a concept is important. Without such a planned expenditure, it is impossible to have a house that is well-run financially. Tumuti (1987) pointed out that facilities and resources in Kenya, mostly in the rural areas are very limited. This calls for trained help towards families to assist them in learning how to manage their limited resources in order to meet their needs and demands thus improve their family living. Newman (1985), further notes that in many developing countries, the formula for balancing human numbers and needs with resources seems to be becoming elusive. This denotes the fact that families need guidance in management of these limited resources so as to achieve the set goals.

The management of the family finances is however a matter for each family to decide for themselves according to their way of life. It is a great asset for the family to establish good financial management practices at an early stage in life. This builds good family financial management skills.

The amount of money for most families is based mainly on the earning capacity of its members. Decisions as to the manner in which income shall be used to satisfy
the family's needs, desires and responsibilities collectively and individually become a major family function. Financial management is a family responsibility which can cause considerable tension, worry and resultant unhappiness. On the other hand, satisfaction and accomplishment for each member of the family can be realized throughout life if income is managed with thoughtfulness, patience, justice and understanding of the needs of all.

Carpenter, (1963) outlines some ways in which families manage their finances:

i. Handouts: This is where one family member has full control of the money income and pays it out to the family members on demand. This method has little opportunity for planning if the donor meets all requests as they come. On the other hand, the recipient cannot plan as she does not know whether the requests will be satisfied.

ii. Allowance: This is where the wife is given a housekeeping allowance which she plans for. At times the allowance may not be adequate, and this may force the wife to skip on some essentials to
stretch it to other items not planned for.

iii. Joint control: This involves all the incomes of both husband and wife pooled together, expenses paid for, and remainder of the money divided equally between the spouses.

iv. Family finance: In this, the total picture of the needs and resources are examined at intervals. Plans are then worked out so that the total resources are utilized to achieve the way of life desired by the family.

Whichever method the family uses, it is good for the family to examine the picture of their needs and resources then gauge in a manner of priority the various demands on the family finance. This way they will come up with a realistic financial plan to meet all family needs. This may also have less selfish claims and conflicts among family members as they are all aware of what the family purse can buy. Egburg, (1990) notes that decisions about who should gain access and control over household income earnings and expenditures are related to the overall family system of rights and obligations. For example, women may or may not have direct access and control of cash and cash expenditures, for they may be
independently responsible for certain sectors of the household economy. Systems of access and control, and access to benefits vary by culture and environment.

However, family members need to take part in decisions concerning the family finance. This is pointed out by Hampton, Greninger and Kitt (1982) who indicated that joint ownership of financial planning within family members is related to increased satisfaction of financial management.

Lawn (1986), points out that there is a tendency among families to sort of strive to achieve their basic needs first before more fulfilling values and goals are sought. But confidence in meeting the basic needs is relative. The higher income earners, have relatively high confidence in their ability to improve their situation while the low income earners as seen by, Deacon and Firebough (1988), are more dissatisfied with their situation; more worried, less involved in the job and less confident in their ability to effect the situation.

Studies on the family, have also established strong, though non-linear relationships between class and family stability. For example. Houghton (1977) drawing upon studies of social stratification at the level of the
community, demonstrated how the very nature of society might be responsible for the number, the intensity and the variety of social problems associated with the lower class. Class differences were found significant in the study of attitudes toward deviant family patterns and in decision-making on expenditures. These findings were generally supported by studies of family life in the West Indies (Rodman, 1970).

Financial management components

The financial management components include planning, implementing and evaluating.

Planning

The planning and implementing functions of management translate individuals' aspirations and resources into spending and saving patterns. A standard of living is the generalized term for the varied goods and services that reflect the goals and aspirations of individuals and/or groups.

Planning has particular usefulness during a period
of transition or other times when a basis for control of finances is needed. Planning identifies the resources that are expected to be available in a time period and amounts expected to be allocated. Such a plan provides only broad outlines of the expenditure to be made. It may tell how much to be spent on food, but not the quantities and qualities of individual items.

All planning is an effort to improve the possibility of achieving the desired purposes. The significance of the goals in relation to available resources dictates the form and amount of budgeting detail most likely to facilitate financial management. Achieving financial independence through the acquisition of financial and real assets does not come by accident. It requires thought, planning and control. It requires that individuals and families establish acceptable and realistic goals on the basis of their available income in the present and their expected future income. The planning process is an excellent way to develop the budget. It requires knowledge of what a financial plan is and the kind of financial plan systems suitable for a particular individual or family. It begins on agreement of financial goals, then guidelines are established.
Once the planning objectives and system have been set up a way to control expenditure must be devised.

Planning differs from family to family even within the same culture. This is due to differences in education, levels of income, occupation, and family size within families. All these differences are directly related to family finance (Thal, 1968).

Implementation

Implementing provides the test situation for plans as the action is carried out. It includes organizing and controlling the plan so that it can flow as planned thus meeting the set goals.

Organizing patterns facilitate implementing by specifying roles and or procedures. They, thus, assist actions in financial affairs, influencing how allocations are made and when spending is done. Effectiveness seems to depend more on the procedure than who follows it. Successful responsibility for a role depends on interest, experience, work schedules and so on rather than on traditional allocation of roles.
Controlling the plan in action may call for use of records. This helps in pointing out where over expenditure was done and adjustments are made accordingly.

The success of the control depends on suitable checking devices selected with regard to the vagaries of the individual manager, promptness in checking so that adjustment may be effective if necessary, new decisions made in the light of established goals and amount of money available and flexibility in the makeup of the manager. Checking must be started early to do any good. However quick thoughtless adjustment, may interfere with accepted goals.

The generally accepted principle that everyone should strive to secure increasingly satisfying results with the resources at hand is the core of management.

Evaluation

The third component in financial management namely, evaluation, is a specific device towards that end. This component consists of looking back over the steps of planning and controlling the carrying out of the plan to
assess whether a good or poor job has been done, either absolutely, or in relation to given conditions, and to determine as accurately as possible how good a job has been done. Evaluation is similar to checking in the control step, but, checking is a quick step by step appraisal of a plan in action, while, evaluating, as a separate step in management involves a complete review of what has already taken place with a view toward better management in the future (Gross and Grandall, 1963).

Factors Affecting Financial Management

Various factors have been seen to affect financial management procedures within households. Values and goals are one of these factors. Clarification of these values and goals within a family is basic to defining and achieving financial management. Values are motivative factors in human behaviour, they provide a basis for judgement, discrimination, and analysis. It is these qualities that make intelligent choices between alternatives. Values grow out of human interests and desires (Deacon and Firebough, 1988). They are the products of the interaction between an individual and
some object or situation in his environment. They are forever undergoing a gradual change that shared living and reflective thinking never cease to bring about.

Goals, on the other hand, are nothing more than the ends that individuals or families are willing to work for. They are more definite than values because they are to be accomplished. They are tangible things, objects, ends, or purposes. Many goals grow out of desires, philosophies, attitudes, and values, and many of them are set in expectation that reaching them will bring satisfying life. Goal setting is a continual process, families constantly weigh values and change attitudes about attainments and acquisitions. As a result activities and resources are directed toward seeking new methods of reaching established goals.

Gross and Grandall (1963), classify goals into three types. long-term or ultimate goals, intermediate or short-term goals, and means-ends goals, which lead up to the intermediate goals. The long-term goals are considered fairly permanent. They are sought over long periods of time and consequently are ever present. These are the goals that have real meaning to the family group. Although they may be the first goals the family
formulates, they are usually the last the family realizes. Because they initiate and influence, many are of great importance. Identification of the sequence of the long and short-term goals and merging the two is quite important. The goals should be reflective of the family's ideal state which they should work to achieve. Failure to do these may lead to setting up unrealistic goals which may never be achieved, thus wasting resources.

Risks

Risks, also if not catered for within the family's financial plan, may affect financial management. They are classified into general economic and personal risks (Kyrk, 1968). General economic risks are those conditioned in the economy beyond individual control. They affect large numbers of the population and are caused by such pervasive conditions as price changes and unemployment. Personal economic risks, on the other hand, reflect hazards of individual events and are independent of general economic conditions.

This, if not well planned for, may affect the
financial management within a family. Risks are minimized through organizations such as, Social Security Fund, welfare and other governmental and private insurance. There is still great need for families to consider how their particular risks and uncertainties can be best met. Through effective financial management strategies, risks can be minimized, otherwise they may lead a family into a financial crisis.

In relation to this Egburg (1990), notes that in most African countries in times of constraints, family members with assets are called upon to aid those without. Thus, the families' assets are drained away. Maybe had these families catered for these uncertainties, they would have been able to sustain themselves. One way of catering for these uncertainties, as seen by Deacon and firebough (1988), is by making a provision for them in the financial plan to provide for them, once they do occur.

A Financial Plan

This is a plan that is mental or written, which shows how and when to allocate available resources among
various needs and wants. It is a necessary tool in financial management and should be made available to the family. Without such a plan, decisions regarding the use of family finance could lead to despair for it is quite difficult to manage finances without a written plan (Hannagan, 1977).

The financial plan helps in making realistic decisions as to how the money will be spent. Such planning that represents realistic standard setting results in family goals being achieved and demands being met if done as required.

Household Size

Household size may affect financial management. A large family may face financial difficulties which may make it hard for the family to achieve its financial goals. Mugenda et al., (1986) in their study, further found that larger households reported a presence of financial difficulties and had a negative evaluation of their financial status.

The population growth rate of the urban areas in Kenya is more than 7 per cent per year (DHS, 1989).
population of the capital, Nairobi where this study was done has increased from 897,000 in 1980 to an estimated 1,429,000 in 1989. This increase can be attributed in a large extent to rural-urban migration. Some of these people coming to the urban areas live with their relatives and friends thus increasing the household members in each household. This is a common practice in the Kenyan society. With such large households, it may become hard for the family to satisfy their needs and achieve their financial goals.

Otieno (1990), found out that quite a number of households in Kenya had six or more dependents. This was in view of the fact that most were married and had families to care for. It could also be because the respondents had gainful employment and therefore had the obligation to care for the financial needs of other relatives other than their nuclear families, a practice that is common in the Kenyan society.

**Price Changes**

Price changes have also been found to affect financial management. Lawyer (1977), points out that
rapid price increases result in less real income for many. They get difficulties in adjusting spending to stay within income. This leads to increased debts within families which may eventually lead to bankruptcy, an indication of families' inability to cope with problems of price changes and the management of their finances.

In Kenya prices of consumer goods change from time to time, this makes it difficult for the households to adjust the expenditure to cater for the price changes. Also with the decontrol of some of the mostly used consumer goods such as milk, prices are likely to vary from time to time, calling for the review of the budget regularly to cater for such changes.

**Attributes of Family Money Manager**

The family money manager should have some characteristics which, if not present, may affect financial management. The money manager needs to be well-educated in controlling practices so as to manage the finances better. This is also pointed out by Mueller and Hira (1985), who in a study on a managerial systems approach to money management practices, influencing
household solvency status, revealed that without a working knowledge of controlling practices in money management, money managers are ill-equipped to monitor their goal progress on solvency states. As such the family may fail to realize their financial goals.

The family money manager also needs to create a harmonious, willing and integrated working spirit within the family group. This calls for such personal qualities as intelligence, enthusiasm, understanding of human nature, imagination, judgement, perseverance, adaptability, self-management, and the ability to communicate ideas (Nickell and Dorsey, 1967).

Intelligence calls for the ability to learn to pick out the essentials of a problem, to see the situation as a whole, to see relations between old and new, and to use knowledge previously acquired in solving a new problem and reaching the desired goal. Enthusiasm is partly a by-product of good mental, physical health, a matter of temperament, and the result of a conviction in the significance of the undertaking.

The money manager should also have an understanding of human nature. Understanding of individual differences among members of the family, and their probable reactions
to different personalities and situations is a great aid in solving many human relations problems and in reducing friction and disappointments which frequently occur in family life.

Judgement is one of the most priceless characteristics. It enables one to be fair in weighing the various facts in a situation and to see the problem in relation to others to be faced. The ability to weigh critically, to evaluate, to analyze, and to interpret experiences is of vital importance in making decisions concerning the best course to follow. All these qualities are important. They make for success and are reflected in the work of the household, in the home life of family, and in its social life.

Income

Availability of income to the family may also affect financial management. Income is seen to influence the planning and controlling of expenditures and without it, planning may become difficult. For example, low income earners may have a difficulty in planning expenditures because they continually have to adjust expenditure to
make ends meet. On the other hand the high income earners function well with a generalized plan for expenditures. Also younger and lower income families reflect less satisfaction with outcomes while they generally do more planning, while the combination of very low incomes and larger families tends to deter planning and controlling. As such planning becomes problematic where many demands meet too few resources (Deacon and Firebough, 1988). In Kenya, the high inflation rate has made it quite difficult for families to plan their expenditure effectively as they continually have to adjust expenditure to make ends meet.

**Strategies of Financial Management**

These are very important in financial management as they aid in efficient management of the family finances. They include budgeting, record keeping, savings, credit use and evaluation.
Budgeting

Families must give careful thought to the formulation of the financial foundation by setting down realistic financial goals before working out their budgets. Building a firm financial planning foundation is important to the family's financial planning and can lead to satisfaction. A family must establish both long and short-term financial goals and then develop budget guidelines to meet these goals.

Armling and Droms (1982) propose the management by objective (MBO) approach to financial planning. Much of its usefulness to planning stems from its interest, clarity of concept, and relative ease of implementation. The critical elements of a family finance MBO system may be identified as:

1. Define financial goals.
2. Rank goals in order of priority
3. Develop realistic action plans and strategies to determine how and when each goal will be achieved.
4. Implement action plans.
5. Monitor progress toward goals, with specific intermediate objectives specified.
vi. Evaluate results, taking corrective measures where necessary.
vii. Revise and replace objectives as goals are achieved or changed.

The heart of MBO approach lies in developing clearly specified goals that are understandable and achievable. They must clearly specify the action to be taken, the results to be achieved and time period in which these results are to be attained. Families should guard against attempting to accomplish too many goals at once as this can result in dilution of effort and frustration.

After identification of the family goals, follows preparation of the budget. It indicates how and when to allocate available resources among various needs and wants. One of the purposes of a budget is to maximize the family's net worth. This requires a conscious effort to balance current expenditures with the long-term financial goals. It is a key to requirement for long-range financial planning. Budgets vary considerably depending on income and living standards of different individuals or families. But none-the less, they require an estimate of money needs and resources. They have particular usefulness during a period of transition or
other times when a basis for control of finance is needed. It identifies the resources that are expected to be available in a time period and amounts expected to be allocated. As such it provides only broad outlines on expenditures but not the actual breakdown of the particular expenditures.

Greene and Dince (1983) outline four steps which should be observed if the budgeting process is to be successful, viz: establishing the financial goals to be accomplished, estimating total monthly income for the planning periods, estimating outlays under several headings, such as, monthly fixed payments, irregular or seasonal payments, savings, and finally set up a system for keeping and analyzing records to show how well goals are being reached.

Credit Use

Tying plans to important goals can increase a commitment. This is often the effect of purchasing on credit. A credit obligation may provide the commitment that a plan to save for the item would not provide. Consumer credit is the acquisition of goods, services and
money, with an obligation to repay from future income (Deacon and Firebough, 1988). Even though credit use has a negative connotation, if used well, it can help the family meet their needs and demands as required thus improving their welfare. Armling and Droms (1982), also note that it provides the opportunity to alter the timing of resource use for a price.

The total available resources are not increased in the long run. In fact they are decreased to the extent of the finance charges. Credit adds flexibility to financial management and adds a sense of security for some families. The advantages include the possibility of meeting emergency expenses when no other means are available, the use of durable goods while loan repayments are being made, the opportunity to buy on sale or when other advantageous situations arise, and the opportunity to repay the debt in cheaper, inflated money during times of rising prices. Use of credit depends on its availability, individuals credit rating and on the willingness of an individual or family to pay the costs of credit.

Consumer credit takes a variety of forms, the commonest of which is services credit, which refers to
the credit extended for commonly used services such as telephone services. Other types are cash loans, installment sales, overdraft checking accounts and credit card systems.

Credit use ties up future income and often leads to overspending. It is very easy to spend more than one has budgeted when it is not necessary to pay immediate cash for a purchase. Indebtedness may grow and this can be dangerous as it may lead to financial difficulties and the return trip from the state of insolvency is a long and difficult one.

Credit also costs money to pay, the interest, and if this is not met, in future, one may lose the items purchased thus face a double loss of money and items. As such, Deacon and Firebough (1988) point out that when credit is used, the items need to be worth the expense.

Egburg (1990) notes that most households tend to accumulate debts and owe money to local money lenders at very high interests. Others have sold their assets to survive, and such depletion of resources leads to even greater poverty for households and impose more constraints in the macro- economy. Mugenda et al., (1986), also found out that high debt payment and
reported presence of financial difficulties lead to less satisfaction with financial status.

In Kenya the credit card system is not widely used, instead the informal type of credit is common. The credit card system is just being introduced. Some of the credit cards currently in operation are: Diners, Senator, Barclays Card, Merchant and Royal credit Card among others. An officer of Royal Credit Card, Kenya limited noted that the card system helps in meeting emergencies, for example, hospital charges. It is also preferred for shopping and entertainment instead of carrying liquid money. The officer further noted that, one can cash money with the card from Standard Chartered Bank or any one of their organized cash points all over the country.

The responsible use of credit is a definite benefit in family financial planning, but it is not a costless benefit. If not closely monitored and controlled, the indiscriminate use of credit can lead to serious financial difficulties. Therefore families must learn to control their credit to their available resources.
Saving

Saving is setting some money aside to provide a fund that is available to meet short-term needs or to provide money quickly in the event of a financial emergency. Saving helps families achieve their financial goals and thus should be included in the financial plan. Because of its short-time horizons, the primary savings objective should be safety and liquidity (Greene and Dince, 1983).

Saving is a measure of personal wealth (Armling and Droms, 1982). The absence of savings spells eventual financial hardships and potentially excessive use of credit for most people. The existence of some regular savings even if the amount is small gives a measure of financial independence.

Goals of saving vary depending on various families and the stage in the financial lifecycle. Successful saving plans depend on the saver's willingness to define needs in a way as to give priority to future needs rather than to devote ones' resources to current desires.

Without a plan, most families will accumulate little if any savings. Not surprising, most people live from hand to mouth since doing so requires much less
discipline than does setting aside regular amounts for future spending needs.

Families save for many reasons, Katon (1964), classified the reasons for savings as:

i. Emergencies in the uncertain future, when earnings will not cover needs.

ii. Retirement, when money is needed after earnings cease.

iii. Children and family needs such as education.

iv. Other purposes, such as a house, large equipment, furniture and so forth.

These reasons are all associated with the values and goals of different families. Families can save through various institutions such as banks, social security undertakings, pension plans, credit unions, loans associations, and insurance firms.

Savings are thus the result of careful planning and usually the renouncing of some present desires. The family should know why they are saving so that they can establish a regular plan for saving. The savings program should fit the family needs and be accomplished without undue hardship. An overly ambitious or poorly planned program may cause so much tension and discouragement that
frustration results and the entire program may be abandoned.

A family's financial well being is positively related to the amount of money it invested in its financial future (Thoreson, 1985). This indicates that saving is important as it helps families achieve their financial goals. This is in consistence with Mugenda et al. (1986) whose findings revealed that high savings lead to more satisfaction with financial status. As such families should make an effort and set aside some money from their current income so as to cater for any uncertainties when they may come up.

Use of Records

As payments or purchase of the items shown in the financial plan is done, records should be kept to help balance the income and expenditure (Deacon and Firebough, 1988). The expenditure should be dated so that the pattern of demand is shown.

The most direct form of record keeping is the combined budget and record (Deacon and Firebough, 1988). In this, a space on the budget or on a different booklet
is allotted to enter individual expenditure items for each category. The monthly totals can be compared with planned expenditure and a monthly net figure calculated. However, on any given day, it is a simple matter to total the balances across the columns and then finally compare them with the total budget for that month. If expenditures are running higher than planned, necessary adjustments can be made promptly to keep close control of the expenditure.

Records tell exactly where the surplus or the deficit exists. They convey prompt information that provides financial planners with a continuous indication of how they are doing. They also provide useful information for making future plans as they show amounts spent in the specific categories of items (Gross and Grandall, 1963). Useful records for overall planning include those on major assets acquired, income and current consumption expenditures, credit obligations, health expenditures and any other expenditure made.

Processes of Financial Management

These are very important when executing the components and strategies of financial management. They
help facilitate the financial planning and implementing and if done effectively, help the family to realize their set goals. They include decision-making process, communication, implementation and evaluation of the whole financial plan.

Decision-Making

Decision making within a family, if not carried out properly, may affect financial management. Decision-making according to Egburg (1990) is the major process used in allocation and management of resources. It is an evaluation process which requires the decision-maker to think about alternatives then make a choice. The process may or may not be visible depending on the complexity of the decision and the level of awareness of the decision-maker. Households as whole systems make many decisions but often experience difficulties negotiating and arriving at a choice acceptable to all family members. However, they should face the task of arriving at a choice which is acceptable to all and beneficial to the family members.
The decision-making process involves defining the problem to be solved, seeking alternative courses, thinking through alternatives, selecting an alternative, and finally accepting responsibility for the decision (Gross and Grandall 1963). This decision-making is the process of selecting one course of action from a number of possible alternatives in solving a problem or in meeting a situation. Failure to do this may affect financial management as the set goals might not be met if wrong decisions are taken.

Nickell and Dorsey (1967), classify decisions into three types; namely consensual, accommodation, and defects. **Consensual** decision-making involves communication that concludes with all family members giving equal assent and family members equally committed to the decision. Communication yields agreement or no conflict regarding the relevant value or alternative in a situation where several interests or possibilities need to be sorted out. Low or high disparities in education, income, sex role preference, self-esteem and in mutuality influence decision-making styles.

**Accommodation** involves agreement through accepting the desire of a dominant person when all the views are
not reconciled. In these, commitment to the decision may be conditional for some group members and the person whose desires were most closely followed in the decision dominates in its implementation. *De facto* decisions tend to follow from lack of effective consideration or communication of alternatives.

From own experience, in our Kenyan situation, traditional decision-making patterns continue in some families, with the husband making major household decisions and the wife facilitating those efforts and deciding about household operations. On the other hand, more egalitarian relationships including shared decision-making are emerging between spouses. As families experience changes in roles, decisions may well be made on the basis of particular skills, available time, workload interests and orientation to equality as opposed to specialization on the basis of gender.

Each type of decision requires a different degree of rational, creative thinking and decision power. Within a household system, economic and social decisions are frequently interdependent interacting factors and they influence choice. For example, the decision to build a house in a certain place is based on influences from the
social environment, cost and availability of economic resources and the power of the male head of household. Male power in some cultures, is required to make certain types of decisions, but not others. Therefore social and cultural relationships influence the decision-making process. Thus decisions about who should gain access and control of which resources are judgement questions based on knowledge, cultural values and systems of support available.

Egburg,(1990), also notes that the system of access and control over household income earning and expenditure is related to the overall family system of rights and obligations. For example, women may or may not have direct access and control of cash and cash expenditures, or they may be independently responsible for certain sectors of the household economy. This, therefore, implies that systems of access and control vary by culture and environment.

Communication

Good communication aids in coordinating activities and making plans run smoothly. It facilitates financial
management and helps shape the ability of family members to function to manage their lives. The exchange of fully understood messages is essential for sharpening goals, for clarifying standards involving more than one person, for conveying plans, for discussing satisfaction or dissatisfaction with outcomes. Whether common interest evolve from effective interpersonal communications or promote it, communication in well-adjusted families has positive and mutual bases. Lawn (1986), points out that involvement of both spouses on financial matters is essential to obtaining a complete picture of the situation and to implementing an effective financial management strategy. Effective communication precedes and contributes to effective decision-making and enhances chances of meeting goals of a system.

Mugenda et al., (1986), also found out that communication facilitates financial management. They revealed that money managers who communicated more were more likely to utilize money management practices thus achieve their set goals. On the other hand, spousal disagreements on money matters as seen by Godwin and Carol (1983), in a study on spouses' attitudes, behaviour and satisfaction regarding family financial management.
may lead to unattainment of the financial goals.

Implementation

This involves organizing and controlling the expenditure plan so as to work as planned. Proper organization and control facilitates financial management and the desired goals are achieved. Organizing consists of dividing responsibilities to family members. Good relationships should also be established between the individuals to be certain that their efforts are coordinated and directed towards family goals. This results in a dynamic and productive organization.

Controlling is the activity that aids in putting and keeping the plan in action, it keeps organization moving. It acts as a device to channel activity in the direction of the goals. Controlling is concerned with making events conform to plans and it involves a careful observation of performance. Literally, it is checking work and performances to be sure that the procedure is working in the planned direction. It includes making changes when things seem to be getting off course. Such checking may concern the expenditure in relation to the
money allocated to it or it may have to do with the feelings or satisfactions of people, and a plan may be changed if family members have negative feelings or are harmed in some way. Or, a goal may prove not to be really what is wanted by the group.

Control calls for both leadership and joint action in the family if goals are to be attained; it does not simply happen. Skillfully handled, it means that no one person or small group will dominate the lives of the others, but that one member will plan with others to make certain that resources are effectively used and that plans are changed as the need arises, as in emergencies the arrival of unexpected guests or in an illness.

Controlling thus calls for flexibility in thinking and planning rather than a rigid and set pattern of action. It also requires that group welfare be emphasized, not personal desires. Coordinating is another means of control. It unifies activities and parts of an enterprise or plan into a harmonious and workable whole. It helps to give individuals working together a feeling of security, an understanding of the total situation and of the necessity for cooperation if the best results are to be achieved (Nickell and Dorsey, 1967).
Skilful direction and guidance are needed to help control the plan in operation. Effective direction is required to get action from one's self as well as from others and to keep channelling resources into useful accomplishments. Knowledge of what is to be done must be transmitted, methods and instructions for doing the task must be understood by all.

A thorough check of available resources and decision and the best way to use each one is the essence of control in the management process. It helps facilitate the management process and if carried out as expected, it helps achieve the family's set goals.

**Evaluation**

This goes beyond merely checking. It takes a look at the final results and judges them to be good or otherwise. It is a broad, long view that looks beyond the activity to its impact on the total pattern of living. Evaluation sees beyond the activity to its impact on the total pattern of living. Evaluation sees beyond the momentary mistaken confusions, or changes needed, to the excellence of the accomplishment.
Checking on the effectiveness or the efficiency of management requires analysis, honesty, and objectivity. It requires a sound basis for judgement. The measure by which success or failure of a plan can be evaluated is the extent to which it has advanced the families' goals or specific objectives. The more definite and clear-cut the purposes and goals, the more accurate the evaluation can be.

The ability to view events objectively makes it possible to arrive at evaluations that will stimulate improvement in future planning or in carrying out plans. Learning to make intelligent self-evaluation aids materially in this accomplishment.

Lewin Kurt (1958), sees four purposes in evaluation:

1. To see what has been achieved.
2. To serve as a basis for the next plan.
3. To serve as a basis for modifying the overall plan.
4. To gain new general insight.

As such evaluation provides a basis for change or satisfaction. The feedback from the financial activities provides the managerial information. This clarifies whether the results related to on-going needs are making the desired progress or whether directions should be
oriented. Hall, Pauloci and Axinn (1977), noted that if very little discrepancy exists between a family's present situation and what must be, then the family is not likely to exert much effort towards change. But if the discrepancy is extreme, then the family should review their goals and decide on how best to achieve the changed goals.

Satisfaction with Financial Management

Evaluation of the use of money is particularly important because so many of the satisfactions which families desire today are purchased by use of money. In evaluating, the family must not only decide whether their planning and their control achieved the goals which they had set out to attain, but also they must decide, whether or not these goals are as satisfying as they have expected.

Deacon and Firebough (1988) noted that the expected outcome of financial management is to meet those demands that focus on the use of money as effectively as possible. The degree to which expected results have been achieved is reflected in the sense of satisfaction and
that of fulfillment that has accompanied the scope of decisions and actions relating to allocation of available funds.

To judge the effectiveness of a system, (Armling and Droms 1982) also noted that families can compare actual output with the anticipated outcomes of met demands and changed resources. The more consistent the outputs are with the set goals, the more effective the management system. Actual outcomes represent the degree to which anticipated and expected outcomes are achieved. Deviations from what was expected can be costly if the goals fall short of what was anticipated or if resources were ineffectively used leading to dissatisfaction within the family.

Satisfaction with any given managerial activity is couched within a general sense of one's satisfaction with some area of life. Evaluation of the specific situation is probably not isolated from the broader circumstances but in fact carries overtones that relate to weather we are closer to or further from some life goal compared to the situational one. There are, however, differences in the degree of satisfaction felt among families. Older and lower income groups reflect lower scores than those
younger or more affluent for example (Deacon and Firebough, 1988). However, whether the satisfactions from output follow from personal or family goals, the satisfactions reflect back on goals generated within the family system influenced often by factors both within and outside the family (Deacons and Firebough, 1988).

In assessing satisfaction with financial management techniques, Hampton, Greninger and Kitt (1982) found out that a written budget, a regular schedule of handling financial affairs and joint ownership, were all related to increased satisfaction with financial management. These findings are consistent with those of Godwin and Carol (1985), Williams (1986) and Walker et al., (1984). They pointed out that satisfaction with financial management and economic status was related to a sense of being in control of the financial planning and management.

Families should thus use proper financial management techniques which will help them achieve their financial goals. Mugenda et al., (1986) in their study, also found out that savings, less debts, and absence of financial difficulties were the main determination of financial satisfaction within families. From the above
literature review, it is clear that properly managed finances lead to satisfaction with financial wellbeing of families.
CHAPTER THREE

Methodology

This chapter constitutes the following sub sections:

1. Description of research design.
2. Selection of the sample.
3. Development of the instrument.
5. Data collection procedures.
6. Data analysis procedure.

Description of Research Design

This is an exploratory research seeking to investigate the financial management practices within households in Nairobi and how the socio-economic factors and financial management practices influence their satisfaction with these practices. The proposed research took the form of a survey research. A survey research is where an attempt is made to collect data from members of a population in order to determine the current status of that population with respect to one or more variables.
Survey research has been chosen for this study because it is a good method when a large sample size is required. It would also yield data derived from self-reports of the respondents.

A representative sample was drawn from the Shauri Moyo, Buruburu phase II and Mountain view households respectively. The data were collected using a questionnaire to meet the nine research objectives. The data collected were analyzed to give results upon which recommendations of the study were made.

Selection of the Sample

The sample was drawn from low, middle and high income households of Shauri Moyo, Buruburu II and Mountain view estates respectively. Shauri Moyo, according to the Nairobi City Commissions Social Services and Housing Department, was built in 1937/38 by the colonial government and the then city council. It comprises 168 rental blocks with 6 rooms each, let at Kshs. 49/= per month. Buruburu phase II, on the other hand was built in 1974 with financial assistance from the Commonwealth. It comprises 1,010 units rented out at
an average of Kshs. 2,500 per month. Mountain view Estate was developed in 1980 by Continental Developers, a private firm. It comprises of about 500 units rented out at an average of Kshs. 15,000/= per month (Housing Finance Company of Kenya, 1990)

The research was carried out in Nairobi for it would be cheaper in terms of time and cost for the researcher who is based in Nairobi. The above housing estates were selected because they are a representative of the low, middle and high class estates respectively. They are also well-defined and numbered, thus easier for the researcher to draw a sampling frame in order to randomly select the households to be studied. Transportation to these housing estates is also quite good. Buruburu estate in particular, was selected because, it is quite a large estate comprising five phases, and was thought a better representative of middle class estates. Phase II was then randomly selected from the five phases. Mountain View, on the other hand, was found to be easily accessible and houses mostly Kenyan, as opposed to other high class areas which house a big number of foreigners. The nature of the study was intended to focus on financial management practices among Kenyans.
Stratified systematic random sample of 250 households (10% of the total number of households in the study) was drawn from the above low, middle and high income housing estates. 100 households were drawn from Shauri Moyo estate whose population was 1,008. The other 100 households were drawn from Buruburu estate (Phase II) whose population is 1,010 while the other 50 were drawn from Mountain View estate whose population is about 500.

This was done by selecting every tenth household from the above low, middle and high income households. This was drawn from house numbers, already assigned to every house. The money manager in each household filled the questionnaire provided. The unit of analysis was the money manager. The household member who handles money and makes the main decisions in money was defined as the money manager. The money manager, therefore was not necessarily the head of the household.

TABLE 3.1: Sample Selection

<table>
<thead>
<tr>
<th>Location</th>
<th>Population</th>
<th>Sample</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shauri-moyo</td>
<td>1,008</td>
<td>100</td>
</tr>
<tr>
<td>Buruburu II</td>
<td>1,010</td>
<td>100</td>
</tr>
<tr>
<td>Mountain View</td>
<td>500</td>
<td>50</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2,518</strong></td>
<td><strong>250</strong></td>
</tr>
</tbody>
</table>
FIGURE 2: "Nairobi Map:

A - Mountainview Estate
B - Shauri-moyo Estate
C - Buruburu II Estate
Development of the Instrument

Research instrument

The research instrument used was a questionnaire. A questionnaire is a research technique used to obtain facts about current conditions and practices, and to make enquiries concerning attitudes and opinions. It carries carefully selected and ordered questions which elicit the information required. It is advantageous in that one can collect a lot of information within a very short time. Also respondents feel free to note their responses down without any fear as they are not doing it in the presence of any other person.

The researcher got enough background to formulate the questionnaire from the literature review related to the topic of study, and from personal observations and experiences of the Kenyan households financial management practices. The questionnaire was developed in both English and Kiswahili. It was filled by the money managers of the selected households. They chose and filled either of them in the language they understood and felt most conversant with.
The questionnaire consisted of three parts:

Part 1: The socio-economic characteristics of households.

Part 2: The financial management practices of these households.

Part 3: The households' satisfaction with financial management practices.

The items in the questionnaire were structured (closed-ended) and unstructured (open-ended). The structured questions were used to measure the objective response while the unstructured measured the subjective response and were used to clarify the objective responses. They were also used to provide in-depth information to the research objectives in order to enhance formulation of useful recommendation to the study.

Pre-testing the Instrument

Pre-testing is an exercise that is done before the actual study, it is a means by which the instrument is checked to enhance validity and reliability. It is
advantageous in that it helps in revealing fatal flaws before the actual study is done. It also provides an opportunity to improve the precision of the investigations, or to streamline cumbersome methods and enhanced reliability of measurements.

For this purpose, a relative small sample is chosen from the population. In this research 20 subjects were randomly selected from the low, middle and high income earning households. The subjects selected for pre-testing were not included in the sample. Each of the selected subjects filled a questionnaire which was given out by the researcher. Important suggestions, omissions and corrections from the pre-testing exercise were incorporated in the final questionnaire to improve it.

Validity is concerned with the extent to which a technique measures what it is intended to measure. In this study validity, was ensured by contacting experts on the area of the content and by pre-testing. Also the researcher examined the areas to be covered and ensured that the items in the questionnaire were adequate and represented the various aspects of the topic which was to be assessed.
Reliability is the ability to consistently yield the same results when repeated measurements are taken of the same subjects under the same conditions.

Measurement of Variables

Independent Variables

Age

This was operationalized by asking the respondents how old they are. The respondents were categorized into 1) 24-34 years, 2) 35-44 years, 3) 45-54 years and 4) 55 years and above.

Education

This was measured by asking the respondents how many years of formal school they have completed. The responses were categorized into:-

i) No schooling  
ii) Primary school level  
iii) Secondary school level  
iv) College level  
v) University level.
**Income**

This variable was operationalized by asking the respondents what total monthly income (both from salaries and all other sources) is available to the family. Responses were grouped into 1) 1,499/= and below, 2) 1,500–2,999/=, 3) 3,000–4,999/=, 4) 5,000–6,999, 5) 7,000–14,999, 6) 15,000 and above.

**Occupation**

Occupation was operationalized by asking the respondents what their occupation is. The responses were categorized into 1) Private business 2) Managerial 3) Clerical/Secretarial 4) Accountancy 5) Housewife 6) Labourers 7) Bankers 8) Professional and others.

**Financial Management Index**

This was computed by summing up the financial management items used in the study. These items were 1) Budgeting 2) Review of budget 3) Controlling
expenditure 4) Recording expenditure 5) Savings 6) Financial goals and 7) Communication on money matters.

This was measured by asking the respondents what their marital status is. The response were categorized into 1) Married 2) Single, 3) Separated, 4) Divorced 5) Widowed

Financial Planning

Financial Planning was operationalized by asking respondents how often they budget for their family finances. The responses were categorized into 1) Not frequently, 2) Frequently 3) Quite frequently.
Financial Goals

This was measured by asking the respondents if their family has any financial goals. The responses were grouped into 1) No 2) Yes

Communication

Communication was measured by asking the respondents if and how often they communicate about money matters with their spouses, family members and friends.

Dependent Variable


This was measured by asking the respondents how satisfied they are with their overall financial management practices. The responses were categorized:- 1) Extremely Dissatisfied, 2) Dissatisfied, 3) Neutral, 4) Satisfied, 5) Extremely Satisfied.
Data Collection Procedures

The researcher personally gave out the questionnaires to the family money managers. By so doing, the researcher assured the respondents of the confidentiality of their responses. The researcher gave the respondents about two weeks to respond after which the questionnaires were collected. Those who had not filled the questionnaire were given more time to do so, they were then collected at a later date. The response rate was 100% because the follow-up procedure was repeatedly done to ensure that all questionnaires were collected back. Data analysis then followed after getting all the responses from all the selected households.

Data Analysis Procedures

The data collected were analyzed by use of a computer. Descriptive statistics were used to describe the sample. The descriptive statistics used were mainly Frequencies and percentages. Proportions in terms of percentage were very useful in comparing the various variables in the frequency distributions since the number
of respondents in the sub-samples was different. The researcher did further analysis by computer using inferential statistics. Those used were:

a) Chi-square analysis to identify significant relationships among the low, middle and high income households in their financial management practices. Relationships which showed chi-square values at alpha level $P \leq 0.05$ were recorded as significant.

b) The pearson product-moment correlation coefficient was computed to determine the direction and strength of the relationship between the independent and dependent variables being studied, and also among the independent variables. The correlation coefficient was considered positively or negatively significant at the alpha level $p \leq 0.05$.

The final results were used to address the research objectives, draw implications and make recommendations to educationists, relevant ministries, organizations and for future research.
CHAPTER FOUR

Results and Discussions

Financial Management Practices among selected households in Nairobi

Introduction

The study had two main purposes. One purpose was to investigate the financial management practices among selected households in Nairobi. The other purpose was to investigate how the socio-economic factors and financial management practices influence satisfaction with these practices. To achieve these goals, the following research objectives of the study were tested:

1. Identify the social economic characteristics of the low, middle and high income households.
2. Determine whether these households budget for their family finances.
3. Investigate the record-keeping practices of these households.
4. Investigate the use of credit by these households.
5. Determine the saving practices of the respondents.
6. Investigate the relationships of the low, middle and high income households in their financial management practices.
7. Determine the satisfaction of these households with their financial management practices.
9. Identify factors that influence satisfaction with households' financial management practices.

To test these objectives, frequencies, percentages, chi-square analysis and Pearson product moment correlation were used. Frequencies and percentages were used to test objective 1 while objectives 2, 3, 4, 5, 6, and 7 were tested by use of frequencies, percentages and chi-square analysis. Objectives 8 and 9 were tested by use of Pearson product moment correlation coefficient, as will be shown and discussed in this chapter.

The results are presented and discussed under the following sub-topics.
1. Socio-economic characteristics of respondents.
2. Financial management practices and chi-square results.
3. Pearson product moment correlation coefficient.
Socio-Economic Characteristics of Respondents

In the first part of the research questionnaire, the researcher intended to find out some socio-economic characteristics of the respondents. These would help achieve objective 1 namely to:

1. identify the socio-economic characteristics of the low, middle and high income households.

Results indicate that the sample was composed of two hundred and fifty respondents. The majority, (64%) of the respondents were males while (36%) were females, table 4:1 below shows the results. This could be attributed to the fact that, traditionally financial matters within families have been male-dominated for a long time in Kenya. In some cases, especially among the low income earners, as noted by Thadani, (1976) in a case study of women in Nairobi, less educated husbands do not bring their wives to the urban areas where they reside. This leaves the husbands in charge of their family finances.
Table 4:1. Sex of the households money manager

<table>
<thead>
<tr>
<th>Sex</th>
<th>No</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>160</td>
<td>64</td>
</tr>
<tr>
<td>Female</td>
<td>90</td>
<td>36</td>
</tr>
<tr>
<td>Total</td>
<td>250</td>
<td>100</td>
</tr>
</tbody>
</table>

Age of the Household Money Managers

Results also showed that most (82%) of the family money managers were aged between 25-44 years, as table 4:2 below shows. This was a similar case with their spouses where majority, (74%) reported to be in that age category. This majority representation may be because this is the age bracket within which most Kenyans have taken up employment and are actively engaged in it, thus, reside in the urban areas where they work. These results are consistent with those of Otieno (1990). A few, (4%) of the respondents reported to be 55 years and above, maybe because at this age, majority may have retired and already left for the country side.
Table 4:2. Age of the Respondents

<table>
<thead>
<tr>
<th>Age</th>
<th>No.</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>25-34</td>
<td>108</td>
<td>44</td>
</tr>
<tr>
<td>35-44</td>
<td>96</td>
<td>38</td>
</tr>
<tr>
<td>45-54</td>
<td>36</td>
<td>14</td>
</tr>
<tr>
<td>55 and above</td>
<td>10</td>
<td>4</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>250</td>
<td>100</td>
</tr>
</tbody>
</table>

Marital Status of the Respondents

As table 4:3 below shows, most (87%) of the family money managers were married. Otieno (1990), also found out that majority of the respondents in her study were married. This would be expected since the sample represents a population of Kenyan adults of age 20 and above. At this age, most adults of the Kenyan society have left school, are engaged in some income-generating activities and are married. Of those married, the majority (79%) reported to be living together with their spouses. The rest (21%) were not, due to separation, divorce, deaths or separate employment areas which may not allow the spouses to stay together.
Table 4.3. Marital Status of Respondents

<table>
<thead>
<tr>
<th>Marital status</th>
<th>No.</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Married</td>
<td>217</td>
<td>87</td>
</tr>
<tr>
<td>Single</td>
<td>16</td>
<td>6</td>
</tr>
<tr>
<td>Separated</td>
<td>7</td>
<td>3</td>
</tr>
<tr>
<td>Divorced</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>Widowed</td>
<td>6</td>
<td>2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>250</td>
<td>100</td>
</tr>
</tbody>
</table>

Household Size

The respondents were asked to state the number of those within their households including their children and any other relatives or friends staying with them.

Table 4.4. Household Size

<table>
<thead>
<tr>
<th>Household size</th>
<th>No.</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>4 and below</td>
<td>67</td>
<td>27</td>
</tr>
<tr>
<td>5 - 9</td>
<td>165</td>
<td>66</td>
</tr>
<tr>
<td>10 and above</td>
<td>18</td>
<td>7</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>250</td>
<td>100</td>
</tr>
</tbody>
</table>
As can be seen from Table 4:4 above, the majority of the households (66%) had a total of 5-9 persons, followed by some (27%) who had four persons and below. The above majority representation in the second category is in view of the fact that most of the respondents (87%) were married and therefore had families to cater for. It would also be because the respondents had gainful employment and therefore had the obligation to care for the financial needs of other relatives apart from the nuclear family. A practice that is common in the Kenyan Society.

A few households (7%) had 10 persons and above. Further analysis showed that more than half of these were from the low income earners. This may be because of their low income status, that they feel more secure with many children as Houghton (1977), indicates that the number of children is associated with wealth. A traditional belief in Kenyan Society.

It was also evident that in most (71%) households, household members do not contribute any income towards the families' expenditure, while in only a few (29%) households, members do contribute. The above majority representation may be because most of the household members are children who may not have any income to
contribute. This is shown in further results which indicate that most households (68%) had young children aged below 12 years old. The household size may also be increased by relatives or friends who reside with the nuclear family and are not able or willing to contribute some income. A common practice in the Kenyan society.

Educational Level of Household Money Managers

On formal education, results showed that all levels of the formal education were represented.

Table 4:5. Education Level of Households Money Manager and that of their Spouses

<table>
<thead>
<tr>
<th>Education level</th>
<th>Respondent's No.</th>
<th>%</th>
<th>Spouse's No.</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>N/A</td>
<td>-</td>
<td></td>
<td>15</td>
<td>6</td>
</tr>
<tr>
<td>No schooling</td>
<td>11</td>
<td>4</td>
<td>14</td>
<td>6</td>
</tr>
<tr>
<td>Primary school level</td>
<td>60</td>
<td>24</td>
<td>48</td>
<td>19</td>
</tr>
<tr>
<td>Secondary level</td>
<td>61</td>
<td>24</td>
<td>65</td>
<td>26</td>
</tr>
<tr>
<td>College level</td>
<td>64</td>
<td>26</td>
<td>50</td>
<td>20</td>
</tr>
<tr>
<td>University level</td>
<td>54</td>
<td>22</td>
<td>58</td>
<td>23</td>
</tr>
<tr>
<td>Total</td>
<td>250</td>
<td>100</td>
<td>250</td>
<td>100</td>
</tr>
</tbody>
</table>
The results show that only a few respondents (4\%) had no schooling at all. Almost all (3\%) of those respondents who reported no schooling were from the low income group. Similarly few (6\%) of their spouses had no schooling at all, with more than half of these being also in the low income group. All the other levels of education were fairly presented as table 4:5 shows. Of those with some level of education, (39\%) had some additional informal training while majority (61\%) did not have any.

Results further showed that more than half (54\%) of the low-income earners had gone up to primary school level. While some (29\%) had gone up to secondary school level. On the other hand, the majority (76\%) of the middle and high income earners had gone up to college and University level. A few (20\%) had gone up to secondary school level.
From own experience, it is expected that those with less formal education may not be in well paying jobs, hence may not afford to live in the middle and high class housing estates. This could be the reason why they live in the low-income housing estates, while those with more formal education may be in better paying jobs, hence afford to stay in middle and high-income earning estates.

**Occupation of family money manager.**

Table 4:6. Occupation of Respondents and their Spouses

<table>
<thead>
<tr>
<th>Occupation</th>
<th>Respondents'</th>
<th>Spouses'</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No</td>
<td>%</td>
</tr>
<tr>
<td>N/A</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Housewife</td>
<td>29</td>
<td>12</td>
</tr>
<tr>
<td>Laborer</td>
<td>36</td>
<td>14</td>
</tr>
<tr>
<td>Clerical/secretarial</td>
<td>21</td>
<td>8</td>
</tr>
<tr>
<td>Private business</td>
<td>60</td>
<td>24</td>
</tr>
<tr>
<td>Banker</td>
<td>28</td>
<td>11</td>
</tr>
<tr>
<td>Accountant</td>
<td>18</td>
<td>7</td>
</tr>
<tr>
<td>Manager</td>
<td>14</td>
<td>6</td>
</tr>
<tr>
<td>Professional</td>
<td>44</td>
<td>18</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>250</td>
<td>100</td>
</tr>
</tbody>
</table>
As shown above, from Table 4.6, a diverse range of occupations were represented by the study's sample. Twenty-four percent (24%) of the household money managers were in private business. More than half (50%) of those in private business were in the low income group. Probably due to lack of employment and low education level, they are not able to secure employment. As such, they have tended to start their own small businesses which can generate some income for their families' use.

The occupations of their spouses also varied but most representation (21%) were housewives and were from the low income group. It is not surprising that they may lack employment, considering the low education level, where majority reported no schooling or up to primary school level. Further results also revealed that all the (14%) of the respondents that reported being labourers, were found to be the low income group who reside in the low income housing estates. This may be attributed to the fact that their educational level is low, hence may not be able to secure better paying jobs. As such, their pay might not afford them in the other classes of housing estates. On the other hand, most of the clerical or secretaries, bankers, professionals and accountants were
found to be in the middle and high income groups. Due to their high educational level, they may be able to secure better paying jobs, thus afford to reside in the middle and high income housing estates where they live.

**Family Income**

Total family income (per month) available shows that (34%) of the respondents earn Kshs. 2,999/= and below. These were representative of the low income Kenyan households, Ramtu (1986). Twenty two (22%) earn between Kshs. 3,000-6,000/= per month representing the average or middle income households. The higher income households were represented by (44%) respondents who earn a total of Kshs. 7,000 and above per month.

Table 4:7. Total Family Income (per month)

<table>
<thead>
<tr>
<th>Total family income</th>
<th>No</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>2,999 and below</td>
<td>85</td>
<td>34</td>
</tr>
<tr>
<td>3,000 - 6,999</td>
<td>55</td>
<td>22</td>
</tr>
<tr>
<td>7,000 and above</td>
<td>110</td>
<td>44</td>
</tr>
<tr>
<td>Total</td>
<td>250</td>
<td>100</td>
</tr>
</tbody>
</table>
Further analysis showed that although some households reside in the estates categorized as low, middle, and high income estates, they may not be actually earning those income brackets categorized as low middle and high incomes. For example, results show that of the sample that was drawn from the low income earning estate, (85%) actually earn low incomes while the rest (15%) were found to be earning what is categorized as middle income, though they reside in the low-income housing estates. On the other hand, of the sample that was drawn from the middle income housing estate, about half (55%) were found to be earning middle incomes, the rest (45%) were earning high incomes. This indicates that respondents may not reside in the housing estates that they are in due to income levels alone, but for other reasons. For example, high cost of living including high house rental charges. Thus, households though earning income categorized as middle or high, may not afford to stay in the middle or high income housing estates. On the other hand, households may have purchased and own the houses they reside in and thus would like to live in them irrespective of their income level category.
Financial Management Practices and Chi-Square Results

This section addresses itself to study objectives 2, 3, 4, 5, 6, and 7 namely, to:

2. determine whether these households budget for their family finances.

3. investigate the record-keeping practices of these households.

4. investigate the use of credit by these households.

5. determine the saving practices of the respondents.

6. examine the relationships of the low, middle and high-income households in their financial management practices.

7. determine the satisfaction of these households with their financial management practices.

Budgeting

Budgeting in this study refers to a plan, mental or written and general or specific, that indicates how and when to allocate available resources among various needs and wants (Deacoon and Firebough, 1988). Respondents were asked whether they budget for their income. Table 4:8
below shows their responses.

Table 4:8  Budgeting Practices Classified by Income Levels

<table>
<thead>
<tr>
<th>Income Level</th>
<th>Budget</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No</td>
<td>Yes</td>
<td>Total</td>
</tr>
<tr>
<td>Low/ Income No.</td>
<td>40</td>
<td>60</td>
<td>100</td>
</tr>
<tr>
<td>%</td>
<td>40</td>
<td>60</td>
<td>100</td>
</tr>
<tr>
<td>Middle/ Income No.</td>
<td>23</td>
<td>77</td>
<td>100</td>
</tr>
<tr>
<td>%</td>
<td>23</td>
<td>23</td>
<td>100</td>
</tr>
<tr>
<td>High/ Income No.</td>
<td>3</td>
<td>47</td>
<td>50</td>
</tr>
<tr>
<td>%</td>
<td>6</td>
<td>94</td>
<td>100</td>
</tr>
<tr>
<td>Total No.</td>
<td>66</td>
<td>184</td>
<td>250</td>
</tr>
<tr>
<td>%</td>
<td>26</td>
<td>74</td>
<td>100</td>
</tr>
</tbody>
</table>

\[ x^2 = 7.3357 \]

\[ p = 0.0255 \]

Results show that the majority (74%) of households money managers budget for their incomes. This indicates that most of the respondents plan for their family finances. However (26%), do not budget, denoting that they use money as it becomes available.
Among those who budget, majority (94%) were found to be from the high income group, probably since the high income group is also more educated, they may understand and appreciate the importance of budgeting. Availability of income, due to their high incomes may also necessitate planning for it.

It was also revealed in the results that, of those (26%) who reported not budgeting, more than half of them were from the low income group. This indicates that quite a number in the low income group do not budget, perhaps, because of their limited financial resources, they probably experience difficulties in budgeting. Such findings are found to be similar to those of Deacon and Firebough (1988), who also noted that low-income earners may have difficulties in planning expenditures because they continually have to adjust expenditure to make ends meet. They further note that, this deters planning making it too problematic as many demands meet too few resources. However, in spite of majority (74%) budgeting as seen above, further results showed that only (41%) of the respondents budget frequently. The majority of those that budget frequently (54%) were from the high income earners.

On the other hand, of the (25%) household money managers that reported not budgeting frequently, about half of them were from the low-income earners. This may be due to their low
educational level coupled with limited financial resources which may make it difficult.

Further analysis showed that of those that budget, (44%) review their budgets. Most of these were in the middle and high income group. Thirty six (36%) percent reported not reviewing their budgets, most of them (56%) were from the low income group. This denotes the fact that most of the low income earners do not budget for their finances frequently and even those who budget, do not review their budgets to make necessary adjustments. Such findings are not surprising as they were also found out by Mugenda et al., (1986) who reported that the low-income earners have a negative evaluation towards themselves.

The above results throw some light on the reasons why about half of the low income earners reported that their budgets seldom worked. The (12%) respondents that reported their budgets never worked, more than half of them were low income earners. This, I suppose, may be mainly because most of them as seen above do not review their budgets frequently to determine whether and where adjustments need to be done.

In finding out the relationship among the low, middle, and high-income households in their financial management practices, chi-square analysis was considered.
According to table 4:8 above, the low, middle and high income households showed significant difference at alpha level $p \leq 0.05$ in their budgeting practices, namely, budgeting ($x^2 = 7.3357, p = 0.0255$).

**Expenditure Control**

The respondents were asked whether they controlled their expenditure to stay within their budgets. Controlling expenditure is ensuring that spending is done in line with what is indicted on the budget, thus limiting expenditure to only what is on the budget. The results are shown in table 4:9 below.
### Table 4:9 • Controlling expenditure classified by income level

<table>
<thead>
<tr>
<th>Income Level</th>
<th>Controlling Expend.</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No</td>
<td>Yes</td>
<td>Total</td>
</tr>
<tr>
<td>Low income</td>
<td>62</td>
<td>38</td>
<td>100</td>
</tr>
<tr>
<td>%</td>
<td>48</td>
<td>52</td>
<td>100</td>
</tr>
<tr>
<td>High Income</td>
<td>22</td>
<td>28</td>
<td>50</td>
</tr>
<tr>
<td>%</td>
<td>132</td>
<td>118</td>
<td>250</td>
</tr>
</tbody>
</table>

\[ X^2 = 6.5164 \]

\[ P = 0.0385 \]

Results indicate that (53%) of the total household money managers do not control their expenditure, denoting the fact that more than half of them do not control expenditure to stay within their budgets. This from the researcher's own experience, may be due to impulse buying. Households may buy goods and services which were not catered for in the budget on impulse, thus distort the budget. It may also be due to expenditure made on emergencies which may not have been catered for. Unless some
money income is set aside for such emergencies, they can distort the budget. It may also be due to households' failure to record their expenditure as they purchase goods and services.

Recording expenditure helps them know how much they have spent and what is left. This is in consistence with Deacon and Firebough (1988), who pointed out that records are a tool for the exercise of control. Records provide tangible evidence for checking the allocation of expenditure according to plan. Results further revealed that majority (62%) of those that do not control their expenditure were from the low income group. This may be attributed to the fact that their finances are limited, hence may not meet their requirements as expected. For example, they may not set money aside for emergencies, which, when they occur, need urgent attention thus distorting the budget.

The differences among the low, middle and high income groups in controlling their expenditure are supported by a significant chi-square analysis which is \( \chi^2 = 6.5164, p=0.0385 \) at alpha level \( p<0.05 \). It was also evident from the results that majority (70%) of the household money managers do not record their expenditure. Record keeping of expenditure is very important because they tell exactly where the surplus or the deficit exists and they help balance the income and expenditure. They convey prompt information that provides the financial managers with a
continuous indication of how they are doing and adjustments can be done immediately to rectify the situation.

This as Armling and Droms (1982), point out, may be because there is a certain repetitiveness and insistency about record keeping that is irritating to the household money managers. This probably is because they have not reduced the process to a habit, or they fail to see records as valuable tools for realizing individuals or group desires and not as ends in themselves. Furthermore the benefits of keeping records may not be apparent as immediately as those from other repetitive activities.

It may also be due to the fact that most of the daily purchasing are done by the house helpers who may be illiterate. If literate, they might not see the importance, or have time to keep the records. They may also forget if they do not do it immediately. On the other hand, the family money manager may find it time-consuming to keep such records as some do not have receipts which can be referred to later. All these make it difficult to keep such records. Chi-square analysis showed that the differences were not statistically significance.
Price Effect on the Household Budget

Price increases were found to affect the family expenditure. Data showed that majority (89%) of the household money managers reported that their budgets were affected by the price increases. This, on the other hand, contributes to the households' failure to control their expenditure as the budget is distorted and things may not move as planned. Chi-square analysis shows that the differences in price influence among the low, middle and high income earners are not significantly different.
Table 4:10. Price Effect on the Household Budget

<table>
<thead>
<tr>
<th>Income levels.</th>
<th>No</th>
<th>Yes</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low income</td>
<td>14</td>
<td>86</td>
<td>100</td>
</tr>
<tr>
<td>%</td>
<td>14</td>
<td>86</td>
<td>100</td>
</tr>
<tr>
<td>Middle income</td>
<td>8</td>
<td>92</td>
<td>100</td>
</tr>
<tr>
<td>%</td>
<td>8</td>
<td>92</td>
<td>100</td>
</tr>
<tr>
<td>High income</td>
<td>6</td>
<td>44</td>
<td>50</td>
</tr>
<tr>
<td>%</td>
<td>12</td>
<td>88</td>
<td>100</td>
</tr>
<tr>
<td>Total</td>
<td>28</td>
<td>222</td>
<td>250</td>
</tr>
<tr>
<td>%</td>
<td>11</td>
<td>89</td>
<td>100</td>
</tr>
</tbody>
</table>

\[ X^2 = 1.8501 \]

\[ P = 0.3965 \]
Credit Use

As regards credit use, results revealed that majority of the household money managers (62%) do not use credit while (38%) do use (table 4:11). Of those that use credit majority (53%) were from the low income earners. Probably their low incomes, compounded with high costs of living makes it difficult for them to meet their family needs and demands as expected. Also, impulse buying, price increases, and emergencies may call for more financial resources which, if not available, may prompt, the family to use credit facilities. This was evidenced in further results which showed that (51%) of the low income earners that use credit, use informal type of credit. In these, the households use goods and services when an immediate need arises and pay back at an agreed date.

Our Kenyan system does not widely practise the use of Card Credit, apart from the use of informal type of credit. Card Credit system is just being introduced thus it is not surprising that only a few households use it.
Table 4:11. Credit Use Classified by Income

<table>
<thead>
<tr>
<th>Income levels</th>
<th>No</th>
<th>Yes</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low income</td>
<td>47</td>
<td>53</td>
<td>100</td>
</tr>
<tr>
<td>%</td>
<td>47</td>
<td>53</td>
<td>100</td>
</tr>
<tr>
<td>Middle income</td>
<td>74</td>
<td>26</td>
<td>100</td>
</tr>
<tr>
<td>%</td>
<td>74</td>
<td>26</td>
<td>100</td>
</tr>
<tr>
<td>High Income</td>
<td>33</td>
<td>17</td>
<td>50</td>
</tr>
<tr>
<td>%</td>
<td>66</td>
<td>34</td>
<td>100</td>
</tr>
<tr>
<td>Total</td>
<td>154</td>
<td>96</td>
<td>250</td>
</tr>
<tr>
<td>%</td>
<td>62</td>
<td>38</td>
<td>100</td>
</tr>
</tbody>
</table>

X^2 = 15.9209
P = 0.0003

It is also evident from the above result that (34%) of the high income earners as compared to (26%) of the middle income earners use credit facilities. Probably because they afford and qualify to use credit facilities as credit card systems, which, as further results indicate, majority of them were found to be using.

Majority (74%) of the middle income earners do not use credit denoting the fact that few of them use credit facilities. Perhaps as Armling and Droms (1982), point
out, it is because credit use increases expenditure. They may, therefore avoid this in a bid to limit spending. This may enable them to achieve their goals, for example, buying a house or a car, which the high income earners may have already achieved. These differences in credit use are supported by a significant chi-square analysis which is \( x^2 = 15.0209 \) and \( P=0.0003 \) at alpha level \( P \leq 0.05 \). Of the total household money managers who responded using credit, a few (12%) pay promptly as scheduled with more than half of them being in the high income group. This is due to the fact that they can afford to pay back their debts as scheduled. Some (14%) of the respondents always get far behind in payment with more than half of them being the low income earners. This is mainly because, their incomes are not able to meet their needs and demands and yet pay back debts incurred. The rest (62%) do not use credit while (12%) occasionally get far behind in payment or make payments slightly behind scheduled time.

These results, therefore show that most of the low income earners may incur debts through credit use which they eventually get difficulties in paying back. This may be the reason why (25%) of those that use credit in
the low-income group rate themselves as poor in terms of credit rating. Such findings were also found out by Mugenda et al., (1986), who in their study, revealed that high debt payment and reported presence of financial difficulties lead to less satisfaction with financial statues. Majority of the middle income earners rate themselves as good while most of the high-income earners rate as very good. Probably because they can afford to pay their debts as scheduled or slightly behind the scheduled time.

Saving Practices

Results on table 4:12 below show that most (63%) of the total respondents save, majority of them (88%) being in the high income group. Further results showed that more than half of the total household money managers save 20% and below of their total monthly income. Only 2% of the middle income earners save 40% and above while none in the high income saves above this.

Most of the low income earners (63%) do not save. This may be attributed to the fact that their incomes are low, coupled with high costs of living leaves them with
almost nothing to save.

Table 4:12. Saving Classified with Income

<table>
<thead>
<tr>
<th>Income levels</th>
<th>Savings</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No</td>
<td>Yes</td>
<td>Total</td>
<td></td>
</tr>
<tr>
<td>Low income</td>
<td>63</td>
<td>37</td>
<td>100</td>
<td></td>
</tr>
<tr>
<td>%</td>
<td>63</td>
<td>37</td>
<td>100</td>
<td></td>
</tr>
<tr>
<td>Middle income</td>
<td>23</td>
<td>77</td>
<td>100</td>
<td></td>
</tr>
<tr>
<td>%</td>
<td>23</td>
<td>77</td>
<td>100</td>
<td></td>
</tr>
<tr>
<td>High income</td>
<td>6</td>
<td>44</td>
<td>50</td>
<td></td>
</tr>
<tr>
<td>%</td>
<td>12</td>
<td>88</td>
<td>100</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>92</td>
<td>158</td>
<td>250</td>
<td></td>
</tr>
<tr>
<td>%</td>
<td>37</td>
<td>63</td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>

\[x^2 = 50.9252\]
\[p = 0.0000\]

Also as seen by Houghton (1977), in a study done in Meru, constant financial assistance demanded by extended families may drain the families' savings. This is a common practice in the Kenyan society. Chi-square analysis shows that the three income groups were significantly different in their savings practices.
(x^2=509253, p=0.000) at alpha level p≤0.05. Therefore the hypothesis number 1, which states that there is a positive relationship between income and savings has been supported.

**Financial Goals**

Respondents were asked whether they had any financial goals they intended to achieve, the results were reported as table 4:13 shows below.

**Table 4:13. Financial goals classified with income levels**

<table>
<thead>
<tr>
<th>Income levels</th>
<th>No</th>
<th>Yes</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low income</td>
<td>51</td>
<td>49</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td>51</td>
<td>49</td>
<td>100</td>
</tr>
<tr>
<td>Middle income</td>
<td>12</td>
<td>88</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td>12</td>
<td>88</td>
<td>100</td>
</tr>
<tr>
<td>High income</td>
<td>12</td>
<td>38</td>
<td>50</td>
</tr>
<tr>
<td></td>
<td>24</td>
<td>76</td>
<td>100</td>
</tr>
<tr>
<td>Total</td>
<td>75</td>
<td>175</td>
<td>250</td>
</tr>
<tr>
<td></td>
<td>30</td>
<td>70</td>
<td>100</td>
</tr>
</tbody>
</table>

x^2=37.2837

p= 0.0000
Results indicate that majority (70%) of the household money managers do have financial goals, with the most (88%) being middle-income earners. This could be explained by the fact that they are still striving to achieve most of their financial goals, for example, buying a family car or, a family house which the high income earners may have already accomplished.

About half (51%) of the low income earners have no financial goals for the fact that their incomes are low and may not even be enough to meet their basic needs. These differences in financial goals are supported by a significant chi-square analysis which is ($x^2 = 37.2875$ p=0.000) at alpha level $p<0.05$.

As regards the household decision in financial goals, fifty one percent (51%) of the respondents reported that it was a joint decision between both husband and wife. Some (14%) based their decision on family members. This denoted that most respondents consult with their spouses and family members, perhaps because of economic pressure and limited financial resources which necessitate the joint decisions, as the family money is in the pool for use by all family
members. Few (9%) based their decision on friends.

**Communication on Money Matters**

Communication on money matters with others as spouses, family members, and friends, was found to be high. This is because financial resources are limited thus wise, careful and joint decisions are necessary.

**Table 4:14.**
Communication in money matters classified by income level

<table>
<thead>
<tr>
<th>Income levels</th>
<th>No</th>
<th>Yes</th>
<th>total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low income</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No</td>
<td>50</td>
<td>50</td>
<td>100</td>
</tr>
<tr>
<td>%</td>
<td>50</td>
<td>50</td>
<td>100</td>
</tr>
<tr>
<td>Middle income</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No</td>
<td>17</td>
<td>83</td>
<td>100</td>
</tr>
<tr>
<td>%</td>
<td>17</td>
<td>83</td>
<td>100</td>
</tr>
<tr>
<td>High income</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No</td>
<td>11</td>
<td>39</td>
<td>50</td>
</tr>
<tr>
<td>%</td>
<td>22</td>
<td>78</td>
<td>100</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No</td>
<td>78</td>
<td>172</td>
<td>250</td>
</tr>
<tr>
<td>%</td>
<td>31</td>
<td>69</td>
<td>100</td>
</tr>
</tbody>
</table>

\[ x^2 = 27.8306 \]

\[ p = 0.0000 \]
Among the (69\%) that communicate, majority of them were from the middle and high income earners, as shown in table 4:14. Fifty (50\%) of the low-income earners were found not to communicate, for it may not be of much help to communicate about money when it is not there. The differences in communication are supported by a significant chi-square analysis which is \( (x^2 = 27.8306 \ p=0.000) \) at alpha level \( p<0.05 \).

On benefits of communication, more than half of those who communicate indicated that they benefited a great deal from it. This is because they are able to make wise decision and family members are in unison of their expenditure. However, (25\%) of the low income earners that communicate felt it did not help at all. This may be because communication alone may not help or is not an indication of financial management as without money, communication about it may not help.

However, these findings generally indicate that it is beneficial to communicate about money matters. They are in consistency with those of Mugenda et al. (1986), who found out that money managers who communicated more were more likely to utilize money management practices, thus achieve their set financial goals. Lawn (1986),
also in his findings, found out that involvement of both spouses on financial matters is essential to obtaining a complete picture of the situation and to implementing an effective financial management strategy.

Financial Management Index

The financial management index was computed by summing up of items in financial management. These were (1) budgeting (2) review of budgeting (3) controlling expenditure (4) recording expenditure (5) savings (6) financial goals (7) communication on money matters. The highest value after summing up was 14 while the lowest value recorded was 7. The computed variable denoted the respondents' tendency to carry out financial management practices. Presence of the practice was given a numeral 2 while absence of the practice was given a numeral 1. The results are interpreted so that the higher score denotes more financial management practices, while low score means few financial management practices being carried out.
Table 4:15. Financial management index

<table>
<thead>
<tr>
<th>value</th>
<th>frequency</th>
<th>percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>7-9</td>
<td>44</td>
<td>18</td>
</tr>
<tr>
<td>10-12</td>
<td>140</td>
<td>56</td>
</tr>
<tr>
<td>13-14</td>
<td>66</td>
<td>26</td>
</tr>
<tr>
<td>TOTAL</td>
<td>250</td>
<td>100</td>
</tr>
</tbody>
</table>

The most (56%) of the respondents had scored between 10-12. This denotes that majority of them carry out most financial management practices.

Twenty six per cent scored highly on the financial management practices between 13-14, with most of them being the middle and high-income earners.

A few (18%) had scored low between 7-9, more than half of these were low-income earners. This results show that higher income earners carry out most financial management skills while most of the low income earners carry out least, thus majority score low probably due to their low education level which may not make them see the importance. It may also be due to their low incomes in which they may experience difficulties in managing. Thus, the hypothesis number 3 which states that there is
a relationship between availability of income and financial management practice has been supported.

**Satisfaction with financial management practices**

Table 4:16 below shows satisfaction with financial management practices among the low, middle, and high income earning households.

**Table 4:16  Satisfaction with financial management practices.**

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>Low Inc. No. 24</td>
<td>54</td>
<td>12</td>
<td>10</td>
</tr>
<tr>
<td>% 24</td>
<td>54</td>
<td>12</td>
<td>10</td>
</tr>
<tr>
<td>Mid. inc. No</td>
<td>2</td>
<td>13</td>
<td>30</td>
</tr>
<tr>
<td>% 2</td>
<td>13</td>
<td>30</td>
<td>51</td>
</tr>
<tr>
<td>High inc. No</td>
<td>_</td>
<td>_</td>
<td>8</td>
</tr>
<tr>
<td>% _</td>
<td>_</td>
<td>16</td>
<td>80</td>
</tr>
<tr>
<td>Total No</td>
<td>26</td>
<td>67</td>
<td>50</td>
</tr>
<tr>
<td>% 10</td>
<td>27</td>
<td>20</td>
<td>40</td>
</tr>
</tbody>
</table>

Results indicate that (40%) of the respondents felt satisfied with their financial management practices.
Majority (80%) of these were the high income earners. More than half (54%) of the low income earners reported dissatisfied with their financial management practices. Likewise, almost all of the respondents that reported extremely dissatisfied were low income earners. These results indicate that low-income earners are generally dissatisfied with their financial management practices. Such results may be attributed to the fact that most of the low income earners as seen earlier do not review their budget frequently, do not control expenditure and use credit facilities in which they rate poorly in terms of credit rating. These in the end may make them dissatisfied with their financial management practices.

For the higher income earners may, due to their education level, see the importance of practising financial management skills, thus in the end may feel satisfied.

For purposes of chi-square analysis, the categories in this item were compounded from the five in table 4:16 above, two of which are (1) dissatisfied (2) neutral (3) satisfied. Table 4:17 below shows the results.
The chi-square results showed that the differences in satisfaction with financial management practices among the low, middle and high income households were significantly different ($x^2 = 133.6407 \ p=0.0000$) at alpha level $p \leq 0.05$. 

<table>
<thead>
<tr>
<th>Income levels</th>
<th>Dissatisfied</th>
<th>Satsf.</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low Income</td>
<td>90</td>
<td>10</td>
<td>100</td>
</tr>
<tr>
<td>%</td>
<td>90</td>
<td>10</td>
<td>100</td>
</tr>
<tr>
<td>Middle Income</td>
<td>45</td>
<td>55</td>
<td>100</td>
</tr>
<tr>
<td>%</td>
<td>45</td>
<td>55</td>
<td>100</td>
</tr>
<tr>
<td>High Income</td>
<td>8</td>
<td>42</td>
<td>50</td>
</tr>
<tr>
<td>%</td>
<td>16</td>
<td>84</td>
<td>100</td>
</tr>
<tr>
<td>Total</td>
<td>143</td>
<td>107</td>
<td>250</td>
</tr>
<tr>
<td>%</td>
<td>57.2</td>
<td>42.8</td>
<td>100</td>
</tr>
</tbody>
</table>

$x^2=133.6407$

$p=0.0000$
Respondents' willingness to learn Financial Management Practices

It was evident from the results that majority of the household money managers would like to learn financial management practices if given a chance. Results showed that a vast majority (92%) of the respondents were willing to learn. They felt that this could help them plan for their finances better and meet their family needs and demands in a better way.

For those (8%) that did not want to learn, they felt that they had taken a similar course before at some levels during their formal education. Some of the low-income earners felt that it would not be of any use due to their low incomes, thus, the difficulties would always prevail. But the researcher wondered if learning would not be of any benefit in managing their meager financial resources.

Results further indicated that majority (76%) of those willing to learn would like to learn all areas of financial management. Some (15%) emphasized record-keeping practices while (9%) felt they wanted to learn only saving practices.

Implied therefore in this findings is that there is
a need to educate households on the management of their finances. This would help them manage them better, hence improve their family welfare. Lawn (1986) also noted that without working knowledge of controlling practices in money management, money managers are ill-equipped to monitor their goal progress on solvency states.

**Pearson Product Moment Correlation Co-efficient Results**

To find out the relationship between the dependent and independent, and among the independent variables being studied, (that is, satisfaction of financial management practices, with the socio-economic and financial management practices). Pearson product moment correlation coefficient was run using these variables as shown in table 18 below. These would help achieve objective 8 and 9 namely:

8. examine the relationship of socio-economic factors and financial management practices.

9. identify factors that influence satisfaction with household financial management practices.
The financial management index in table 4:15 was formulated by summing up selected variables from the financial management practices. The correlation coefficient was considered significant at the alpha level $P \leq 0.05$.

For discussion purposes the results were divided into two categories as follows:
1) relationship among the socio-economic variables
2) relationship between socio-economic variables financial management practices, and satisfaction with these practices.
<table>
<thead>
<tr>
<th>TABLE 4:18</th>
<th>Pearson Product Moment Correlation of Financial Management Practices</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
</tr>
<tr>
<td>SEX</td>
<td>1</td>
</tr>
<tr>
<td>AGE OF RESPONDENT</td>
<td>2</td>
</tr>
<tr>
<td>MARITAL STATUS</td>
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</tr>
<tr>
<td>HOUSEHOLD SIZE</td>
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<tr>
<td>EDUCATION OF RESPONDENT</td>
<td>5</td>
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<tr>
<td>OCCUPATION OF RESPONDENT</td>
<td>6</td>
</tr>
<tr>
<td>INCOME</td>
<td>7</td>
</tr>
<tr>
<td>BUDGET</td>
<td>8</td>
</tr>
<tr>
<td>FREQUENCY OF WORKING BUDGET</td>
<td>9</td>
</tr>
<tr>
<td>REVIEW OF BUDGET</td>
<td>10</td>
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<tr>
<td>CONTROLLING EXPENDITURE</td>
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<tr>
<td>RECORDING EXPENDITURE</td>
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<tr>
<td>CREDIT USE</td>
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<tr>
<td>CREDIT PAYMENT</td>
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<tr>
<td>CREDIT RATING</td>
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<tr>
<td>SAVING</td>
<td>16</td>
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<td>SAVING PERCENTAGE</td>
<td>17</td>
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<tr>
<td>FINANCIAL GOALS</td>
<td>18</td>
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<tr>
<td>COMMUNICATION</td>
<td>19</td>
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<tr>
<td>FREQUENCY OF COMMUNICATION</td>
<td>20</td>
</tr>
<tr>
<td>SATISFACTION OF FINANCIAL SERVICES</td>
<td>21</td>
</tr>
<tr>
<td>FINANCIAL MANAGEMENT</td>
<td>22</td>
</tr>
<tr>
<td>INDEX</td>
<td></td>
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</tbody>
</table>

*P < 0.05, ²P < 0.001
Selected Households in Nairobi.

<table>
<thead>
<tr>
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<th>11</th>
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<td>0.2</td>
<td>0.23</td>
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<td>0.21</td>
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<td>0.09</td>
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<td>0.11</td>
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</tr>
<tr>
<td></td>
<td>0.52</td>
<td>0.55</td>
<td>0.47</td>
<td>0.04</td>
<td>0.01</td>
<td>0.57</td>
<td>0.46</td>
<td>0.55</td>
<td>0.52</td>
<td>0.47</td>
<td>0.36</td>
<td>0.36</td>
<td>0.36</td>
</tr>
</tbody>
</table>
Relationship among the socio-economic variables

There was significant positive relationship between age and marital status \( (r = 0.17 \ p=0.002) \) and age and household size \( (r=0.20 \ p=0.001) \). This denotes that a large percentage of older respondents were married and had a larger household size. This is not surprising as the older respondents are more likely to be married, have children and responsibilities as those of living and assisting some of their relatives who may need help. A common practice among the Kenyan society.

Strong positive relationships between income and education were also noted \( (r = 0.63 \ p=0.000) \). This is attributed to the fact that the highly educated respondents are in a better position to acquire better paying jobs thus earn high income than the less educated people. This relationship has been found in other studies for example (Houghton, 1977), (Narain, 1976) and (Otieno, 1990).

Another significant relationship was between education and household size \( (r =0.16, \ p=0.005) \). These two variables were negatively related denoting that the
more educated household money managers had smaller household sizes. Generally the more educated people tend to have fewer children probably because they understand the need to give the best to their fewer children which they may not be able to afford if they had many.

Correlation between sex and education was not significant (r=-0.06, p=0.17). This is because education in Kenya is open to all thus both males and females can get education up to any level of their ability and choice. Likewise income and sex (r=-0.012, p=0.42), and income and age (r=-0.086, p=0.014) had no significant correlation. This may be for the fact that income is not determined by sex and age, but is based on qualities as qualifications and experience.

Relationship between social economic variables, financial management practices and satisfaction with these practices

Results in table 4:18 show a strong positive correlation between budgeting and education (r=0.23, p=0.000) and budgeting and income (r=0.17 p=0.004). This indicates that the educated household money managers who
may be in well paying jobs due to their education, thus accrue high incomes, budget for their family finances. Perhaps this is because they are in a better position to understand the importance of doing so and at the same time as Armling and Droms (1982), point out, the availability of income may necessitate planning for it.

Education also showed strong positive relationship with financial management practices namely budgeting \((r=0.23, p=0.000)\), review of budget \((r=0.23, p=0.000)\), frequency of working budgeting \((r =0.31, p=0.000)\), recording expenditure \((r=0.13 p=0.021)\), savings \((r=0.43 p=0.000)\), financial goals \((r=0.33 p=0.000)\), and communication \((r=0.37, p=0.000)\). When the financial management practices were formed into an index, education was significantly correlated to the financial management index \((r=0.47, p=0.000)\). These results imply that the educated household money managers practise more financial management skills in the management of the family finances. This finding could be explained by a statement made by Lawyer (1977), that educated money managers understand and put into practice effective financial management skills which help achieve their family financial goals". 

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There was strong positive relationship between education and satisfaction with financial management practices ($r=0.54$, $p=0.000$), and between income and satisfaction with financial management practices ($r=0.62$, $p=0.000$). These results indicate that the educated money managers who may be in well paying jobs thus earning high incomes are more satisfied with their financial management practices. This is in consistency with earlier results which indicated that the educated respondent employs financial management skills in managing their family finances. In the end, they may be more satisfied with them than those who did not employ any.

Another positive significant relationship is between the financial management index and satisfaction with financial management practices ($r=0.47$, $p=0.00$), denoting the fact that money managers who carry out most financial management practices are more satisfied with their practices. Therefore hypothesis no 2 which states that there is a relationship between financial management practices and satisfaction with those practices has been supported.

Another significant relationship was between household size and budgeting ($r=0.12$, $p=0.028$). These two
variable were negatively related denoting that large households do not budget. This may be because there are too many needs and demands chasing few resources and this makes planning difficult. This finding is not a wonder as Mugenda et al., (1986), also found out that larger households reported a presence of financial difficulties and had a negative evaluation of their financial status. A negative significant relationship between marital status and communication ($r = -0.20$, $p=0.000$) and marital status and frequency of communication ($r = -0.23$, $p=0.000$) was observed. This implies that married money managers communicate frequently about money matters to their spouses, friends, or relatives. This may be due to limited financial resources and economic pressures which necessitates the joint decision within family members to avoid loss of resources in the end.

Household size negatively correlates to saving percentage ($r = -0.11$, $p=0.035$). This implies that large household save less from general expenses. This may be due to many needs and demands within these households which leaves them with very little or nothing at all to save. Results further showed a negative correlation between income and credit use ($r = -0.23$, $p=0.000$), income
and credit payment \((r = -0.15, p=0.011)\), and income and credit rating \((r= -0.15, p=0.000)\), denoting the fact that those with less income use credit facilities more, have high credit payments to make, and perceive themselves poor in terms of credit rating. Perhaps it is because they have limited financial resources which are not able to meet their needs and demands. Eventually they incur high debts that they are not able to pay, hence rate poorly in terms of credit.

A significant negative correlation between satisfaction with financial management practices and credit use \((r= -0.16, p=0.007)\), credit payment \((r= -0.12, p=0.030)\), and perception of assessment of credit rating \((r= -0.11, p=0.037)\), was noted. This implies that high credit use leads to high credit payment resulting to less satisfaction with financial management. This is because too many debts may put a family in financial difficulties, hence, they may not appreciate their financial management practices. Also, the financial management practices they use may not yield any helpful results if the households are already heavily indebted.
CHAPTER FIVE

Summary, Conclusions and Recommendations

Summary

Purpose of the study

The purpose of this study was to determine the financial management practices among selected households in Nairobi. It also investigated the influence of socio-economic factors and financial management practices to the households money managers satisfaction with these practices.

Research objectives

The study sought to achieve the following nine research objectives, To:

1. Identify the socio-economic characteristics of the low, middle and high-income households.
2. Determine whether these households budget for their family finances.
3. Investigate the record-keeping practices of these households.

4. Investigate the use of credit by these households.

5. Determine the saving practices of these respondents.

6. Investigate the differences of the low, middle and high income households in their financial management practices.

7. Determine the satisfaction of these households with their financial management practices.


9. Identify factors that influence satisfaction with households' financial management practices.

Procedure.

The study, which used a sample of 250 households in low-income (100), middle-income (100), and high-income (50) housing estates, of Shauri-Moyo, Buruburu II, and Mountain View estates respectively was conducted starting April to Dec. 1991. Questionnaires were issued to the sample households, whereby the family finance manager was
asked to fill them. In so doing, information pertaining to the research objectives was collected. The data were analyzed by the use of frequencies percentages chi-square analysis and pearson product moment correlation coefficient.

Conclusions

Major findings of the study

The results showed that most households had 5-9 household members. However, household size was highest among the low-income earners. Further research showed that in most households, the household members do not contribute any income to the family expenditure. This makes it difficult for the family to meet its needs and demands as is expected because too few resources chase too many demands and needs.

It was also found out that most of the low-income earners had low-education levels as most had gone up to primary school level or had no schooling at all. Most of the middle and high income earners were found to be educated up to college and university level. A few went
up to secondary school level. They could afford to stay in the middle and high income housing estates as they were in well paid jobs.

Most of the low-income earners were in their small scale private business, labourers or housewives. It was also found from the study that although some households reside in the housing estates categorized as low, middle or high-income estates, they may not be actually earning those incomes categorized as low, middle and high. For example, it was found that some families that reside in Buruburu Phase II, a middle-income housing estate, are earning high-incomes, while some who reside in Shauri Moyo, a low-income housing estate were found to be middle-income earners.

On financial management practices, the research revealed that, though majority of the households budget for their family finances, only some do it frequently and review their budget frequently to make adjustments when need be. However, majority of the low-income earners were found not to budget, may be because of the difficulties they encounter due to their limited financial resources that chase too many needs and demands.
On reviewing the budgets, it was seen that majority of the low-income households do not review. This may be the reason why most of them reported that their budgets seldom or never worked. Chi-square analysis found significant differences among these low, middle and high income households in their budgeting practices.

Most households do not control their expenditure. The majority of those who do not control their expenditure come from the low income group. This may be due to impulse buying, occurrence of emergencies which may not have been catered for or non-recording of expenditure which shows how much has been spent and how much is left.

Also most of the households' money managers do not record their expenditure, majority of them being the low income earners. Price increases were seen to affect most of the households' budgets. Chi-square analysis showed that the difference on effect of price changes in the three income earning households were not significant. The middle and high income earners were found to use less credit compared to the low income earners. The high and middle-income earners were also found to pay back their credit more promptly as compared to the low-income
earners. This may be why most of them perceived themselves as being good or very good in terms of credit rating, while most of the low income earners perceived themselves as being poor in terms of credit rating.

These differences in credit use between high, middle and low income earners were supported by a significant chi-square analysis. Savings were noted lowest in the low income households probably because of the limited financial resources. Majority of the high incomes reported that they save, perhaps because of the virtue of their high incomes, they can afford their expenditure and set aside some incomes for savings. However, middle income earners were seen to save higher percentages than the high-income earners. These differences in saving among the low, middle and high income earners were found to be significant.

Results showed that majority of the household money managers had financial goals. However, most of those reported having financial goals were middle income earners, whereas most of the low income earners reported having no financial goals. Most of the middle income earners were found to communicate about money matters with their spouses, friends or family members. While the
low-income earners were not communicating much. However, results indicated that the communication was not done frequently.

Whereas, majority of the middle and high income earners felt that they benefited a great deal from communication, majority of the low income earners felt that communicating about money matters did not benefit them. The reason for this is probably because communication alone, without money may not help. Chi-square analysis on communication among the three income groups was found to be significant.

The financial management index showed that higher income earners carry out most of the financial management skills. While most of the low income earners do not. This may be attributed to the unavailability of income and low education level among the low income earners.

Results also indicated that majority of the respondents felt satisfied with their financial management practices. However, most of these were the high-income earners and middle income earners. Majority of the low income earners reported being dissatisfied denoting the fact that low income earners are not happy with their financial management practices. It was
evident from the results that majority of the household money managers would like to learn financial management practices if given a chance. Results showed that a vast majority of the respondents felt that the knowledge would help them plan for their finances better.

The Pearson product moment correlation coefficient analysis has shown some significant positive relationships among socio-economic variables. These are marital status and age, household size and age and income and education. However, negative significant relationships among education and household size, marital status and education were noted.

There is also significant positive relationship between social-economic and financial management variables as education, with budgeting, saving and communication and income with budgeting, saving and communication. A negative association between marital status and communication and household size with budgeting and saving was noted.

Satisfaction with financial management showed significant positive relationship with education, income, budgeting, saving financial goals and communication. While a negative relationship was noted with marital
status, credit use, credit payment and credit rating.

Contributions of the study

The findings of this thesis are considered to serve as contributions of this study to the area of resource management in, home economics education and general home economics, family financial management behaviour, and to general knowledge in the following aspects:

1. The theoretical understanding of the conceptual framework of the family resource management.


3. Financial management skills family money managers would like to learn.

4. A base for future research in the area of resources management.

Theoretically this research contributes to the understanding and use of the conceptual framework of the resource management.

The researcher adopted this model from the family
resource management system presented by Deacon and Firebough (1988 P.28). The theoretical framework shows the relationships between inputs, throughputs and outputs. This model can be adopted or improved upon for future use in further studies in the area of resource management.

The study also contributes to the knowledge of financial management practices in Kenya. Adopting the framework stated above, the researcher identified some socio-economic characteristics of the households under study and how they influence their financial management practices.

Another significant contribution of this study is that it highlights the fact that households need to be educated on effective financial management skills. This is evident from the study's findings that many family financial managers have no or little knowledge of effective financial management skills. This can be done by home economists and others as counsellors, who can educate families on how they can manage their limited resources, meet their needs and achieve their financial goals.

The above stated findings will be made available to
the Ministry of Education and other institutions of learning as colleges and universities. These may include them in their learning materials to enrich and further the Home economics education. They will also be made available to various ministries, as those of health and agriculture, and to organizations as a contribution to strengthen their field personnel. The extension workers may use the findings in promoting educational, disseminating information and communicating with the families on financial management. It is expected that this study will help people to have better control over the factors affecting their financial wellbeing.

The thesis will also be made available for general public use at the Kenyatta University Library. Finally though much research has been done in the area of financial management in other countries, not much emphasis has been given to the study of financial management practices in Kenya.

Satisfaction with financial management practices was high among the high income earners, while majority of the low income earners expressed dissatisfaction with their financial management practices.

From the findings of this study, the researcher
concludes that, though majority of the households budget for their family finances, they do not frequently review their budgets to make adjustments where necessary. Also most household money managers were found not to control their expenditure to stay within their budgets. This may be the reason why most of the household money managers reported that their budgets seldom worked.

Recommendations

Based on the findings of this study, the following recommendations are made:

1. There is a need for Home economics extension workers or others as counsellors to educate families on effective financial management skills through organized workshops seminars or home visits.

2. Households, more so the family money manager should adhere to effective financial management skills as this will help them meet their needs and realize their goals. For example, it may not be of much help to budget and not to do it frequently nor review it to determine if and where adjustments

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3. Controlling expenditure should be maintained within households. This, if done, will help the family to stay within its budget as planned and hence meet its needs and demands and realize its goals. When members use their money as they will, family goals are overlooked to pursue their individual goals.

4. Excessive use of credit facilities within households should be limited and families only incur credit that they will be able to pay as scheduled. This, if not observed, may lead a family into financial difficulties while controlled and planned use of credit helps families to meet their financial goals.

5. Communication on money matters with spouses, friends or family members should be enhanced and done frequently. This, when done, may help in making wise decisions as to the family expenditure. Communication reveals the hindrances to meeting family goals and solutions could be found by communicating.

6. All levels of income earners, for example, low, middle and high income earners, should practise
effective financial management skills. There is more need for the low-income earnings to manage their finances in order to extend their purchasing power. Likewise, if high-income earners plan their money they will meet more goals than they are currently accomplishing.

7. Financial management should be introduced more vigorously and made stronger in schools, colleges and university curriculums.

Suggestions for further research

It is recommended from the findings of this study that further research should be carried out as follows:

1. Further research be carried out on the topic of this study using larger samples.

2. Studies similar to the current research be done based on financial management practices for the rural people.

3. A study be carried out in relation to the home economics extension workers, with issues addressed to their training and teaching of financial management practices.
4. A preliminary survey be carried on the identification and qualities of a financial manager within the families.

5. A study be conducted on why households do not use financial management skills effectively. For example, why they don't budget frequently, review their budgets and record their expenditure.
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Appendices:

Covering letter

Questionnaire
Dear Sir/Madam,

I am a post-graduate student at the Kenyatta University and I am carrying out a research on the financial management practices among selected households in Nairobi. I would therefore be grateful if you could assist me by completing the attached questionnaire.

Thanks in advance for your co-operation. I assure you that the research is an academic one and any information you give will be useful and treated as strictly private and confidential.

Yours faithfully,

[Signature]

AKUNGA ALICE BONARERI
QUESTIONNAIRE FOR THE FAMILY MONEY MANAGER

Questionnaire

This questionnaire seeks information about socio-economic factors of the households under study, their financial management practices and their satisfaction with these practices.

The questionnaire should be filled by the family money manager who is not necessarily the head of the household.

Please respond to all the questions as honestly and accurately as possible. The information you give will be treated as being highly confidential.

Indicate the name of your estate on top of this page and Note that you are not required to fill your name in the questionnaire.
PART 1

SOCIO-ECONOMIC FACTORS:

1. What is your gender? (Tick the most appropriate)
   1) Male
   2) Female

2. How old are you
   1) 25-34 years
   2) 35-44 years
   3) 45-54 years
   4) 55 and above

3. How old is your husband/Wife?
   1) 25-34 years
   2) 35-44 years
   3) 45-54 years
   4) 55 and above

4. What is your marital status?
   1) Married
   2) Single
   3) Separated
   4) Divorced
   5) Widowed
   6) Any other (specify)
5. Are you living together with your husband/wife?
   1) No
   2) Yes

6. What is the total number of your household members including relatives and own children that you live with?
   1) 0-4
   2) 5-9
   3) 10 and above

7. Do they contribute any amount of money towards the household expenses?
   1) No
   2) Yes

8. How many children do you have?
   1) 0-2
   2) 3-5
   3) 6-8
   4) 9 and above
9. What is the stage of your family (life-cycle)
   1) Have no children
   2) Have young children
   3) Have adult children living in the homes
   4) Have adult children living away from home

10. How much formal education do you have?
   1) No schooling
   2) Primary school level
   3) Secondary school level
   4) College level
   5) University level

11. Do you have any other informal training e.g. banking accountancy etc.
   1) No
   2) Yes

12. How much formal education does your husband/wife have?
   1) No schooling
   2) Primary school level
   3) Secondary school level
   4) College level
   5) University level
13. What is your occupation?

1) Teaching
2) Private business
3) Housewife
4) Managerial
5) Accountancy
6) Clerical/Secretarial
7) Labourer
8) Professional (e.g. lawyer, doctors e.t.c.), specify.
9) Any other (specify)

14. What is the occupation of your husband/wife?

1) Teacher
2) Private business
3) Managerial
4) Housewife
5) Accountancy
6) Clerical/secretarial
7) Labourer
8) Professional (e.g. lawyers, doctors etc)
9) Any other (specify)
15. What is the total monthly income (both from salaries and all other sources) available to the family?

1) kshs 0-1499/=  
2) kshs 1,500-2,999/=  
3) kshs 3,000-4,999/=  
4) kshs 5,000-6,999/=  
5) kshs 7,000-14,999/=  
6) kshs 15,000 and above
PART II

FINANCIAL MANAGEMENT PRACTICES

16. Budgeting is the planning of the family income to meet the family expenses. Do you think your family budgets?
   1) No
   2) Yes

18. If so how often?
   1) Not frequently
   2) Frequently
   3) Quite frequently

19. How frequently do you feel your budget works out as planned?
   1) Never
   2) Seldom
   3) Usually
   4) All of the time
20. Reviewing the family's spending is checking to see if the family requirements have been met as per the plan. Does your family review it's spending?
1) No
2) Yes

21. If so how often?
1) Not frequently
2) Frequently
3) Quite frequently

22. Controlling the expenditure is ensuring that the family spending falls within the plan, as budgeted. Would you say that you control your family's spending?
1) No
2) Yes

23. Do price changes of goods and services influence your expenditure?
1) No
2) Yes

Explain________________________________________

______________________________________________

______________________________________________

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24. Records of expenditure for example receipts of purchases made on daily expenses, small and large household items and on assets and liabilities are kept to show the family spending. Would you say, you keep such records?
1) No
2) Yes

25. Credit is taking goods and services with a promise to pay back in a future date. Do you use any credit in your family expenditure?
1) No
2) Yes

NOTE: If your answer to question 25 is Yes then answer questions 26, 27, 28 and 29. If it is NO then proceed to questions 30
26. Which type of credit system do you use?

0) Not applicable
1) Informal credit (i.e. taking goods or using services to pay as agreed e.g. at the end of the day or week)
2) Hire purchase/installments
3) Use of credit cards
4) Any other (specify)

27. In making payments incurred by use of above credit system, do you generally

0) Not applicable
1) Always get far behind in payments
2) Occasionally get far behind in payments
3) Make payments slightly behind scheduled time
4) Make payments promptly as scheduled

28. Is it beneficial for the family to use credit?

0) Not applicable
1) No
2) Yes

Explain


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29. Credit rating is taken to be very good when payments incurred through use of credit systems are made in time as scheduled. Would you say your credit rating is:
   0) Not applicable
   1) Poor
   2) Good
   3) Very good

30. Do you save any percentage of your monthly total income?
   1) No
   2) Yes

32. If so, approximately what percentage of the total family income do you save monthly?

33. Does your family have any financial goals?
   1) No
   2) Yes
34. How did your family arrive at these financial goals?
   1) Consulting other family members
   2) Decided by husband and wife
   3) Advice from friends
   4) Decided by parents
   5) Any other (specify)

35. Do you communicate about money matters with your family members, spouses or friends?
   1) No
   2) Yes

Note: If your answer to question 35 is yes then answer question 36 and 37. If it is No then proceed to Part III.

36. How frequently do you communicate with others on money matters?
   0) Not applicable
   1) Not frequently
   2) Frequently
   3) Very frequently
37. How has communication about your money matters in your household improved your present financial status?

0) Not applicable
1) Not at all
2) A little
3) A great deal
PART III

SATISFACTION WITH FINANCIAL MANAGEMENT PRACTICES AND FINANCIAL STATUS.

38. How satisfied are you with your overall management of your family finances?
   1) Extremely dissatisfied
   2) Dissatisfied
   3) Neutral
   4) Satisfied
   5) Extremely satisfied.

39. How would you rate your overall financial status (financial wellbeing or financial standing) presently?
   1) Very low
   2) Low
   3) Average
   4) High
   5) Very high

40. If you were given a chance, would you want to learn financial management principles and practices?
   1) No
   2) Yes

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41. What specific areas of financial management would you want to learn?

1) Budgeting
2) Record keeping practices
3) Saving practices
4) All of the above
5) Any other (specify)

Good bye

Thank you.