

**PERSONAL FINANCIAL MANAGEMENT PRACTICES AND  
DEMOGRAPHIC FACTORS ON FINANCIAL WELLBEING OF MEDICAL  
DOCTORS EMPLOYED IN PUBLIC HOSPITALS NAIROBI CITY COUNTY,  
KENYA.**

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BUSINESS IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR  
THE AWARD OF THE DEGREE OF MASTER OF SCIENCE (FINANCE) OF  
KENYATTA UNIVERSITY.**

**APRIL 2022**

**DECLARATION**

I, the undersigned, declare that this Research thesis is my original work and has not been used for any academic credit or award of a degree to another college, institution or University. I have also given appropriate credit to other sources used where due.

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## **DEDICATION**

I dedicate this work to my lovely parents Richard Byegon and Edna Yegon for their overwhelming support and immeasurable parental guidance and love throughout my academic journey. May God plentifully bless them and continue giving them His grace forever.

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## OPERATIONAL DEFINITION OF TERMS

<b>Demographic factors</b>	Socioeconomic features of a population statistically expressed, such as age, sex, income level, marital status, household expenses, number of dependants.
<b>Financial Disposition</b>	Decisions made by individuals on how to spend their income to finance their financial requirements.
<b>Financial Knowledge</b>	Capacity on the best capable technique to handle cash in various uses, including the observing of everyday budgetary issues in the market and settle on the correct decisions for money related educated individuals' needs.
<b>Financial Literacy</b>	The capability of exercising prudence in judgment when making decisions relating to financial matters.
<b>Financial Products</b>	Refers to tools that are helpful to someone in investing, saving, securing either a mortgage or insurance. These tools are being dispensed by a number of financial institutions, insurance companies, banks, stock brokerages, and government-funded units. Financial products are subdivided putting into consideration their nature of underlying asset class, hazard, volatility, and profit.
<b>Financial Savings Behaviour</b>	Risk uptake by individuals based on financial capability, health favorites or even personal perceptions, public procedures currently in place, and labour markets opportunities that are available.
<b>Financial wellbeing</b>	A condition of being mirroring someone's ability to achieve current and developing money related commitments, have a sense of safety in their monetary future and settle on decisions that permit delight throughout everyday life.

<b>Personal Financial Management Remuneration</b>	Application of the financial principals to the monetary choices of an individual or family set up.  The reward of employment in the form of cash and non-cash benefit
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## **LIST OF ABBREVIATIONS AND ACRONYMS**

<b>CBA</b>	Collective Bargaining Agreement
<b>FIKA</b>	Financial Knowledge for Africa
<b>FSD</b>	Financial Sector Development
<b>GDP</b>	Gross Domestic Product
<b>GOK</b>	Government of Kenya
<b>KMA</b>	Kenya Medical Association
<b>KMPDU</b>	Kenya Medical Practitioners Pharmacists and Dentists Union
<b>MOH</b>	Ministry of Health
<b>NCC</b>	Nairobi City County
<b>WHO</b>	World Health Organization

## ABSTRACT

Financial wellbeing is of great significant in levels of both personal and organizational. Medical doctors are among the well-salaried employees in Kenya. However, according to Kenya Medical Association 2017 financial information, it indicates that 70% of medical doctors employed under public hospitals in Nairobi City County Kenya are struggling financially in terms of meeting their day to day financial obligations. This study sought to determine the impact of financial knowledge on financial wellbeing of medical doctors employed in public hospitals Nairobi City County, to determine the effect of demographic factors on financial wellbeing of medical doctors working in public hospitals Nairobi City County, to establish the effect of financial disposition and budgeting habits on financial wellbeing of medical doctors employed in public hospitals Nairobi County, to find out the effect of financial saving behavior on financial wellbeing of medical doctors employed in public hospitals Nairobi County and to define the moderating effect of economic condition on the association between personal financial management and financial wellbeing of medical doctors employed in public hospitals Nairobi County, Kenya. This study was anchored on Keynesian absolute income hypothesis, Permanent income hypothesis, Lifecycle savings theory, Prospect theory, Relative income hypothesis, and Savings and investment hypothesis. This study used descriptive research design, the target population was 259 doctors employed by the Nairobi City County government. The Yamane formula was used to obtain the sample size of 147 respondents and 112 questionnaires were collected. Primary information assembly was done utilizing a semi-structured survey provided to the respondents through dropping and picking later strategy. Descriptive statistics was used to analyze the gathered information; mean, mode, median, skewness, standard deviation, tables, figures, rates, and frequencies. The relationship between the variables was established by the use of inferential statistics. The knowledge of financial products ( $b=.354$ ,  $t = 5.429$ ,  $P<0.05$ ), financial disposition and budgetary habits ( $b=.117$ ,  $t = 2.397$ ,  $P=.018$ ), and financial saving behavior ( $b=.110$ ,  $t = 5.316$ ,  $P<0.05$ ) had a positive statistically significant association with financial well-being of doctors. A unit increase in personal financial management increased financial wellness by 0.104 ( $b= .104$ ,  $t=5.089$ ,  $P<0.01$ ) and was not moderated by the economic condition of doctors statistically significantly,  $P=.811$ . Personal financial management practices was a predictor of financial wellbeing of doctors, as personal financial management practices increase, financial wellbeing increases. The economic condition of doctors influenced financial wellbeing, but did not moderate the relationship between personal financial management and financial wellbeing of doctors. This study recommends on training programs with respect to diversification of investments and financial products to be organized for medical doctors by relevant bodies, encourage medical doctors to regularly attend seminars on savings plans and budgeting techniques and further advise medical doctors to start saving and investing at their early age as this will strengthen their financial wellbeing status at their old age and lessen the struggle of saving and investing as their approach retirement period.

## CHAPTER ONE

### INTRODUCTION

#### 1.1 Background of the study

Financial wellbeing refers to managing individuals economic life effectively. Individuals with financial wellbeing tend to have a better personal finance management and spend their money in a wise way (Ruth, Harter, & Harter, 2010). Financial wellbeing leads to healthier relationship with someone's finances at any given time ( Johnwasik, 2019). It helps an individual in getting control over daily as well as month-to-month expenses, setting up savings accounts to take care of financial emergencies such as sickness and jobloss which are part of human life and cannot be predicted. Financial wellness enables someone to cover their expenses with their income and moreso invest in a savings plan that work towards achieving a long term financial goal.

Financial wellbeing denotes a situation of having ability to effectively finance both present and projected living standards and financial needs (Bruggen et al., 2017). Personal financial management explains the manner by which people or families acquire, spend, invest and save, bearing in mind different money related risks and forth coming life occurrences as a measure objective financial wellbeing (Cutler and Devlin, 1996). The key part of personal finance is economic planning, which is a powerful procedure that requires regular checking and reexamination.

In Asian markets specifically in Malaysia, Mokhtar (2015), studied financial well-being among public employees. The key outcomes of the study were that a large number of public workers did not have effective saving behaviours which led to bankruptcy and debts, the study recommended that there is a need for financial training

at their place of work such as financial knowledge that can be helpful to both employees and employers.

Owusu, (2015) evaluated the extent of financial awareness among Teachers of Sekyere East, Ashanti district of Ghana. The study found that most teachers in the area of study have inadequate financial awareness, however they have some little knowledge in borrowing and savings and lacks some basic financial literacy skills in money management, investment, insurance and retirement planningss. The low level financial knowledge was accredited majorly by the inadequacy in a sound planning in personal finance and also budgetary preparation. This negatively affect their expenditure pattern and savings habit.

Joo (2008) indicates that failure to manage personal finances effectively may cause severe long term, negative social and societal concerns. Financial wellbeing can be improved positively by effective financial management behavior. Effective management of funds is the main concerne of financial management.

In Kenya, Agunga (2016) studied the financial literacy impact on financial readiness for retirement amid permanent and pensionable employees in corporations owned by government in Nairobi Kenya. The study found that financial instruments was insignificant inferring that there was no connection between the financial instruments knowledge and financial readiness for retirement among workers in the government owned organizations in Nairobi, Kenya.

A significant positive connection weass found between capability of computation for retirement benefits and financial preparedness for retirement among workers in the state-owned organisations in Nairobi, Kenya. Similarly, demographic factors were

found to have a moderating effect on the affiliation between financial literateness and financial readiness for retirement implying that age play a major role in financial preparedness of an individual at the workplace.

Obago (2014) determined the consequence of financial literateness on the management of personal finance among representatives of business banks within Kenya. Most of the respondents had financial literacy acquired through training which is regularly done at their workplace and work experience in the finance field. This enable them to save in a profitable saving plans and invest in a less risky investements with higher rate of return.

Jayantilal (2017) investigated on financial knowledge on personal financial management on workers of Bank of Baroda. The study noted that financial literateness relates positively with personal financial investment choices, meaning someone who is financial literate chooses the investment with higher returns. Financial illiteracy affects personal debt management practice due to a high debt appetite. Similarly, majority of the employees saved in various profitable savings plan which leads to high rate of returns, this is brought out by the nature of their work at the finance field which helps them acquire good understand on the consequences of not diversifying during saving.

Most of the studies mentioned above did not focus on financial disposition and financial saving behaviour as some of the major influencing factors on financial wellbeing. This research study sought to seal the gaps by discussing the personal financial management and financial wellbeing of medical doctors in public hospitals, Nairobi Kenya.

### **1.1.1 Measurement of Financial Well Being**

Measurement of financial wellbeing definition can be grouped into three categories factoring in their approach: financial wellbeing can be measured using objective criteria, subjective criteria and also that uses both.

Financial well-being level is estimated by individual ability to finance his needs. Personal financial measurement well-being is greatly significant in understanding both individual and family financial position that can lead to an individuals and family in making decisions concerning their finances (Nuradibah & Husniyah, 2017). Researchers, financial analysts and experts have focused their attention on the consequences of financial well-being.

According to Porter (1990), financial wellbeing is described in both subjective and objective features of financial conditions assessed against required standards of appraisal in order to shape one's opinion of individual's financial position.

Earlier studies established that matters classifying with representatives' financial well-being are affected by variables, for example, poor financial proficiency, inadequate financial management, financial pressure (Delarooz and Paim, 2011; Sabri and alahati, 2003), financial issue (Delarooz and Paim, 2013), and cash frame of mind (Dowling, Corney and Hoiles, 2009).

Financial safety is a pre requisite for general wellbeing. Financial wellness has across-the-board impacts through out the lifetime of an a person (Garman, I.E., Leech, E.T., and Grable, J.E. 1996). It brings about people who are sufficiently equipped for retirement (Alessie and Lusardi, 2012, Mitchell and Lusardi, 2011, VanRooij). A low

level financial proficiency can, in general, continue all through teenagers to adulthood. Regardless of involvements by government, business and controllers, absence of financial knowledge. Financial capacities and information acquired before in life affect riches aggregation and mindful financial conduct later on throughout everyday life (Van Campenhout, 2015).

Tam, Kuria and Howell, (2013) evaluated financial wellness as the discernment that one's financial conditions must change later on (for instance, losing work) that individual will most likely meet both fundamental needs just as forthcoming needs dependent on that people present monetary circumstance. Alterations in financial position over individual lifetime impact sentiments of financial refuge and can be a significant underwriting element of general success (Tam and Kurai, 2013, Moghaddam, 2008; Howell). Financial safety, as clarified by Austen, Ong and Jefferson, (2014), can be appeared by the development of substantial riches or as a capacity to get and support a specific way of generation for the duration of a real existence cycle, (Tim, *et al* 2014).

This study measured financial wellbeing of medical doctors employed in public hospitals Nairobi County Kenya by analyzing individual's financial knowledge in making financial investments, savings and effective expenditure. This relates to an objective way of measuring financial wellbeing since it can be easily assessed by the examining the individual's expenditure with respect to earnings, savings and investments.

### **1.1.2 Personal Financial Management**

Personal financial management denotes to the money management in a number of methods to ensure financial security in both short term and long-term. (Garman and Forgue, 2011). Numerous studies have been done on personal financial management locally and globally. Researchers used different variables to help them achieve their general and specific objectives.

Jayantilal (2017) examined the influence of financial knowledge on the management of personal finance of workers employed at the Bank of Baroda (Kenya) Limited using Personal Investments, Personal savings, and Personal Debt as his variables. Owusu (2015) assessed the extent of financial knowledge among teachers of the district of Sekyere East of Ghana using Age, Rank, Field, Qualification, Gender, Professional, Region, , Experience, Regional Capital and Income as his variables, the study found that most teachers in the area of study have inadequate financial awareness.

Mokhtar (2015) contemplated the contributing factors of financial wellness among public employees in Malaysia with a focus on demographic factors such as Sex, marital status, age, monthly income, education level, and working experience were utilized as variables, the key outcomes of the study were that a large number of public workers did not have effective saving behaviours which led to bankruptcy and debts. Agunga (2016) concentrated on financial knowledge on financial readiness for retirement among permanent and pensionable workers of corporations owned by government in Nairobi Kenya. The study applied financial instruments knowledge, computation capacity of retirement benefits, demographic characteristics and financial factors as variables. The study found that financial instruments was insignificant

inferring that there was no connection between the financial instruments knowledge and financial readiness for retirement among workers in the state owned organizations in Nairobi, Kenya. Obago (2014) investigated the impact of financial literateness on managing personal finance among workers of Commercial banks in Kenya. The study used personal financial management, saving plan, investment plan, education, age and gender as variables. Most of the respondents of the study had financial literacy acquired through training which is regularly done at their workplace.

This study measured personal financial management in terms of financial knowledge, financial disposition and budgeting habits, demographic factors, and financial savings behaviour as variables.

### **1.1.3 Demographic characteristics**

Demographic characteristics refers to particular features of the population under study, these include; age, race, religion, ethnicity, gender, income, education, marital orientation, family size, health, sexual orientation and disability status.

Agunga (2016) used age, marital status, number of dependants, gender, level of education and household income as measurers of demographic characteristics that has effect on financial readiness for retirement amid permanent and pensionable workers of corporations owned by state in Nairobi Kenya.

Owusu (2015) utilized gender, age, income and marital status as measures of demographic characteristics that affect financial knowledge among teachers of the district of Sekyere East of Ghana. Mokhtar (2015) concentrated on age, marital status, working experience gender, education level and monthly income as measures of

demographic characteristics with effects on financial wellness amid public workers in Malaysia.

This study used age, household expenses, marital status and number of dependants as demographic characteristics that affect the financial wellbeing of medical doctors employed under public hospitals in Nairobi City County, Kenya.

#### **1.1.4 Medical Doctors in Public Hospitals in Nairobi city county, Kenya**

Medical facilities in Nairobi City County are distributed into Public and Private health facilities. According to KMPDU report (2019) there were 259 medical doctors working across one hundred and three (103) public health facilities in Nairobi City County which comprises of sixty nine (69) level II hospitals, twenty five (25) level III hospitals, five (5) level IV hospitals, three (3) level V hospitals and one (1) level VI hospital. These are hospitals which stretches from a health centre/dispensary (Level I) to a Referral Hospital (Level VI).

According to KNBS 2019 the consumer price index the indicator of cost of living range between 4.14% to 6.58%, Mombasa and Nairobi are considered as the most expensive counties in Kenya. Nairobi City is ranked the 15<sup>th</sup> most expensive city in Africa based on the cost of living and the most expensive City to live in East Africa (Nakamura et al,2020).

According to KNBS 2020 averagelly 2.9% of Kenyans in formal employment earn more than Kshs. 100,000. Medical doctors earn more than Kshs. 150,000 at an entry level and upto Kshs. 700,000 including allowances for consultants, which is above average income compared to other professions in Kenya.

### **1.1.5 Moderating effect of economic conditions**

Interest rate and inflation rate is a fundamental economic condition that determine to a great extent the savings behaviour and investment of an individual. These conditions tend to be ignored by investors largely because of lack of proper understanding on the effect interest rate and inflation rate level on their investment or savings. This are in agreement with the results of Moore (2003), Miles (2004) which realized that borrowers of United Kingdom were not knowledgeable of interest rates and mortgages. Lusardi and Mitchell's (2007, 2011) drew attention to arrangement and financial know-how for the 2004 Health and Retirement Study (HRS) which leads to more evidence of lack of financial knowledge. They found that a good number especially older people were not able to calculate simple interest-rate , for instance calculating how the money invested at 4% interest rate would grow. They also didn't had knowledge on the computation of inflation and risk diversification.

Jayantilal (2017) study reveals despite employees being educated and working in the banking sector they did not had proper understanding connection between interest rate and bond price and advanced financial concept such as interest rate compounding instead, they only understood basic financial concepts such as calculation of simple interest rate.

This study used interest rates and inflation rates as moderating factors of the study that affect financial welling being of medical doctors employed under public hospitals in Nairobi City County, Kenya.

## **1.2 Statement of the Problem**

Financial wellbeing is very essential in both levels of personal and organizational. In Kenya Medical doctors are among the well-remunerated workers (Medical Doctors CBA 2017). However, according to Kenya Medical Association 2017 financial information it highlights that 70% of medical doctors employed under public hospitals in Nairobi County Kenya are financially struggling (KMA 2017). It also shows that 45% of medical doctors employed under public hospitals in Nairobi County Kenya are heavily in debt.

Various studies have been done in this area. In Ghana, Owusu (2015), assessed the extent of financial knowledge among teachers of Sekyere East district, Ghana. The study used demographic factors as a variable to study the effect the financial knowledge extent of the teachers of the Sekyere East District and found out that their financial literacy is inadequate and therefore adversely affects their financial investment decision. In Malaysia Nuradibah Mokhtar (2015), studied causes of financial wellness among public employees. After an examination of results, it was noticed that the societies that save among public workers were at the level which was still unsuitable and lacks achievement at the preference level. Also, it was discovered that quite a number of public workers had unsuccessful saving plans in their livelihood when they later discover themselves in bankruptcy and debts. They spend more than what they earn. These studies were carried out in different contexts and fields with different salary structures, employment practices and different attitude towards savings and investments.

In Kenya, Agunga (2016) concentrated on financial knowledge on financial readiness for retirement among permanent and pensionable employees of corporations owned by state in Nairobi Kenya. The study under independent variables used knowledge of financial instruments and calculation capability of retirement benefits where it was discovered that financial instruments knowledge was statistically immaterial suggesting that there was no significant connection between the financial instruments knowledge and financial readiness for retirement among workers in the state owned organisations in Nairobi, Kenya. Obago (2014) studied the impact of financial literateness on the personal finance management among commercial bank employees in Kenya. The study used demographic factors and level of education as independent variables and found that demographic factors impacted in a strong way personal financial management. Jayantilal (2017) investigated on financial literacy on the management of personal financial on workers of Bank of Baroda in Kenya. One of study findings were that financial knowledge have impact on the investment choices of individuals in the banking sector.

In the previous studies (Agunga 2016, Jayantilal 2017, Obago 2014, Owusu 2015, Mokhtar 2015) didn't look at financial disposition and financial saving behaviour as independent variables, inflation level and interest rate as indicators under economic conditions a moderating variable. This study used asset acquisition, savings and risk aversion as a measurement of financial wellbeing on personal financial management practices among medical doctors who are involved in participation of an important role in the health care system in Kenya.

### **1.3 Objectives of the Study**

#### **1.3.1 General Objective**

The general objective of this study was to analyze the effect of personal financial management practices and demographic characteristics on the financial wellbeing of Medical Doctors employed in public hospitals in Nairobi County, Kenya.

#### **1.3.2 Specific Objectives**

This study sought to:

- i. Evaluate the effect of financial knowledge on the financial wellbeing of medical doctors employed in public hospitals Nairobi City County, Kenya.
- ii. Analyse the effect of demographic factors on the financial wellbeing of medical doctors employed in public hospitals Nairobi City County, Kenya.
- iii. Evaluate the effect of financial disposition and budgeting habits on the financial wellbeing of medical doctors employed in public hospitals in Nairobi City County, Kenya.
- iv. Assess the effect of financial saving behaviour on the financial wellbeing of medical doctors employed in public hospitals in Nairobi City County, Kenya.
- v. Determine the moderating effect of economic condition on the correlation between personal financial management and financial wellbeing of medical doctors employed under public hospitals Nairobi City County, Kenya.

### **1.4 Hypotheses of the Study**

This study examined the hypothesis as follows:

**H<sub>01</sub>:** Knowledge of finance lacks significant effect on the financial wellbeing of medical doctors employed in public hospitals in Nairobi City County, Kenya.

**H<sub>02</sub>:** Demographic factors lacks a significant effect on the financial wellbeing of medical doctors employed in public hospitals in Nairobi City County, Kenya .

**H<sub>03</sub>:** Financial disposition and budgeting habits do not have a significant effect on the financial wellbeing of medical doctors employed in public hospitals in Nairobi City County, Kenya.

**H<sub>04</sub>:** Financial savings behaviour lacks a significant effect on the financial wellbeing of medical doctors employed in public hospitals in Nairobi City County, Kenya.

**H<sub>05</sub>:** Economic conditions do not moderate on the relationship between personal financial management and financial wellbeing of medical doctors employed in public hospitals in the County of Nairobi City, Kenya.

### **1.5 Significance of the Study**

The findings of this study may guide Kenya Medical Association to develop policies and personal financial management training to medical doctors on how to wisely invest and save their finance that will generate high returns. KMA can invest on behalf of a doctor because KMA has expertise in investment. They can also train medical doctors on the risk facing different investment decisions. The findings also will guide KMA on how they will reorganize their financial products in order to make them suitable for their members to invest in.

The findings of this study may open doors to medical doctors to get personal financial management training from financial consultants. Through KMA medical doctors can save money and let the association invest on their behalf at the highly profitable portfolio.

To academicians, this study has set a base on personal financial management in the medical field that future researchers can elaborate more on it since some gaps have not been covered by this study.

### **1.6 Scope of the Study**

The study targeted medical doctors employed in Nairobi City County public hospitals. The unit of observation was 259 medical doctors employed under Nairobi City County public hospitals. Nairobi City County is the densely populated city and therefore quality health care is the key to the citizens. Nairobi City County has medical doctors across all expertise from medical officers, specialists to consultants who practice at medical facilities from Level I health facility to Referral hospitals which happens to be located in Nairobi City County. This city is also the economic hub of the country, the workers under Nairobi City County are expected to be doing well financially. The study period focused between 2015 and 2019, within which there was significant salary increment for medical doctors and yet there are quite a number of industrial actions. The study was limited to personal financial management practices and financial wellbeing as the key constructs.

### **1.7 Limitations of the Study**

A number of constraints were experienced in this study. Information is the most significant element in research. With scanty information, the researcher can arrive at a conclusion that does not answer the research problem. Personal financial information is very sensitive information to be conveyed to the public and therefore there were probability that some respondents may give false information. The researcher assured the respondents that the data provided was only meant for academic purpose and

requisite documentation from Kenyatta Univeristy and NACOSTI were provided. Some of the medical doctors were reluctant to fill the questionnaire, to deal with this, the researcher assured the respondents that all information that they gave was handled with utmost confidentiality. The researcher obtained a letter from Kenyatta University graduate school that mandated the collection of data during the research period. Time constraint was also an expected occurrence. Medical doctors are among the busy workers. It was tedious for them to find time to fill the questionnaire. The researcher planned well and allowed enough time to allow the respondents to fill in the information comprehensively in a good time, research assistants were also used to collect the filled questionnaires. The lack of adequate financial resources was another limitation of this study. The researcher maximized resources within his disposal to ensure the study was completed as expected.

### **1.8 Organisation of the Study**

The study is made up of five chapters. Chapter One has contents of introduction to the study, statement of the problem, objectives, hypothesis of the study, the significance of the study, scope and limitations and the organization of the study. Chapter two contains the literature review, which reviews literature that contains both direct and indirect connection to the subject matter and what drove their position and observations with respect to the topic. The research methodology is summarized by the third chapter which concentrates on the research design, research philosophy, target population, study sample, data collection, and data analysis techniques. The fourth and fifth chapters cover the results, summary, conclusions, and recommendations.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter draws attention on the theoretical review, empirical review, and conceptual framework and research gaps. It provides an analytical view of various financial theories with respect to financial knowledge, financial disposition, financial saving behaviour, demographic factors, economic factors, and financial wellbeing. The empirical review focuses on various studies done by various researchers on financial knowledge, financial disposition, financial saving behaviour, demographic factors, economic factors, and financial wellbeing.

#### **2.2 Theoretical Review**

There are numerous saving motives and models that have been developed. A further review of the models has been done.

##### **2.2.1 Keynesian Absolute income hypothesis**

J.M. Keynes (1936) developed this theory. Scholars also refer to it as the Keynesian consumption function. While defining this concept, he indicated that people spare out of their present pay to smoothen the normal utilization after some time. The resultant of the preparatory reserve funds is acknowledged through its effect on current utilization, as people concede their present utilization to have the option to keep up the utility level of utilization, later on, pay drops. The model subsequently, just puts together utilization with respect to current pay and overlooks potential future salary. Higher prudent reserve funds level would consider the higher abundance of an individual or a development in total assets. Keynes' essential model of utilization was

that present utilization uses are resolved primarily by current disposable cash flow. In this way, he interfaces consumption(C) to income (y) levels. In this manner, as indicated by Keynes, the Keynesian utilization capacity is written in straight structure as  $CT = a + bY_t$ .

The coefficient b, called Marginal propensity to consume (MPC) by Keynes and which was characterized as  $\partial C/\partial Y$ , where, dC = Change in consumption and dY = Change in income. This theory suites this study since in personal financial management the component of savings is very critical to an individual's wellbeing. Savings also determines the progressiveness of a person financially. For the purpose of this study, doctors would be saving from the income they get through remuneration from the Nairobi County Government. This theory majorly supports financial saving behaviour as an independent variable and financial wellbeing as a dependent variable.

### **2.2.2 Prospect Theory**

Prospect theory concerns itself with decision-makers who have two choices. Decisions subject to the hazard are seen as a decision between elective activities, which are related to specific probabilities (prospects) or bets (Goldberg and Von 2001). Prospect theory adopts a descriptive approach to how choices are really made. There are two phases in the decision-making process. The main phase is called altering and comprises a starter investigation of the prospects offered which frequently yields a less complex portrayal of these prospects. In the second phase, the prospects are assessed and the one with the most astonishing worth is picked. Prospect theory focuses on unilateral decision making impacted by the financial experts' worth framework (Barberis, Huang, and Santos, 2001). The hypothesis depicts three viewpoints

affecting a person's basic leadership forms; lament repugnance, misfortune revolution and mental bookkeeping (Waweru, Munyoki and Uliana, 2008). They are more upset at the misfortunes likelihood than they are contented by identical additions (Barberis and Thaler, 2001). It leads individuals to esteem what they claim more than what they don't possess as they request more cash to surrender an article than they would be set up to compensation to gain it; the blessing impact. Mental bookkeeping alludes to the process by which personalities consider and evaluate their financial exchanges and compose their portfolio into isolated records (Barberis, Huang and Santos, 2001). Thaler (1999) proposes that, in their development of mental records, individuals participate in decadent altering that is choosing the arrangement of records that is most appealing to them (Zeelenberg and Beattie, 1997). In a financial basic leadership setting where subjects need to pick between two speculation alternatives, the desire for input on the result of the more hazardous choice can advance hazard looking for conduct.

This theory augurs well with this study since in managing personal finances; a doctor makes a personal decision to avert future risk when he has no income from employment in the Nairobi City County government. He/She will also be having a stock of finances to use with his/her family and will not be adversely affected by a lack of salary. Conventionally, making a decision towards prudently managing finances is the better lie decision to make towards one's financial well-being.

This theory majorly explains financial knowledge of financial products and insurance policies as an independent variable, this is because insurance policies are meant to avert possible risk exposure and investment in financial products is meant to increase future cashflows.

### **2.2.3 Lifecycle Saving Motive Theory**

Franco Modigliani and Richard Brumberg in the mid-1950s, built up the lifecycle saving thought process hypothesis dependent on the perception. Wang and Shultz (2010) demonstrated that individuals settle on utilization choices put together both with respect to assets accessible to them over their lifespan and on their present life arrange. Modigliani and Brumberg (1957) observed that resources are being developed by people at the underlying phases of their working lives. Aguila (2011) sets that on the retirement period, they consume load of benefits meant for them. Individuals who are working set so aside something to caution them during post-retirement lives and utilize it on a need basis at various phases of their lives. Modigliani attests that individuals spare to finance their retirement and deserve during retirement, (Mitchell, 2005). The model underscored how sparing could be utilized to move buying power starting with one period of life then onto the next (Lunceford, 2017). As indicated by the model, the more youthful savers there are with respect to old de-savers, the more prominent the countries sparing rate gets (Wang and Shultz, 2010). It expects that people, Annink, Gorgievski Dulk (2016) endeavour to spread their lifetime consumption in a uniform way over their lives by assembling enough sparing during their winning periods to keep up their utilization standard during retirement. An individual is accepted to have generally low salary toward the start and toward the part of the arrangement, so the end in the model about sparing is that it is reliant on age (Annink et al. 2016). Lifecycle Hypothesis accentuates putting something aside for retirement as a primary inspiration or conceded utilization. Youthful family units are relied upon to have negative sparing since they ordinarily have generally low profit and bring about the obligation for instruction, home buy, and different costs (Ando and

Modigliani, 1963). In the center time of the existence cycle, sparing is relied upon to be sure on the grounds that people pay their obligations and start to put something aside for retirement (Modigliani and Brumberg, 1954). Upon retirement, families are required to dissave (that is, burn through cash recently spared). In this manner, Lunceford (2017) expressed that the distinctions in utilization and sparing among families are accepted to be incompletely the outcome of age contrasts and the example of sparing and also dissaving that makes a modified U-molded.

This theory is relevant in this study acknowledging that savings grow with time. It is savings coupled with a little borrowing that enables individuals to acquire assets over time which will be beneficial to them when they retire (Topa & Herrador, 2016). That is the stock the doctors are meant to use when they are no longer under employment. Ando and Modigliani (1963) explained that this theory shows the progressiveness of families where the early employed staff are not necessarily able to save in the early life cycle in employment since they have to set their life cycle saving motive by starting to pay bills like rent, school fees among others (Topa & Herrador 2016). This theory also supports financial savings behaviour as an independent variable.

#### **2.2.4 The Relative Income Hypothesis**

The most punctual clarifications were given by the Duesenberry (1949). It states that a family unit's utilization hangs on its current extra cash, yet in addition to current pay with respect to past intensities and with respect to the salary of different families. As indicated by the model, anytime the inclination to spare by an individual can be viewed as a rising capacity of his percentile position in the pay circulation (Milton Friedman, 1957). A small amount of person's pay dedicated to utilization relies upon

the level of their pay in respect to the salaries of the neighbours (Duesenberry, 1949). Again the total reserve funds proportion is free of the total level of pay after some time however it might rely upon pay dissemination. Hence the division of salary among utilization and reserve funds relies upon the individual relative instead of total pay (Solomon, Russell-Bennett, and Previte, 2012).

The theory additionally expects that a person's utilization conduct will be impacted by his/her routine utilization. On the off chance that an individual has officially achieved a specific way of life and his/her genuine discretionary cashflow falls beneath his/her past pinnacle pay, he/she won't cut the present utilization yet rather will spend more from the extra cash to the degree of de-sparing (Solomon, et al, 2012), trying to recover his past utilization level (Duesenberry, 1949). Then again, if his/her pay raised higher than his/her pinnacle salary, the theory expect that he/she won't aim for a higher expectation for everyday life than the one effectively achieved in this manner raising the sparing part (Solomon, Russell-Bennett, and Previte, 2012).

In conclusion, from the above named models, saving is a function of various factors that includes; income , growth of economy, wealth, interest rate, income distribution, social and demographic factors. According to Browning and Lusardi (1996), there is heterogeneity in the thought processes or sparing and is far-fetched that a solitary clarification will get the job done for all individuals from a populace at some random time.

### **2.2.5 Savings and Investment Hypothesis**

As per Nyamute and Maina (2010), the term sparing is the disparity between pay and utilization. Improper investment funds conduct incorporates inefficient uses,

unpredictable reserve funds, investment funds not connected to objectives, pointless spending (Keela, 2010). Works of the past have recognized a heap of institutional develops that shape sparing in family units (Birkenmaier, Curley and Sherraden, 2013). These incorporate access, data, motivating forces, a ssistance, desires, limitations, and security.

A few researchers have anyway made inferences when they attempt to control contrasts in the fundamental sparing affinities of respondents who don't go to financial instruction classes (McCaery and Slemrod, 2006). That is, financial instruction builds reserve funds plan investment and results in more noteworthy portfolio broadening however the assessed extents are not especially enormous (McCaery and Slemrod, 2006). Another probability recognized by the creators is that instruction changes a family unit's learning of its arrangement of decisions. To put aside even limited quantities of cash, low salary families should be cautious spenders just as talented cash supervisors (Kloppinger-Tood and Sharma, 2010).

To have a settlement between sparing and speculation choices people require learning past essential financial ideas including connection among hazard and return; how securities, stocks, and shared assets (Nyamute and Maina, 2010).

The study of savings and investment hypothesis is relevant to this study because savings are a precursor to investment and in turn when one invests it improves their financial wellbeing. In this study, the researcher is focused on the Nairobi county doctors' wellbeing by being able to become good financial managers and improving their propensity to save and invest.

## **2.3 Empirical Review**

### **2.3.1 Financial Knowledge and Financial Wellbeing**

Volpe et al. (2006) did an investigation on an study of the personal finance effect on the level of information under control of working grown-ups. The main aim of the analysis were to differentiate significant subjects and testing capacity in personal finances and developing the current level of information controlled by workers.

Mokhtar et al. (2015) completed an examination on financial wellness among open representatives in Malaysia. The investigation expected to talk about the extent of open representative's financial wellness in Malaysia just as looking at the contributing factors of financial wellness. Their sparing societies were observed to be at an unsuitable extent where they are spending more than their earnings. The examination time frame isn't shown, the financial wellbeing calculated meaning is excessively tight, the systematic model is omitted, and the reaction rate is very low. The investigation is additionally uncertain with regard to the level of the financial wellbeing of open representatives. Once more, the addition of financial proficiency ideas can be done to look for its association with financial success. Muleke and Muriithi (2013) did an examination of financial training on representatives' financial wellbeing in the scholarly world at Chuka University in Kenya. The study meant to determine the impacts of financial wellness on representatives' financial success. The outcomes demonstrate that workers communicated their disappointment with different financial angles, showing that they did not have the attraction of their financial success. It additionally developed that, the magnitude of worker financial information fundamentally impacted their financial wellbeing.

The study uncovers that numerous open division labourers didn't develop powerful saving propensity in their lives and rather spend more than their income. Sabri and Juen (2014) directed an investigation because of financial proficiency, saving conduct, and retirement financial control certainty among ladies employed in the Malaysian open division. It is intriguing to discover the elements of positive financial status that each lady would appreciate.

### **2.3.2 Demographic Factors and Budgeting Financial Wellbeing**

Past research shows that individual attributes, for example, sexual orientation, instruction, and conjugal status are associated with financial wellness (Hira and Loibl 2007; Grable and Joo 2004; Malone et al. 2009). In any case, understudies of the two sexual orientations detailed that large amounts of financial strain adversely influenced apparent financial success. Doorman and Garman (1993) inferred that individual qualities, for example, conjugal status were fundamental indicators concerning financial success. Joo and Grable (2006) establish that American African understudies experienced more elevated amounts of financial worry than their White friends. In thinking about the consequences of past research, it appears to be certain that undergrads' sexual orientation, school rank, conjugal status, and race factors are significant determinants to incorporate into our examination. The most widely recognized proportion of financial position is pay (Xiao et al. 2009). Numerous investigations have inspected the connection amid pay and abstract wellness (Xiao et al. 2009; Hsieh 2004; Vera-Toscano et al. 2006). We utilize distinctive sources of salary to quantify the status of financial understudies on the grounds that most understudies' wages originate from differing sources including occupations, understudy credits, financial help among others. Barber and Rao (2005) established

that salary was importantly identified with the different measures of financial well-being, (for example, straining in paying bills, taking part in cash sparing measures, saw capacity to oversee cash and Mastercards) or youthful maturity. Diener-Biswas and Diener (2002) announced employees whose salary enables them to fulfill their wants to report more noteworthy wellness. Grable and Joo (2004) additionally showed that financial success is connected, both straightforwardly and in a roundabout way to pay. Grable and Joo (2006) found that undergrads' Mastercard obligation expands its financial stress. Be that as it may, Xiao et al. (2009) noted that understudies' obligation failed to apply an important impact concerning their financial fulfillment when progressive financial practices were done clear that undergrads' sexual orientation, school rank, conjugal status, and race factors are significant elements to incorporate into our investigation.

### **2.3.3 Financial Disposition and Financial Wellbeing**

Financial miens normally allude to one's mental attributes as for personal finance issues. Past examinations have built up connections amongst financial aspects and financial wellness through financial practices (Belk 1984, 1985; Adams and Bandura 1977; Rook and fisher 1995; Joo et al. 2003; Tokunaga 1993; Dawson and Richins 1992). In any case, this investigation would in general look at every association in seclusion. for instance, Belk (1984, p. 291) noticed, that at the most elevated amounts of realism assets expect a focal spot in a life of an individual and are accepted to give the best wellsprings of fulfillment and disappointment. Tatzel (2003) demonstrated that the best financial success is related to lesser financial endeavoring with a moderate cash manner, neither exorbitantly fitted nor free. However, being materialistic and fitted with cash are both related to inferior well-being. This sort of buyer may turn into

a custom person, who may feel poor, struggles with buys, and is an impulsive deal tracker. Being excessively free with cash and profoundly materialistic, in any case, is both hazard factors and well-being. Dittmar (2005) additionally presumed that realism negatively affects people's financial success.

Stone et al. (2008) brought up that financial literacy training may diminish realism, increment positive financial demeanors, and thus, make joy and mental wellbeing. Fundamental inclination shifters, for example, time direction and hazard resilience have been identified with well-being. An upgraded direction to the future could make it workable for building social and financial success (Page-Adams and Shobe 2001). Sahuand Rath's (2003) research uncovered a solid relationship amongst self-efficacy and financial success. Hazard resilience, as one component concerning financial mentalities, might be identified with financial success. For example, various hazard resistance stages can result to disparities of financial choices and outcomes. These discrepancies may result to various stages of financial success (Grable and Joo, 2004). Joo and Grable (2004) established that financial success is connected, straightforwardly and in a roundabout way with financial chance resilience.

#### **2.3.4 Financial Savings Behaviour and Financial Wellbeing**

In the United Kingdom, the social and monetary condition where individuals undertake financial choices has altered definitely, and this alteration is set to proceed with the regularly evolving and dynamic innovation (Mitchell, 2011). The pretense by governments and bosses in overseeing speculations for the benefit of people has contracted fundamentally in the ongoing past because social help structures changed over the world. This has lead to expansion of individual's duty in dealing with their

own funds and as well as authenticating their financial opportunity. In a purview where the assortment and the multidimensional nature of financial items keep on expanding, it is basic that people create nuanced comprehension of the universe of finance to have the option to settle on the most suitable decisions to their financial objectives and necessities. Then again, the financial domain has turned out to be so perplexing today when contrasted with the age before was straightforward information on how to keep up a checking and investment account at neighbourhood banks and financial organizations was all that could possibly be needed.

Financial issues coming about because of poor individual financial management is acknowledged to influence singular efficiency in the working environment. Garman et al (1996) established that United States workers were worried with regards to their deprived financial conduct that affected adversely on their activity profitability. Dark-coloured et al (1993) found that numerous workers were experiencing worry because of cash issues. They saw that cash issue practices included: over obligation, overspending, hasty utilization of credit, awful expenditure choices, meager cash control, and deficient assets to make a decent living. Because of these worker issues, numerous organizations in the United States receiving financial instruction at work spots planned for outfitting their representatives with individual financial controlling abilities (Brown *et al.*, 1993).

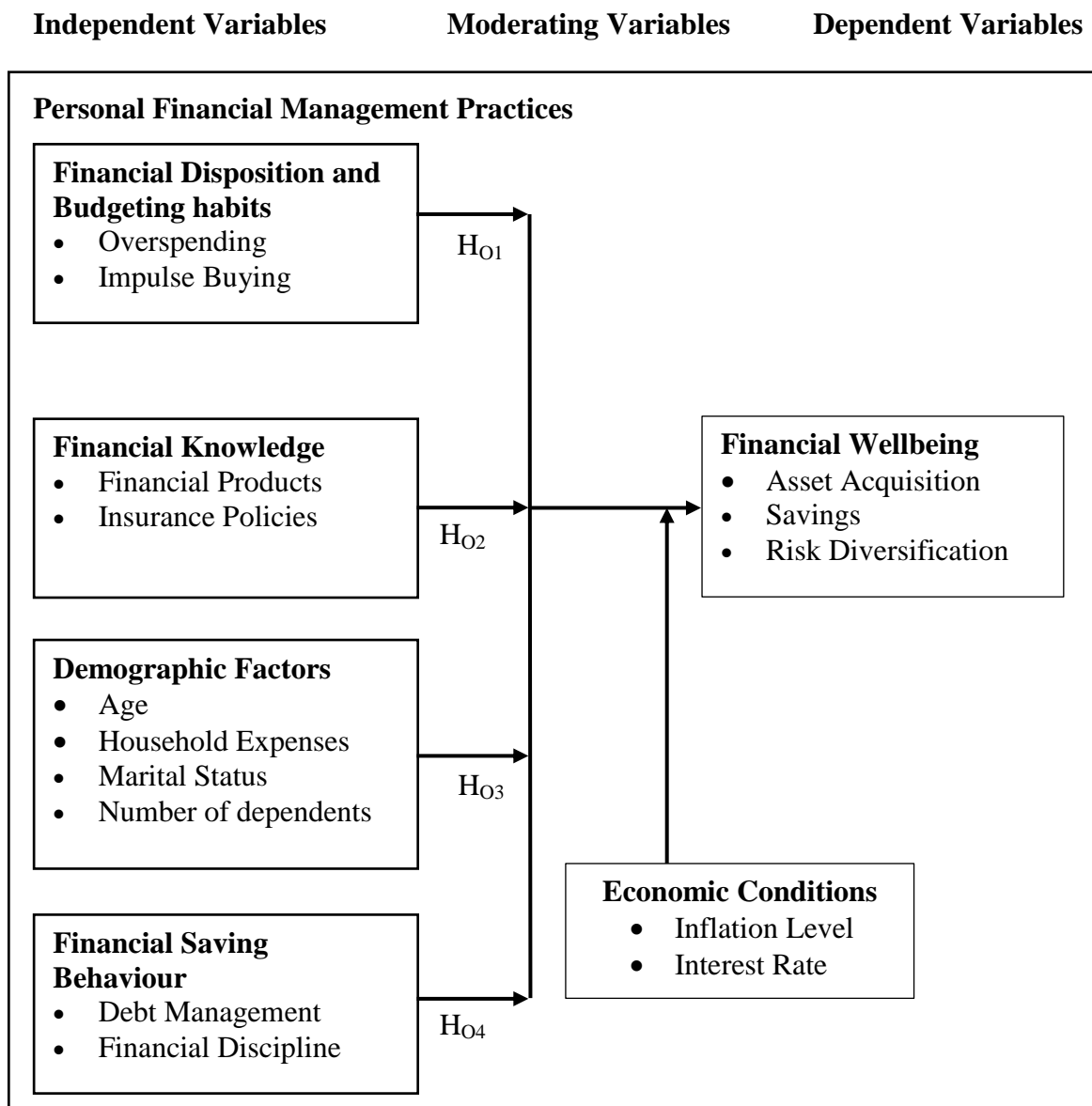
**Table 2.1: Summary of Research Gaps**

<b>Researcher</b>	<b>Research topic</b>	<b>Major findings</b>	<b>Research Gaps</b>
Maina John Kennedy (2010)	Consequences of financial knowledge on individual financial management skills: This was a case study of employees in finance and banking firms.	Absence of financial education made investors to take mortgage loans, which in the long run were quite expensive.	The study focused on employees of finance and banking institutions. The study also focused on financial literacy only and did not relate to the financial wellbeing of the population. The study did not have a regression model and did not consider moderation variable effects.
Nuradibah Mokhtar (2015)	Financial Wellness among Public workers in Malaysia: A Preliminary Study.	Saving behaviour among employees in public was noted that it was still inadequate and therefore making it not to achieve the preferred level. In addition, he found that a good number of public workers did not foster effective savings behaviour concerning their lives when they find themselves in bankruptcy and debts.	The study was done in Malaysia and concentrated on the general public sector with different salary structures and saving and investment culture. The study did not have a regression model to consider the cause and effect and did not the moderating effect of the economic conditions.
Owusu, E. N. (2015).	Establishing the extent of money related proficiency among teachers of Sekyere East district in Ghana.	Financial literacy was inadequate in the population under study and therefore adversely affect their financial investment decision	The study used demographic factors as variable to examine the effect of the financial knowledge level of the teachers teaching at the Sekyere East District in Ghana. This study was done in Kenya using a number of variables including personal knowledge, demographic factors, financial disposition and budgeting habits, and financial savings behaviour to assess how they relate with the financial

			wellbeing of the population under study.
Rom, Raphael, (2014)	The Consequence of Unsecured Lending on the financial Wellbeing of Customers	The discoveries of the examination demonstrated that the individuals who utilize unbound loaning as a method for getting to finance have a superior abstract perspective on their financial wellbeing than the individuals who don't utilize unbound loaning.	The study was conducted in South Africa but was focusing on unsecured loans and the financial wellbeing of consumers in South Africa. This study focused on specific personal financial management and the financial wellbeing of medical doctors employed by Nairobi City County in Kenya.
Mahmoud, Shahnaz, Marzieh & Mohammad (2013)	Financial policies and examining the association between financial knowledge, financial wellness, and financial anxiety in the professors of Yazd Islamic Azad University	Higher financial success leads to a lesser amount of financial fear.	The study focused on the distress caused by the lack of financial wellbeing of university professors in a university in Iran. This study focussed on doctors of the Nairobi City County and on issues to do with management of personal finance as a precursor to the personal financial wellbeing of the doctors
Cox, Hooker, Markwick, Reilly(2009)	Financial Well-being in the Workplace	It seems to be reasonable relations between meager financial wellness, mental health and stress difficulties, even if the causal affiliations among these factors may seem to be common.	The study concentrated on financial wellbeing and how it concerns employees in the workplace and their performance. It was conducted in the United Kingdom. This study focussed on personal financial management specifically for medical doctors in the Nairobi city government. This research was done in selected Nairobi City County hospitals in Nairobi, Kenya

## 2.4 Conceptual Framework

Figure 2.1 seeks to scrutinize and explain the effects of personal financial management on financial wellbeing. The major indicators compost of financial knowledge, demographic factors, financial disposition and budgeting habits, and financial savings behavior.



**Figure 2.1: Conceptual Framework**

*(Source: Researcher 2019)*

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

The following sections are covered in this chapter; the research design, target population, study location, sampling design, data collection instruments, reliability and validity, data analysis and ethical considerations.

#### **3.2 Research Philosophy**

This refers to the belief of how data of the study should be obtained from their sources, analysed and its usage.

Positivism and interpretivism are the major types of research philosophy. Positivism is the believe that there is stability in reality and its viewpoint can be objectively observed and described (S. L. and Thornhill, 2009). Interpretivists belief that a reality can be entirely understood only through a subjective interpretation and involvement of a given phenomena.

This study adopted positivism philosophy brought about by the hypothesis of the study embedded in the known theories which were tested to identify the reality of its predictability.

Further, the study obtained data objectively with no influence of the researcher on the data collected, which is a key consideration of the positivism philosophy.

#### **3.3 Research Design**

This study embraced a descriptive research design which is considered by Mugenda and Mugenda (2003) as an organized research design, experimental examining where the researcher does not control directly the independent variables as their expression

has happened and because the fundamentally cannot be influenced. Research design assists in ensuring that the study suites the problem and its procedures of obtaining information are economical. Descriptive research design is apprehensive with investigating the how, who, when and where of an occurrence for it to ensure profile building (Mugenda and Mugenda, 2003).

### 3.4 Empirical Model

The first empirical model, financial knowledge, demographic factors, financial disposition and budgeting habits, financial saving behaviour was regressed on financial wellbeing as below:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon \dots\dots\dots 3.1$$

Where **Y** represents the dependent variable (financial wellbeing of medical doctors employed in public hospitals in the County of Nairobi City, Kenya),

$\beta_0$  is the constant regression coefficient,

$\beta_1, \beta_2, \beta_3$  and  $\beta_4$  are the slope of the regression equation of each independent variable.

$X_1$  = Financial knowledge

$X_2$  = Demographic factors

$X_3$  = Financial disposition and budgeting habits

$X_4$  = Financial saving behaviour

$\varepsilon$  = an error term.

The second empirical model seeked to examine how the moderating variable (economic conditions) and financial wellbeing (as an independent variable) are related.

$$\text{Financial Wellbeing} = \beta_{20} + \beta_{21} \text{ Personal Financial Management} + \varepsilon \dots\dots\dots 3.2$$

$$\text{Financial Wellbeing} = \beta_{30} + \beta_{31} \text{ Personal Financial Management} + \beta_{32} \text{ Economic Factors} + \beta_{33} \text{ Personal Financial Management} * \text{Economic Factors} + \varepsilon \dots\dots\dots 3.3$$

Where;  $\beta_i$  = Beta Coefficient, and,

E = Error

Term.

**Table 3.1: Decision Criteria for Moderation.**

Model 3.2	Model 3.3	Total Effect	Conclusion
$\beta_{31}; (p > 0.05)$	-	-	Means no overall effect to moderate.
$\beta_{31}; (p \leq 0.05)$	$\beta_{32}; (p > 0.05)$	-	Means moderating variable is explanatory variable.
$\beta_{31}; (p \leq 0.05)$	$\beta_{32}; (p \leq 0.05)$	$\beta_{33}$	Means moderating variable has a moderating effect.

*Source: Whisman and McClelland (2005)*

In a situation where moderation is shown, the coefficient ( $\beta_{33}$ ) of the interaction term (Personal Financial Management \* Economic Conditions) in model 3.3 would result in the direction and strength of the moderating variable.

**Table 3.2: Operational Definition of Variables**

Variables	Indicators	Measures	Scale
<b>Independent variable</b> Financial knowledge	Financial products	Amortised cost Fair value	Interval
	Insurance policies	Aftermath benefits and claims	Interval
Demographic factors	Age	Year of birth	Interval
	Household expenses	Proportion of Income spend on Household expenses.	Interval
	Marital status	Married Divorced , Single[	Nominal
	Number of dependants	Average amount spent on each member of the family	Interval

Financial disposition and budgeting habits	Overspending	Amount spent outside the budget	Interval
	Impulse buying	Purchase of items outside the budget	Interval
Financial savings behaviour	Debt management	Ability to service debt in time	Interval
	Financial discipline	Spending within the budget	Interval
<b>Dependent variables</b> Financial wellbeing	Asset acquisition	Number of assets owned in numbers and amount by individual	Interval
	Savings	Funds in different depository and investment institutions	Interval
	Risk diversification	Investments portfolios	Interval
<b>Moderating variables</b> Economic conditions	Inflation level	Consumer price index	Interval
	Interest rate	Money supply Risk of investment The bond market Government policy	Interval
<b>Variables</b>	<b>Indicators</b>	<b>Measures</b>	<b>Scale</b>
<b>Independent variable</b> Financial knowledge	Financial products	Amortised cost Fair value	Interval
	Insurance policies	Aftermath benefits and claims	Interval
Demographic factors	Age	Year of birth	Interval
	Household expenses	Proportion of Income spend on Household expenses.	Interval
	Marital status	Married Divorced , Single[	Nominal
	Number of dependants	Average amount spent on each member of the family	Interval
Financial disposition and budgeting habits	Overspending	Amount spent outside the budget	Interval
	Impulse buying	Purchase of items outside the budget	Interval
Financial savings behaviour	Debt management	Ability to service debt in time	Interval
	Financial discipline	Spending within the budget	Interval
<b>Dependent variables</b> Financial wellbeing	Asset acquisition	Number of assets owned in numbers and amount by individual	Interval
	Savings	Funds in different depository and investment institutions	Interval
	Risk diversification	Investments portfolios	Interval
<b>Moderating</b>	Inflation level	Consumer price index	Interval

<b>variables</b> Economic conditions	Interest rate	Money supply Risk of investment The bond market Government policy	Interval
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### 3.5 Target Population

A population is a precise group of people, elements, events, groups of things, and occurrences, the congregation of things or family entities that are under exploration. This study targeted the doctors employed in Nairobi City County public hospitals. In relation to the KMPDU, there were 259 doctors spread out in 98 public hospital facilities managed by Nairobi City County government in 2020.

This study focussed on 259 doctors employed in Nairobi City County as a unit of observation.

### 3.6 Sampling Design

Yamane formula for determining the sample size was given by  $n = \frac{N}{Ne^2}$

Where; .....n - Sample size,

N - Population size, and

e - Error margin

e = 0.05 which is based on the research situation.

Therefore a sample of 147 respondents was used in this study.

**Table 3.3: Sample Size**

<b>Facility Level</b>	<b>Number of medical facilities</b>	<b>Number of Doctors</b>	<b>Rate</b>	<b>Sample size</b>
Level 2	69	76	0.29	43
Level 3	25	41	0.16	23
Level 4	3	97	0.37	55
Level 5	1	45	0.17	26
<b>Total</b>	<b>98</b>	<b>259</b>	<b>2.22</b>	<b>147</b>

*Source: Researcher, 2019*

### **3.7 Data Collection Instrument**

Collection of primary information was done using both open and closed questionnaires to gather information from a sample of 147 doctors across Nairobi City County of which 112 questionnaires were returned dully filled.

### **3.8 Validity and Reliability of the Study**

#### **3.8.1 Validity**

Validity is the level of the quantity of data collected from exactly the tool of collection and conclusively deals with the notional idea and clearly explains how the information addresses the components. In a situation where the setup of validity has been done, any conclusion arrived at utilizing such data is precise and significant (Mugenda and Mugenda, 2003). The validity of this analysis increases by the use of various sources of confirmation (Yin, 2003).

Content and face validity involves experts examining at various items in the questionnaire and being in agreement that the tests is correct measure of the concept being measured in the study. The two forms of validity were tested by issuing questionnaires to ten lecturers of accounting and finance department who are deemed to be experts in personal finance issues.

### **3.8.2 Reliability**

Connection of Cronbach's Alpha was done to quantify the co-effectiveness of interior uniformity and in this manner reliability of the instrument. Cronbach's Alpha which is above the value of 0.9 was considered excellent, however alpha between the value 0.80 and 0.90 was believed to be good, alpha between the value of 0.70 and 0.80 was acceptable, alpha between the value of 0.60 and 0.70 was considered questionable, alpha between the value of 0.50 and 0.60 was termed poor and finally alpha less than the value of 0.50 was measured as unacceptable (George & Mallery, 2003). The validity of the instrument was tested using construct validity technique.

### **3.9 Data Collection Procedure**

Distribution of questionnaires was administered to the respondents by applying the technique of dropping and picking, this is brought about by the nature, work method of the medical doctors and their tight plan. The completely finished questionnaires were gathered and verification made as fundamental. The respondent classification was ensured through an affirmation letter accompanying each questionnaire.

#### **3.9.1 Diagnostic Tests**

##### **Multicollinearity**

Variance Inflation Factor (VIF) is used to measure multicollinearity. A variance inflation factor was calculated for each independent variable by using the formula as below (Robert, 2017):

$$VIF_k = 1 / (1 - R_k^2)$$

Where  $VIF_k$  is the variance inflation factor for variable  $k$ , while  $R^2_k$  is the multiple determination coefficient for variable  $k$ .

Variance inflation factor of multicollinearity was interpreted as follows:

$VIF_k$  equal to 1, variable  $k$  is not correlated with any other independent variable.

$VIF_k$  is 1 and 5, there is a moderate correlation.

$VIF_k$  more than 5, denoted critical levels of multicollinearity where the estimation of coefficients are poor, and the p-values are questionable.

### **Heteroskedasticity**

Heteroskedasticity was tested using Goldfeld Quandt test (Zeng, 2016).

Where F statistic was calculated as: 
$$F = \frac{RSS_2 / df_2}{RSS_1 / df_1}$$

Compare this F calculated with the F critical value from the F tables  $F_{df_2, df_1}$  at a particular level of significance, 1%, 5% or 10%. If calculated F is bigger than F critical then null hypothesis is rejected.

### **3.10 Data Analysis and Presentation**

After information gathering, a careful check on the questionnaire was properly done before coding and utilizing SPSS version 25. After gathering the primary data through the questionnaire it was analysed using SPSS version 25 to get the prevailing relationships. The connections educated the analyst on the presence or non-presence of any connection between personal financial management and the financial wellbeing of medical doctors employed in public hospitals in Nairobi County, Kenya. Quantitative statistics was analysed using means, standard deviations, and frequencies.

### **3.11 Ethical Considerations**

The respondents were assured by the researcher that the data collected is protected and handled with extreme secrecy. The exploration poll has a substitute for presenting or not establishing the respondent identity. The investigator expounded the point of finishing the assessment before starting the method of data gathering and thus the enthusiasm for the examination was by conscious and instructed accord. High level of confidentiality was applied when handling respondents. The analyst advised the respondents that no payment would be collected from participating in the investigation and more so the consequences of the examination would be an endless supply of the investigation.

## **CHAPTER FOUR**

### **RESEARCH FINDINGS AND DISCUSSIONS.**

#### **4.1 Introduction**

In the previous chapter it outlined the methodology used in this study. This study outlines the data analysis, empirical results, interpretation of the findings and discussion of the results. This chapter begins with the response rate followed by each variable's descriptive and frequencies, and the findings with respect to the relationship between personal financial management practices and financial wellbeing.

#### **4.2 Response rate**

Of the 147 questionnaires sent out, 112 questionnaires were returned duly filled, translating to a response rate of 76.2%. According to Mugenda and Mugenda, having a response rate of 50% is sufficient for data analysis. Fincham (2008) recommends a response rate of at least 60% while Morton et al., (2012) recommended a response rate of at least 70% to get sufficiently powered data that can answer research questions in most study designs satisfactorily. The response rate exceeded the recommended level by all three authors, which improves the validity of the data and reliability of results.

##### **4.2.1 Cronbach alpha statistics**

The Cronbach alpha statistic measures the internal consistency and reliability of a set of research items. In research Cronbach alpha indicates the average inter-correlation coefficient of items as a function of the number of test items and plays many important roles in research. It tells whether a tool can elicit the same response from a participant/survey respondent if administered repeatedly. As such, it is a reflection of the study tool and the dependability of the results it generates from a target population

(Taber, 2018). A Cronbalch alpha  $<0.67$  is poor in the reliability scale. For descriptive studies, a higher alpha is an indicator of internal consistency and reliability of collated data from several study items (Mohamad et al., 2015). Tavakol & Dennick (2011) and Bujang et al. (2018) recommend a Cronbalch alpha of 0.70-0.95 to be indicative of an acceptable value of internal reliability in short research studies.

**Table 4.1: Cronbalch alpha statistics**

	N	Items	Cronbalch alpha	Comment
Knowledge of financial products	112	11	0.915	Excellent
Demographic factors	112	7	0.778	Acceptable
Financial disposition and budgetary habits	112	6	0.764	Acceptable
Financial saving behavior	112	5	0.707	Acceptable
Economic condition	112	6	0.804	Good
Financial wellness	112	8	0.903	Excellent

(Source: Research Data, 2020)

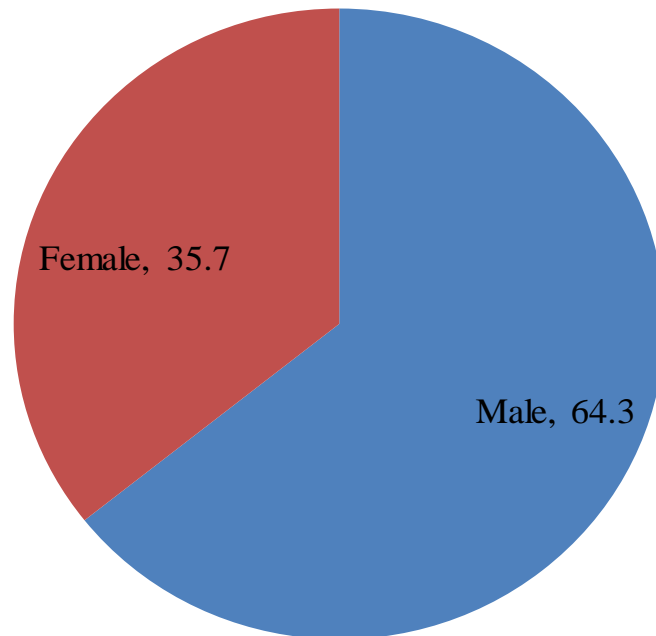
Cronbalch alpha for the composite scores for knowledge of financial products was 0.915, demographic factors 0.778, financial disposition and budgetary habits 0.764, financial saving behavior 0.707, economic condition 0.804), and financial wellness 0.903 (Table 4.1). The variables demonstrated an acceptable value of Cronbalch alpha ( $>0.7$ ) for all five domains.

### 4.3 Demographic characteristics

#### 4.3.1 Gender

The reports of gender differences in financial well-being have not been consistent in different populations. In the developed world, females have a lower financial knowledge than men, but are more prone to doing well financially due to their saving behaviour (Falahati & Paim, 2011). In Africa, however, male investors seem to have a higher level of financial well-being (Koekemoer, 2019), making the variable an

important subject for analysis. In the study, males were more than females at 64.3% and 35.7%. This shows that male doctors in Nairobi City County outnumber female doctors by a ratio of about 1:2.



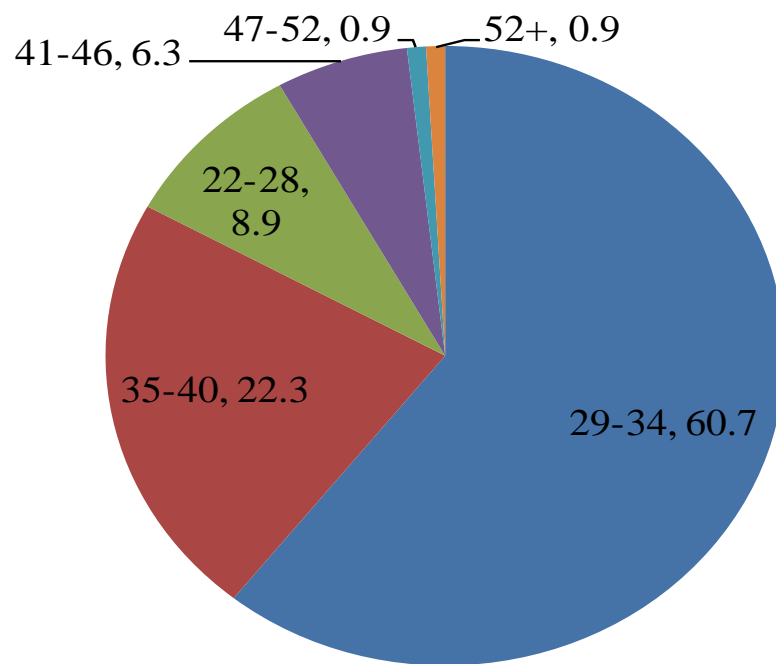
**Figure 4.1: Gender profile of participants**

(Source: Research Data, 2020)

#### **4.3.2 Age**

In literature, age is considered a statistically significant contributor to financial well-being with young adults found to be most at risk of having poor financial wellbeing. This is because older adults are thought to be more mature and therefore have better control of their financial situation. Better control of finances leads to reduced financial risk, which guarantees a better standard of living upon retirement (Zurlo, 2009). Older adults are also more likely to contribute to retirement plans such as pensions, which lead to higher financial well-being scores and therefore a better quality of life (Hsieh, 2003). Therefore, while evaluating financial wellbeing, age is a critical attribute to take

into consideration and is contributes significantly to financial wellbeing in different populations. In the study, a majority (60.7%) were 29-34 years. 35-40 year olds were 22.3% of the study population, while 22-28 year olds were 8.9%. 52+ year olds were the least at 0.9% (Figure 4.2). This shows most Nairobi City County doctors are young (<40), constituting over 82.8% of the population.



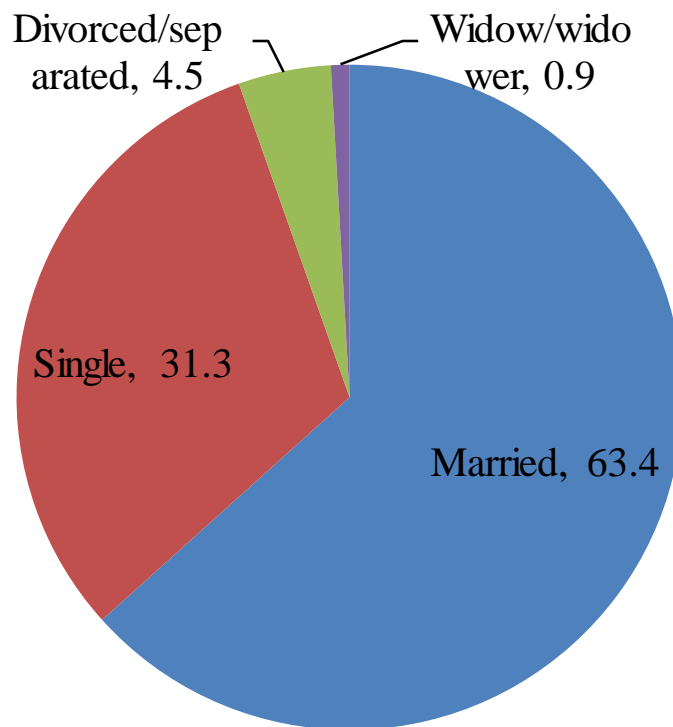
**Figure 4.2: Age profile of participants**

(Source: Research Data, 2020)

### 4.3.3 Marital status

Marriage is a critical milestone in the lives of millions of people, which has been shown to influence financial stability. From literature, there is consensus that married individuals are more likely to be employed and make more money than their single counterparts because of their drive to succeed. While studying the association between pay, finance, and marital status in the USA, Gorman (2000) demonstrated that married women and men compared to their single counterparts viewed pay as more important –

a thought that was consistent by gender. In another USA study, Wilmarth (2012) found income to be a consistent correlate of financial wellness, with married individuals compared to their single counterparts found to be more likely to be financial secure due to higher income. From the findings, slightly more than 60% of doctors were married: 31.3% and 4.5% were single and divorced or separated, while widows/widowers were the least at 0.9% (Figure 4.3). This showed that most doctors in Nairobi were married and likely to be financially stable.



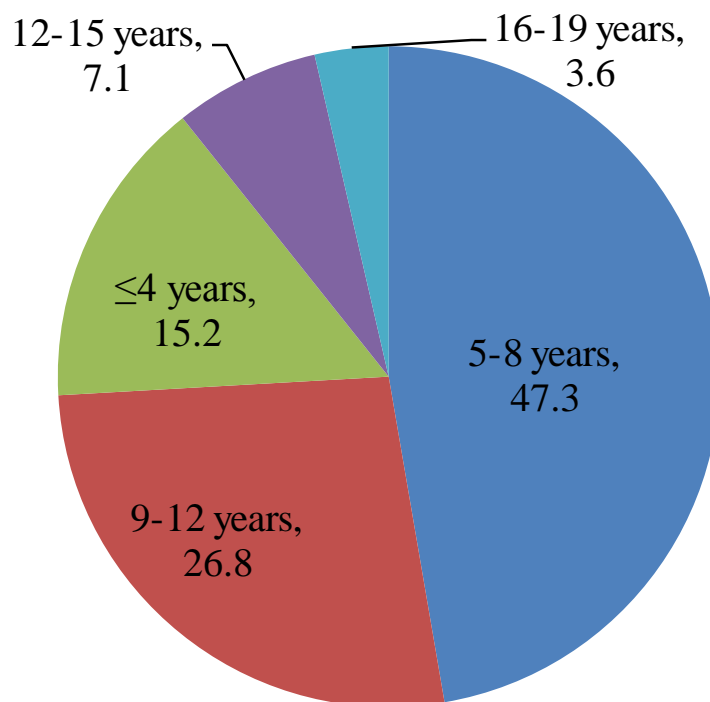
**Figure 4.3: Marital profile of participants**

(Source: Research Data, 2020)

#### 4.3.4 Experience

Financial wellness is driven by diverse attributes, key among them being the experience of employee. According to Drever et al. (2015), experienced individuals are more likely to have finance knowledge compared to inexperienced individuals,

while is a strong predictor for financial wellness (Gerrans et al., 2014; Lee et al., 2020). Moreover, because of the critical thinking skills that they have developed and sharpened over the years, experienced workers are more prone to make good financial decisions, which guarantee financial independence long after retirement. Among the doctors studied, a majority (47.3%) had practiced for 5-8 years: 26.8% had practiced for 9-12 years, while and 15.2% had practiced for less than 4 years. The minority (3.6%) had practiced for 16-19 years (Figure 4.4). This means that while a minority of Kenyan doctors are likely to spend over a decade in public practice, a majority spend 5-12 years and therefore are experienced and more likely to make good financial decisions.

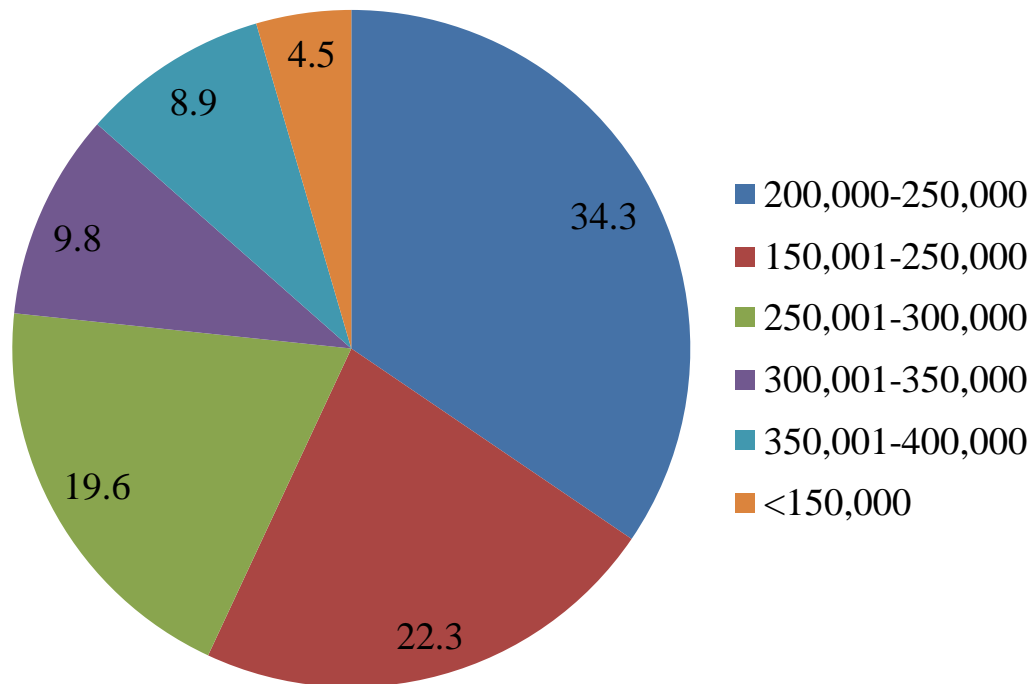


**Figure 4.4: Experience of participants**

(Source: Research Data, 2020)

#### **4.3.5 Gross income**

A positive statistically significant association between gross income and financial wellness has been demonstrated many times. While investigating the relationship between financial instability, financial wellbeing, and financial literacy, Addin et al. (2013) shown that workers with high gross income are more likely to have a higher financial wellbeing compared to their low earning counterparts due to less financial instability. They also have a higher purchasing power and are therefore more likely to make high return investments such as purchasing real estate. Financial wellness is even higher among high earners with few dependent, as they have few mouths to feed and significantly lower household expenditure, overall (Adam et al., 2017). Most of the doctors surveyed had a gross income of between 150,000 and 400,000 Kenyan shillings: 34.3% were earning between 200,000-250,000 Kenyan shillings, while 22.3% earned 150,000- 200,000 Kenyan shillings every month. Only 4.5% earned less than 150,000 Kenyan shilling (Figure 4.5). From these findings, almost all Kenyan doctors in Nairobi County have a high gross monthly income of at least 150,000 Kenyan shillings.



**Figure 4.5: Gross income of participants**

(Source: Research Data, 2020)

**Table 4.2: Gross income by gender**

	Gender		Chi square	P
	Female	Male		
<150,000	1 (2.5)	4 (5.6)	4.743	0.448
150,001-200,000	9 (22.5)	16 (22.2)		
200,001-250,000	14 (35.0)	25 (34.7)		
250,001-300,000	5 (12.5)	17 (23.6)		
300,001-350,000	6 (15.0)	5 (6.9)		
350,001-400,000	5 (12.5)	5 (6.9)		

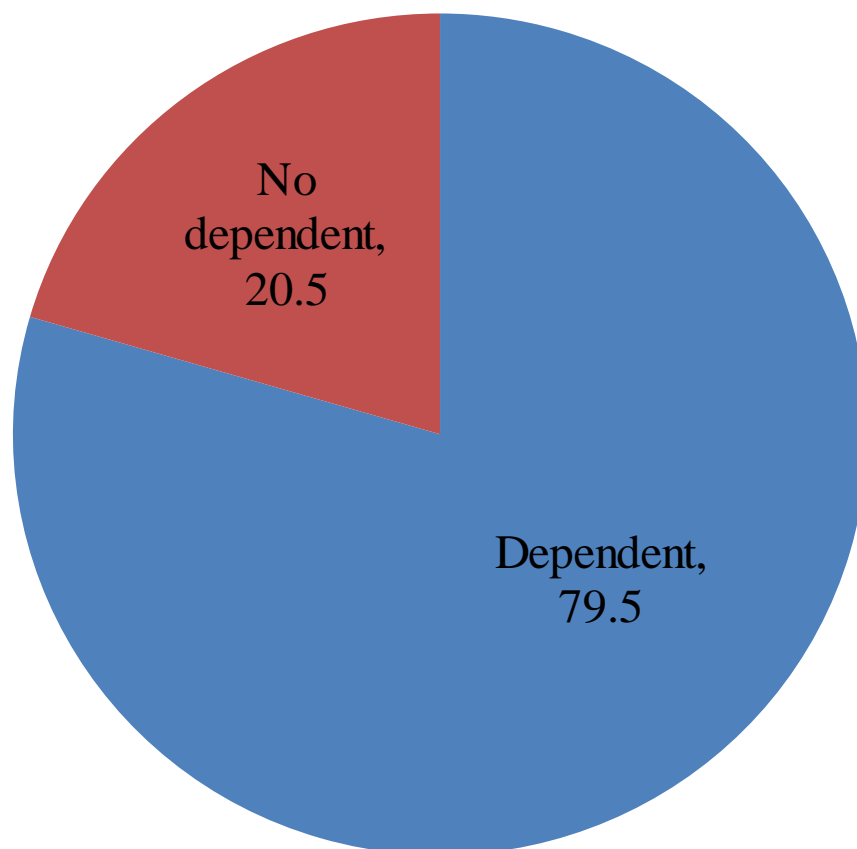
(Source: Research Data, 2020)

The gross income of doctors did not vary statistically significantly by the gender of doctors,  $X^2=4.743$ ,  $P=0.448$ . While 5.6% and 8.1% more women than men were more likely to earn 350,001 – 400,000 Kenyan shillings and 300,001-350,000 Kenyan shilling respectively, the different was not statistically significant. More male than female doctors were more likely to earn <150,000 Kenyan shilling but not statistically significantly, while gross income varied significantly by experience, with doctors with

a work 12+ years of experience being more likely to earn 350,001 and 400,000 Kenyan shillings gross income,  $X^2=88.506$ ,  $P<0.001$ .

#### 4.3.6 Dependents

The number of dependents has been reported to affect negatively the financial wellness of workers. According to Adam et al. (2017), individuals with many dependents have a higher financial pressure and are therefore less likely to save or invest in financial products such as bonds or real estate. Overall, the risk of poor financial wellness increases with an increasing number of dependents. From the data, most doctors (79.5%) had dependents (Figure 4.6).



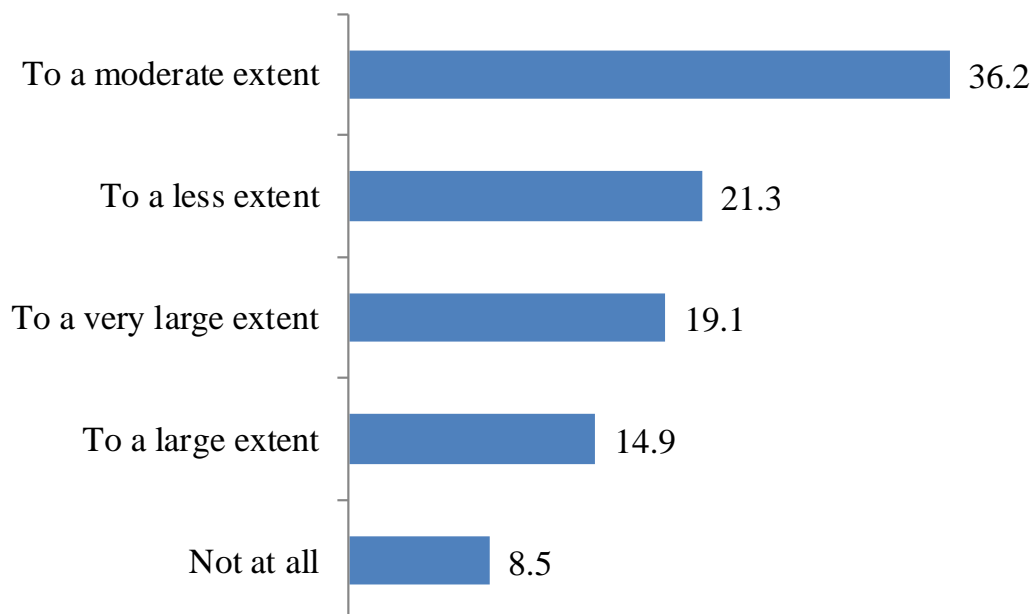
**Figure 4.6: Dependence of participants**

(Source: Research Data, 2020)

Among doctors with dependents, the mean number of dependents was  $5 \pm 3$ , range 0-10.

#### 4.3.7 Workshop on financial management

Workshop attendance on financial management has a positive association with budgeting, spending, and investment, attributes that can in turn influence financial wellness. According to de Grip & Pleijers (2019), workshop attendance can broaden the knowledge of people on different subject matters. Moreover, in mid-career years, workshop attendance boosts competitive advantage, as it sharpens critical thinking and improves decision-making. Only 47 (42%) doctors had attended a workshop on financial management, 36.2% of whom reporting that the seminar was beneficial only to some extent. About 21.3%, 19.1%, and 14.9% thought the seminars were beneficial to a less extent, a very large extent, and a large extent respectively, while 8.5% thought the seminars were not beneficial (Figure 4.7).

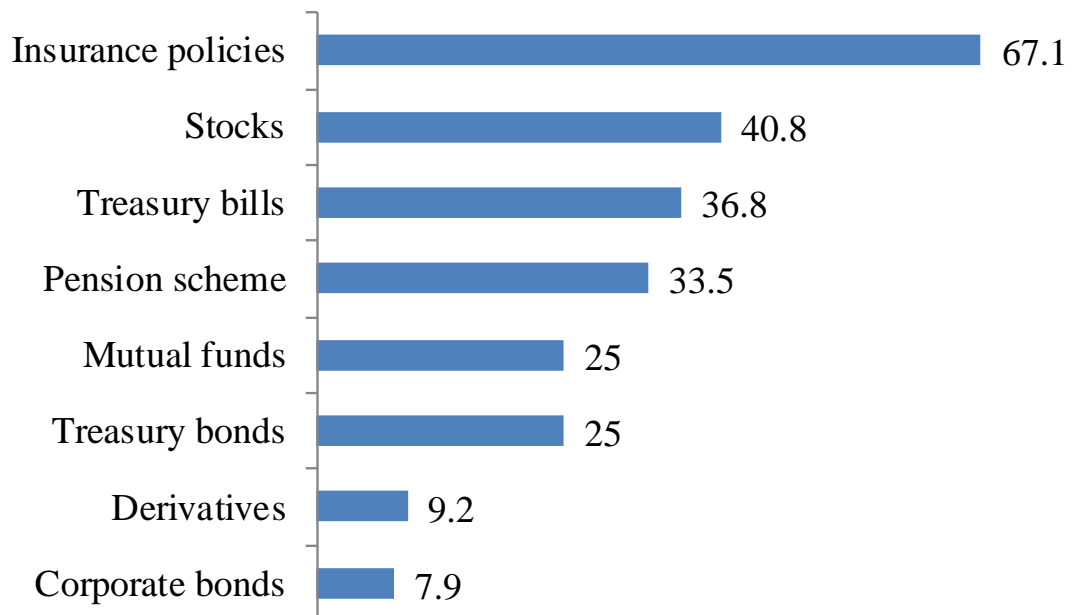


**Figure 4.7: Workshop on financial management**

(Source: Research Data, 2020)

### 4.3.8 Awareness of existing financial products

Financial knowledge influences financial decision making and thus financial wellness (Riitsalu & Murakas, 2019). People who are more knowledgeable on financial products are more likely to invest in financial product, guaranteeing financial wellness in the end. From the data, 76/112 doctors (67.9%) were aware of financial products, with insurance policies being the most known by a majority (67.1%) followed by stocks (40.8%), treasury bills (36.8%), and pension schemes (35.5%). Only 9.2% and 7.9% knew about derivatives and corporate bonds respectively (Figure 4.8).



**Figure 4.8: Awareness of existing financial products**

(Source: Research Data, 2020)

### 4.3.9 Savings plan

Having a savings plan can help people to cover unforeseen expenses with little pressure. It also offers financial independence, guaranteeing financial independence in

retirement (Doda, 2015). Therefore, it is important for all workers to have a financial plan with a robust saving strategy to overcome financial uncertainties and bring quantitative growth to their lives.

**Table 4.3: Savings plan**

		N (112)	%
Have a savings plan	Yes	90	80.4
	No	22	19.6
Type	Long term	72	82.8
	Short term	15	17.2
	Unknown	3	
Monthly amount	Below 20,000	27	30.0
	20,001-40,000	23	25.6
	40,001-60,000	12	13.3
	60,001=80,000	16	17.8
	80,001-100,000	10	11.1
	100,001-120,000	2	2.2

Ninety (80.4%) had a savings plan, mainly long term (82.8%), valued below Kenyan shillings 20,000 (30.0%). Only 2.2% has a saving plan valued at 100,001 to 120,000. Only 11.1% and 2.1% had a saving plan of 80,001 and 100,000 Kenyan shillings respectively (Table 4.3).

#### **4.3.10 Knowledge of financial products**

People who are knowledgeable on different subject matters are more likely to make informed decision. Knowledge of financial products is strongly associated with financial well-being. Knowledgeable people are more likely to be financially stable (Riitsalu & Murakas, 2019).

**Table 4.4: Knowledge of financial management by of doctors employed in public hospitals in Nairobi Kenya**

	N (112)	%
Invested in financial products	88	78.6
Fixed deposits	53	60.2
Ordinary shares	43	48.9
Unit trust	15	17.0
Bond listed company	12	13.6
Personal pension plan	39	44.3
Offshore/foreign product	8	9.1
Insurance policies	50	56.8
Exchange trade fund	6	6.8
Government treasury bonds	21	23.9
Government treasury bills	18	20.5
Government infrastructure bonds	5	5.7
Sufficient info on financial products	17	18.2

(Source: Research Data, 2020)

Of the 112, 88 (78.6%) had invested in financial products. Of the 88, 60.2% had fixed deposit accounts, while 56.8%, 48.9%, and 44.3% had insurance policies, ordinary shares, and personal pension plans. Only 23.9%, 20.5%, 17.0%, and 5.7% owned government treasury bonds, government treasury bills, unit trusts, and government infrastructure bonds, with 81.5% agreeing that information on financial products was insufficient (*Table 4.4*).

#### **4.3.11 Financial Disposition and Budgetary Habits**

Close to three quarters budgeted for groceries (77.6%), transport and fuel (73.3%), clothing (69.8%) and food (57.9%). Only 48.6% budgeted for financial products (*Table 4.5*).

**Table 4.5: Financial disposition and budgetary habits of doctors employed in public hospitals**

	N (112)	%
Financial products	52	48.6
Groceries	83	77.6
Transport/fuel	77	73.3
Clothing	74	69.8
Unexpected financial requirements	62	57.9

(Source: Research Data, 2020)

#### 4.3.12 Financial Saving behaviour

**Table 4.6: Financial saving and investment behavior of doctors**

	N (112)	%
I have a personal savings plan	82	77.4
I save at least 30% of my monthly income	46	43.0
My savings are invested in financial products	49	46.7
My savings are invested in agricultural sector	27	25.5
My savings are invested in real estate	42	39.3
My savings are invested in transport industry	19	17.9
I have savings in SACCOs and commercial banks	72	67.3
Do you believe your current savings plan will guarantee your financial stability after you have retired?	31	37.8

(Source: Research Data, 2020)

Of the 112, 82 (77.4%) had a savings plan, but only 43.0% and 46.7% saved at least 30% of their monthly income and invested savings in financial products. Investments in agricultural sector, real estate, and transport were low at 22.5%, 39.3%, and 17.9%, even though 67.3% were members of SACCOS and commercial banks, as presented in *Table 4.6* above. A majority (62.2%) believed saving plans would not guarantee financial stability in retirement.

### 4.3.13 Economic condition

**Table 4.7: Factors influencing the financial decisions of doctors**

		N (112)	%
I consider level of risk when buying financial products		85	79.4
Rate of return significant when purchasing financial products		81	75.7
I consider level of inflation when making an investment		51	47.7
I consider level of taxation in my financial investments		58	54.2
Factors that influence investing			
Interest rate	Not significant	8	8.3
	Significant	22	22.9
	Very significant	66	68.8
	Unknown	16	
Inflation rate	Not significant	15	16.1
	Significant	35	37.6
	Very significant	43	46.2
	Unknown	19	
Exchange rate	Not significant	15	15.8
	Significant	47	49.5
	Very significant	33	34.7
	Unknown	17	
Tax	Not significant	24	23.8
	Significant	29	28.7
	Very significant	48	47.5
	Unknown	11	

(Source: Research Data, 2020)

A majority considered risk when buying financial product (79.4%) and considered the risk of return to be significant when purchasing financial products (75.7%). Only 54.2% and 47.7% looked level of taxation and inflation when making investments, even though a majority considered inflation rate (46.2%) and tax rate (47.5%) to be very significant while investing. However, a majority (68.8%) considered interest rate to be the most significant.

The exchange rate was the least significant factor in terms of significance at (34.7 percent), compared to interest rate at (68.8 percent) and inflation rate at (46.2 percent), this indicates most of the portfolio investments of the doctors were within the country and hence less affected by exchange rate fluctuations.

#### 4.3.14 Financial wellbeing

**Table 4.8: Financial emergencies of doctors employed in public hospitals in Nairobi Kenya and methods of resolution**

	N (112)	%
Had unexpected financial requirement in the past three years	84	75.0
Resolution		
Borrowing	54	64.3
Disposal of financial assets	23	27.7
Disposal of physical assets	19	23.5
Personal savings	57	67.9
Contribution from family and friends	32	38.6

(Source: Research Data, 2020)

Eighty four (84) (75.0%) had unexpected financial needs in the last three years. To resolve the problem, 64.3% resorted to borrowing, while 27.7% and 23.5% disposed financial assets and physical assets respectively. Approximately 67.9% and 38.6% used personal savings and sought contributions from family and friends respectively, as presented in *Table 4.8* below.

#### 4.4 Descriptive statistics

**Table 4.9: Descriptive statistics**

	N	Mean	SD	Median	Skewness	SE
Knowledge of financial products	112	3.016	1.035	2.909	0.278	0.228
Demographic factors	112	3.269	0.894	3.429	-0.580	0.228
Financial disposition/budgetary habits	112	4.144	0.628	4.167	-0.728	0.228
Economic condition	112	3.542	0.923	3.367	0.155	0.228
Financial saving behaviour	112	2.946	0.836	2.950	-0.195	0.228
Financial wellbeing	112	2.660	0.903	2.625	0.708	0.228

(Source: Research Data, 2020)

According to Allen and Seaman (2007), the interpretation of Likert scale data mean is based on the following categories:

1 – 1.8 Very low, 1.8.1 – 2.6 Low, 2.6.1 – 3.4 Moderate, 3.4.1 - 4.2 High and more than 4.2.1 Very high.

Hair et al. (2010) and Bryne (2010) argued that data is considered to be normal if Skewness is between -2 to +2.

Mean imputation was used to handle missing data and descriptive statistics computed. The mean score for knowledge of financial product was  $3.016 \pm 1.035$ , meaning that most of the medical doctors had moderate knowledge and understanding of the financial products. The mean score for demographic factors was  $3.269 \pm 0.894$ , meaning that most of the respondents felt that age, marital status, number of dependants influence moderately on the financial wellbeing of a medical doctor. Mean score for financial disposition and budgetary habits was  $4.144 \pm 0.628$ , meaning that the respondents felt that financial planning and budget control were important in financial wellbeing. The mean score for economic conditions was  $3.542 \pm 0.923$ , meaning that

most of the respondents felt that interest rate and inflation rate had high influence when making asset acquisition choices . The mean score for financial saving behaviour was  $2.946 \pm 0.836$ , meaning that most of the respondents had an average disposition on use of debt to finance asset acquisition. while the mean score for financial wellbeing was  $2.660 \pm 0.903$  meaning that most of the respondents felt that they were not in a strong financial position that can guarantee financial safety in long term basis .Scores for knowledge of financial products, economic condition, and financial well-being were positively skewed, while demographic factors, financial disposition/budget habits, and financial saving behavior negatively skewed.

## 4.5 Diagnostic tests

### 4.5.1 Collinearity Statistics

**Table 4.10: Collinearity statistics**

Coefficients <sup>a</sup>	Collinearity Statistics		
	Tolerance	VIF	Comment
Knowledge of financial products	.854	1.171	No relationship
Demographics	.867	1.154	No relationship
Financial disposition and budgetary habits	.879	1.138	No relationship
Financial saving behavior	.852	1.173	No relationship

a. Dependent Variable: Financial wellbeing  
(Source: Research Data, 2020)

Multicollinearity can lead to inaccurate interpretation of study results and therefore invalidate research findings. Therefore, realising its potential impact on data can aid in interpretation and improvement of the reliability of results. In epidemiological studies, multicollinearity cut off  $< 0.5$  are recommended, though a cut off 0.70 is the most

typical while interpreting the Variable Inflation Factor (VIF). Assuming a cut-off score of 0.5, multicollinearity was not detected between independent variables. Knowledge of financial product had a VIF score of 1.71. Demographic factors had a VIF of 1.154, while the financial disposition and budgetary habits and financial saving behaviour had VIF scores of 1.138 and 1.173 (Table 4.10).

#### 4.5.2 Heteroscedasticity

**Table 4.11: Heteroscedasticity statistics**

Test for Heteroscedasticity	Chi square	P value	Comment
Breusch-Pagan test	1.146	.886	Not present
Koenker test	1.137	.888	Not present

(Source: Research Data, 2020)

Breusch-Pagan and Koenker (BP&K) test was used to test homoscedasticity of independent variables. The Breusch-Pagan test accepted the null hypothesis of homoscedasticity of independent variables,  $X^2 = 1.146$ ,  $P=.886$ . The Koenker test also accepted the null hypothesis of homoscedasticity of the independent variables,  $X^2= 1.137$ ,  $P=.888$  (Table 4.11).

### 4.5.3 Linearity

**Table 4.12: Linearity statistics**

	N	Financial wellbeing	
		Pearson correlation	P value
Knowledge of financial products	112	.476**	.000
Demographic factors	112	.246**	.009
Financial disposition and budgetary habits	112	.341**	.000
Financial saving behavior	112	.444**	.000

\*\* . Correlation is significant at the 0.01 level (2-tailed).

(Source: Research Data, 2020)

Knowledge of financial products had a strongly and positively correlation with financial wellbeing,  $r=.476$ ,  $P=.000$ . Demographic factors had a weak positive correlation with financial wellbeing,  $r=.246$ ,  $P=.009$ . Financial disposition and budgetary habitshad a weak positive correlation with financial wellbeing,  $r=.341$ ,  $P=.000$ . Financial saving behavior had a strongpositively correlation with financial wellbeing,  $r=.444$ ,  $P=.000$  (Table 4.12).

### 4.5.4 Tests for Normality

**Table 4.13.: Tests for normality**

	Kolmogorov-Smirnov <sup>a</sup>			Shapiro-Wilk		
	KS	df	P value	W	df	P value
Knowledge of financial products	.088	112	.032	.965	112	.005
Demographic factors	.096	112	.013	.965	112	.005
Financial disposition and budgetary habits	.109	112	.002	.944	112	.000
Financial saving behavior	.072	112	.200*	.972	112	.017
Financial wellbeing	.107	112	.003	.953	112	.001

\*. This is a lower bound of the true significance.

a. Lilliefors Significance Correction

(Source: Research Data, 2020)

The Shapiro-Wilk test for normality rejected the null hypothesis of a normal population distribution for knowledge of financial products,  $W(df) = .965(112)$ ,  $P=0.005$ , demographic factors,  $W(df) = .965(112)$ ,  $P=0.005$ , financial disposition and budgetary habits  $W(df) = .944(112)$ ,  $P=.000$ , financial saving behavior  $W(df) = .972(112)$ ,  $P=.017$ , and financial well-being,  $W(df) = .953(112)$ ,  $P=.001$  scores (Table 4.13).

**Table 4.14: Skewness of dependent and independent variables**

	N	Skewness	SE
Knowledge of financial products	112	.278	.228
Demographic factors	112	-.580	.228
Financial disposition and budgetary habits	112	-.728	.228
Financial saving behavior	112	-.195	.228
Financial wellbeing	112	.708	.228

(Source: Research Data, 2020)

Skewness is a measure of symmetry in a data set. A symmetrical data set will have a skewness equals to 0, this means that a normal distribution have skewness equals to 0.

The scores for knowledge of financial products and the financial wellbeing of respondents were moderately positively skewed (.278 and .708). Scores for demographic factors, financial disposition and budgetary habits, and financial saving behavior were moderately negatively skewed at -0.580, -0.728, and -0.195 respectively (Table 4.14).

**Table 4.15: Test for normality of transformed variables**

	Kolmogorov-Smirnov <sup>a</sup>			Shapiro-Wilk		
	KS	Df	P value	W	df	P value
Knowledge of financial products	.056	112	.200*	.972	112	.018
Demographic factors	.068	112	.200*	.983	112	.165
Financial disposition and budgetary habits	.076	112	.143	.964	112	.004
Financial wellbeing	.074	112	.174	.979	112	.082

\*. This is a lower bound of the true significance.

a.Lilliefors Significance Correction

(Source: Research Data, 2020)

Square root transformation was done on positively skewed variables and the square root with reflection method to transform negatively skewed variables. After data transformation, the Shapiro-Wilk test for normality accepted the null hypothesis of a normal population distribution for financial well-being scores,  $W(df) = .979(112)$ ,  $P=.082$ , and demographic factors scores,  $W(df) = .983(112)$ ,  $P=.165$ . The Kolmogorov-Smirnov test with Lilliefors Significance Correction accepted the null hypothesis of a normal population distribution for both the dependent and the independent variables (Table 4.15). The transformed scores were added to a multiple linear regression model to evaluate predictors for financial wellbeing.

## **4.6 Regression Results of Personal Financial Management practices and Financial wellbeing.**

### **4.6.1 F-test**

The F-test indicates the overall ability of a linear regression model to provide a good fit for data with independent variables compared to without independent variables. It checks the fit of multiple model terms to different linear models and generates a statistic (F) and a P value, showing the significance of the overall fit. As a rule of

thumb, a null hypothesis that has no parameter and a nonzero value is rejected when  $F > 2.5$  and  $P < 0.05$  (Wang & Cui, 2017).

**Table 4.16: Results of F Test**

	Sum of Squares	df	Mean Square	F	P value
Regression	3.550	4	.888	20.341	.000
Residual	4.669	107	.044		
Total	8.219	111			

(Source: Research Data, 2020)

The F test rejected assumption that the slope of the line was 0 at all levels ( $F=20.34$ ,  $P=.000$ ).

#### 4.6.2 Coefficient of determination

The coefficient of determination refers to the square of correlation ( $r$ ) between actual scores ( $y$ ) and the predicted scores. It examines how one variable explains the differences with another variable whilst predicting an outcome. It ranges between 0 and 1, 0 indicating a poor fit and therefore an unreliable model and 1 indicating perfect fit and thus a highly reliable model. Denoted as  $R^2$ , the coefficient of determination shows the strength of the linear relationship (or trend) among variables. No set criteria and or cut-off value that represents a good  $R^2$  exists. However, according to Hamilton *et al.*  $R^2$  values in the range of 0.2-0.4 are optimal. The four predictor variables in the multiple linear regression model could explain 43.2% of the variability of the dependent variable, which is indicative of “goodness of fit.”

**Table 4.17: Coefficient of determination**

R	R Square	Adjusted R Square	Std. Error of the Estimate
.657	.432	.411	.20889

(Source: Research Data, 2020)

#### 4.7 Coefficients of model

**Table 4.18: Coefficients of model**

Coefficients	B	SE	Beta	T	P value	95.0% CI for B	
						Low	Upper
(Constant)	.043	.021		2.026	.045	.001	.085
Knowledge of financial products	.354	.065	.397	5.429	.000	.225	.483
Demographic factors	.070	.058	.098	1.209	.229	-.045	.185
Financial disposition and budgetary habits	.117	.049	.197	2.397	.018	.020	.213
Financial saving behavior	.110	.021	.394	5.316	.000	.069	.151

(Source: Research Data, 2020)

The Knowledge of financial products had a positive statistical significant relationship with financial wellness of doctors  $b=.354$ ,  $t = 5.429$ ,  $t > 1.96$ ,  $P= 0.000$ ,  $P < 0.05$ . Increase in knowledge of financial products by one unit caused a 0.354 increase in financial well-being, meaning that having financial product knowledge increased financial well-being of doctors. This supports the findings of Muleke & Muriithi (2013) in Tharaka Nithi County, Kenya, in which an increase of financial knowledge increased the financial wellbeing of academicians. In Greece, financial literacy was found to be a driver for financial well-being of students (Philippas & Avdoulas, 2020), while a positive and statistically significant link between financial well-being and knowledge was reported in the USA (Lee et al., 2020). From the findings, financial wellbeing seems to be affected by financial knowledge. Therefore, programs that improve knowledge can influence wellbeing and the quality of life.

Demographic factors had a positive relationship with financial wellness of doctors  $b=.070$ ,  $t = 1.209$ ,  $t > 1.96$ , but not statistically significantly ( $P=.229$ ,  $P < 0.05$ ). Barber and Rao also established that demographic factors such as salary were associated with different measures of financial well-being, including cash sparing and

strain in paying bills in 2005, while Grable and Joo (2004) showed that financial success was connected to pay, findings that contradicted ours. However, unlike Barber and Rao and Grable and Joo who studied individual demographic characteristics as categorical variables, we collated several different demographic factors, which might have influenced the results.

Financial disposition and budgetary habits were positively association with financial well-being of doctors studied,  $b=.117$ ,  $t = 2.397$ ,  $t > 1.96$ ,  $P=.018$ ,  $P<0.05$ . Increase in Financial disposition and budgetary habits by one unit caused a 0.117 increase in financial well-being, meaning that having good financial disposition and budgetary habits increases the financial well-being of doctors. This supports the findings of Gutter & Copur (2011) in the USA where budgeting, risky credit card behaviors, savings, and compulsive buying were related with financial well-being. In Malaysia, personal finance management had a strong and positive relationship with financial wellness in 2019 (Ismail & Amiruddin Zaki, 2019), while good personal finance behaviour (having savings products and or investments) influenced the financial self sufficiency of Australian women in 2015 (Farrell et al., 2016).

Financial saving behaviour was positively associated with financial well-being of doctors,  $b=.110$ ,  $t = 5.316$ ,  $t > 1.96$ ,  $P= 0.000$ ,  $P<0.05$ . An increase in financial saving behaviour by one unit caused a 0.110 increase in financial well-being, meaning that financial saving behavior has a positive impact on financial well-being of doctors. This supports the findings of Ismail & Amiruddin Zaki (2019) in Malaysia and Farrell et al. (2016) in Australia in which good personal finance management behaviours such as saving and investing were related to the financial wellness and the self sufficiency of the students, women, and men studied.

#### 4.8 Regression results of moderating effect of economic condition

**Table 4.19: Regression results of moderating effect of economic condition on personal finance management**

	B	SE	T	P value	95% CI for B	
					Lower	Upper
Personal finance management	.104	.021	5.089	.000	.064	.145
Economic condition	.112	.0239	4.632	.000	.063	.158
Interaction	-.005	.0186	-.2402	.811	-.041	.032

(Source: Research Data, 2020)

From table 4.7 the significance of the economic condition variables were interest rate at (68.8 percent) , inflation rate at ( 46.2 percent) and exchange rate at ( 34.7 percent). From a theoretical perspective inflation rate has influence on both interest rate through the fisher effect argument and exchange rate through international fisher effect argument, and therefore it was selected as the indicator of economic condition.

Economic condition was not a statistically significant moderator of the relationship between personal finance management and financial wellness. A unit increase in personal finance management increased financial wellbeing by 0.104 times statistically significantly,  $b = .104$ ,  $t = 5.089$ ,  $P < 0.01$ . A unit increase in economic condition increased financial wellness by 0.112 times,  $b = .112$ ,  $t = 4.632$ ,  $P < 0.01$ . However, the interaction between finance management and economic condition added 0.03% to the variability of financial wellness,  $r^2$  change = .0003,  $F = .0578$ , but not statistically significantly,  $P = .811$  (Table 4.20).

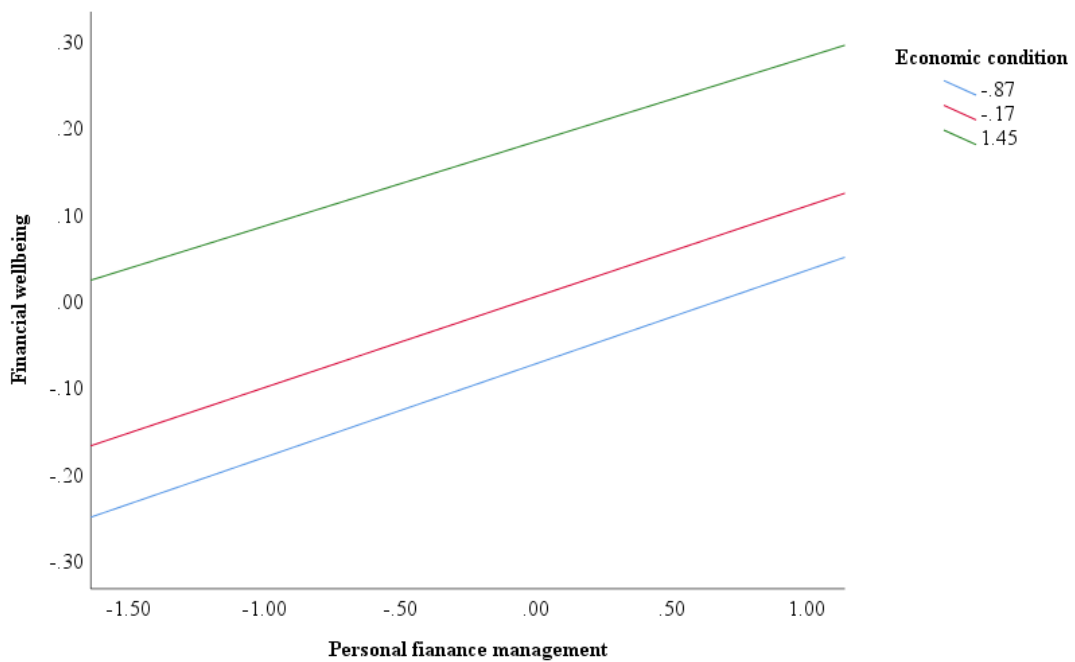
**Table 4.20: R2 change of moderating effect of economic condition**

	R2-change	F	df1	df2	P value
X*W	.0003	.0578	1	108	.811

X = Financial saving behavior

W=Economic condition

(Source: Research Data, 2020)



**Figure 4.9: Figure showing the moderating effect of economic condition on personal finance management**

(Source: Research Data, 2020)

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSIONS, AND RECOMMENDATIONS**

#### **5.1 Introduction**

The summary of findings of study objectives, conclusions, and recommendations, guided by the results, are presented in this section. The broad objective was to evaluate the relationship between personal financial management on financial wellbeing of Medical Doctors employed in public hospitals in Nairobi City County. The specific objectives were to determine the effect of knowledge of financial products, demographic factors, financial disposition and budgetary habits, and financial saving behavior on the financial wellness of the afore-mentioned cohort.

#### **5.2 Summary of Research Findings**

In designing the study, the intention was to determine the effect of personal financial management on the financial wellbeing of Medical Doctors employed in public hospitals in Nairobi City County, Kenya and check whether economic condition of doctors has a connection on the relationship between personal finance management and financial wellbeing. Multiple regression analysis showed a positive and statistically significant relationship between personal finance management and financial wellbeing. Knowledge of financial products, demographic factors, financial disposition and budgetary habits, and financial saving behavior explained 43.2% of variability in financial wellbeing, with financial products, financial disposition and budgetary habits, and financial saving behavior each demonstrating a positive and statistically significant relationship with financial wellbeing. The demographic factors of medical doctors were correlated positively with financial wellbeing but not statistically significantly.

The first objective was to find out the effect of financial knowledge on the financial wellbeing of medical doctors employed in public hospitals Nairobi City County, Kenya. From regression analysis, a positive relationship between knowledge of financial products and financial wellbeing was evident ( $b=.354$ ,  $t = 5.429$ ,  $P<0.05$ ). Increase in knowledge by one unit caused a 0.354 increase in financial well-being. Therefore, the null hypothesis that knowledge of finance lacks a significant effect on the financial wellbeing of medical doctors employed in public hospitals in Nairobi, Kenya was rejected.

The second objective was to evaluate the demographic factor's effect on the financial wellbeing of medical doctors employed in public hospitals Nairobi, Kenya. From regression analyses, a positive but insignificant relationship between demographic factors and financial wellness was reported ( $b=.0.070$ ,  $t = 1.209$ ,  $P=.229$ ). Thus, the null hypothesis that demographic factors are not related with financial wellbeing of medical doctors employed in public hospitals in Nairobi County, Kenya was accepted.

The third objective was to evaluate the effect of financial disposition and budgeting habits on the financial wellbeing of medical doctors employed in public hospitals in Nairobi County, Kenya. From regression analysis, a positive and statistically significant relationship between financial disposition and budgeting habits and financial wellbeing was evident ( $b=.117$ ,  $t = 2.397$ ,  $P=.018$ ). Increase in financial disposition and budgetary habits by one unit caused a 0.117 increase in financial well-being. Therefore, the null hypothesis that financial disposition and budgeting habits are not related with the financial wellbeing of medical doctors employed in public hospitals in Nairobi County, Kenya was rejected.

The fourth objective was to evaluate the effect of financial saving behavior on the financial wellbeing of medical doctors employed in public hospitals in Nairobi County, Kenya. From regression analysis, a positive relationship between financial saving behavior and financial wellbeing was evident ( $b=.110$ ,  $t = 5.316$ ,  $P<0.05$ ). An increase in financial saving behavior by one unit caused a 0.110 increase in financial well-being. The null hypothesis that financial savings behavior is not related with financial wellbeing of medical doctors employed in public hospitals in Nairobi City County, Kenya was also rejected.

The fifth objective was to determine the moderating effect of economic condition on the relationship between personal financial management and financial wellbeing of medical doctors employed in public hospitals Nairobi County, Kenya. From the moderation analysis, a positive and significant relationship between personal finance management and financial wellbeing ( $b= .104$ ,  $t=5.089$ ,  $P<0.01$ ) and between economic condition and financial wellness was evident (0.112 times,  $b=.112$ ,  $t=4.632$ ,  $P<0.01$ ) were evident. However, the interaction between finance management and economic condition only added 0.03% to the variability of financial wellness and not statistically significantly ( $r^2$  change  $=.0003$ ,  $F=.0578$ ,  $P=.811$ ). Therefore, the null hypothesis that economic condition is not a moderator for the relationship between personal financial management practices and financial wellbeing of medical doctors employed in public hospitals in the County of Nairobi City, Kenya was accepted.

### **5.3 Conclusion**

Personal financial management practices was indeed a predictor for financial wellbeing of doctors employed in public hospitals Nairobi City County. Overall, as personal financial management increased, the financial wellbeing increased. An

increase in financial disposition, financial knowledge, and budgetary habits, and financial saving behavior was associated with an increase in financial wellbeing statistically significantly, but demographic characteristics were not. The economic condition of doctors influenced financial wellbeing, but did not moderate the relationship between personal financial management and financial wellbeing of doctors.

#### **5.4 Recommendations**

Since knowledge of financial products especially investment and insurance products had a positive significant effect on financial wellbeing, training programs on financial products and diversification of investments should be organized for medical doctors at the County level, through Kenya Medical Association in conjunction with the Capital Market Authority and Insurance Regulatory Authority alongside Kenya Association of Insurers since a good number of medical doctors did not have ownership of financial products nor attended training on personal financial management practices. Increasing the knowledge of doctors on financial products increases the probability of investing, which has a positive bearing on their financial wellbeing.

Financial disposition and budgeting habits had a positive significant effect on financial wellbeing, medical doctors are encouraged to regularly attend seminars on savings plans and budgeting techniques, however Kenya Medical Association can organize regular seminars to train doctors on budgeting and how to smoothen the consumption patterns. Adequate knowledge on diverse savings plans will ensure that medical doctors save in a profitable and efficient savings plan. Strict adherence to the budget goes a long way in helping someone in overspending and impulse buying.

Financial saving behaviour had a positive significant effect on financial wellbeing, Kenya Medical Association Sacco should conduct regular visits to medical facilities to sensitize medical doctors on their saving plans at the KMA Sacco. The study also recommends that medical doctors to start saving and investing at their early age, this will strengthen their financial wellbeing status at their old age and lessen the struggle of saving and investing as their approach retirement period. It also recommend that the medical doctors attend training on debt management to enable them manage borrowed funds prudently and improves their financial discipline.

Further personal financial management practices need to be greatly improved through adequate acquisition of knowledge in financial products, profitable savings plans, efficient budget preparations and its strict adherence to enable them strengthen their financial wellbeing now and in future.

### **5.5 Suggestion for Further Research**

This study evaluated only on medical doctors practicing in public hospitals. There is need to extend a similar study to those practicing in private hospitals and more-so incorporate both studies of public and private hospitals given that medical doctors can practice in both public and private hospitals at the same period depending on their level of expertise.

A pooled cross sectional survey should be conducted to evaluate financial wellbeing of doctors over a long period of time to conclusively determine the issues that affect their financial wellbeing. Further a similar study need to be extended to larger geographical area or Kenya as a whole since most of the financial institutions and financial advisory institutions are less concentrated in other parts of the country as compared to Nairobi City County.

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## **APPENDICES**

### **Appendix I: Introduction Letter**

**Kirui Cheruiyot Zacchaeus**

**P.O. Box 157-00202**

**NAIROBI.**

#### **RE: Request to fill in the Questionnaire**

Dear Respondent,

I am an M.Sc. Finance student at Kenyatta University, conducting a research on the influence of personal financial management and the financial wellbeing of medical doctors employed in public hospitals Nairobi City County, Kenya.

You have been selected to participate in this study. Kindly respond to all questions as completely, correctly and honestly as possible. This may take about 10 minutes of your time to complete. The information gathered will be used for only academic purposes and will be kept confidential and anonymous.

Your cooperation during this short period is highly appreciated.

Thank you.

Yours Faithfully,

Kirui Cheruiyot Zacchaeus.

Appendix II: Research Authoriozation Letter



**KENYATTA UNIVERSITY  
GRADUATE SCHOOL**

E-mail: [dean-graduate@ku.ac.ke](mailto:dean-graduate@ku.ac.ke)

Website: [www.ku.ac.ke](http://www.ku.ac.ke)

P.O. Box 43844, 00100  
NAIROBI, KENYA  
Tel. 020-8704150

**Our Ref: D58/CTY/PT/38502/2017**

**DATE: 9<sup>th</sup> December, 2019**

Director General,  
National Commission for Science, Technology  
and Innovation  
P.O. Box 30623-00100  
**NAIROBI**

Dear Sir/Madam,

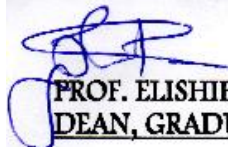
**RE: RESEARCH AUTHORIZATION FOR MR. KIRUI CHERUIYOT ZACHAEUS  
REG. NO. D58/CTY/PT/38502/17**

I write to introduce Mr. Kirui Cheruiyot Zachaeus who is a Postgraduate Student of this University. He is registered for M.Sc. degree programme in the **Department of Accounting & Finance**.

Mr. Kirui intends to conduct research for a M.Sc. thesis Proposal entitled, **“Personal Financial Management and Financial Wellbeing of Medical Doctors Employed in Public Hospitals Nairobi City County, Kenya.”**

Any assistance given will be highly appreciated.

Yours faithfully,

  
**PROF. ELISHIBA KIMANI  
DEAN, GRADUATE SCHOOL**

### Appendix III: Research Approval Letter



#### KENYATTA UNIVERSITY GRADUATE SCHOOL

E-mail: [dean-graduate@ku.ac.ke](mailto:dean-graduate@ku.ac.ke)

P.O. Box 43844, 00100  
NAIROBI, KENYA  
Tel. 020-8704150

Website: [www.ku.ac.ke](http://www.ku.ac.ke)

#### Internal Memo

**FROM:** Dean, Graduate School

**DATE:** 9<sup>th</sup> December, 2019

**TO:** Mr. Kirui Cheruiyot Zacchaeus  
Department of Accounting & Finance

**REF:** D58/CTY/PT/38502/17

**SUBJECT: APPROVAL OF RESEARCH PROPOSAL**

We acknowledge receipt of your Research Proposal after fulfilling recommendations raised by the Graduate School Board of 6<sup>th</sup> November, 2019.

You may now proceed with your Data collection, subject to clearance with the Director General, National Commission for Science, Technology & Innovation and Ethics Review Committee, Kenyatta University.

As you embark on your data collection, please note that you will be required to submit to Graduate School completed Supervision Tracking and Progress Report Forms per semester. The Forms are available at the University's Website under Graduate School webpage downloads.

Thank you.

**JULIA GITU**  
**FOR: DEAN, GRADUATE SCHOOL**

CC. Chairman, Department of Accounting & Finance

#### Supervisors:

1. Dr. Eddie Simiyu  
C/o Department of Accounting & Finance  
Kenyatta University
2. Mr. Dominic Ngaba  
C/o Department of Accounting & Finance  
Kenyatta University



## **Appendix V: Questionnaire**

### **Part A: Respondents Profile**

1. Gender:

Male ( )

Female ( )

2. Age bracket:

22-28 ( )

29-34 ( )

35-40 ( )

41-46 ( )

47 -52 ( )

52 and above ( )

3. Marital status:

Single ( )

Married ( )

Divorced/Separated ( )

Widow/Widower ( )

4. For how long have you practiced as a doctor?

4 years and below ( )

5-8 years ( )

9-12 years ( )

12-15 years ( )

16- 19 years ( )

20 years and above ( )

5. Indicate the range of your gross monthly income?

Below 150,000 ( )

150,001- 200,000 ( )

200,001- 250,000 ( )

250,001- 300,000 ( )

300,001 – 350,000 ( )

350,001 – 400,000 ( )

Above 400,001 ( )

6. How many dependants do you have that directly depend on you financially?

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7. What is your estimated monthly financial support to the dependants in question 6 above? Kshs. \_\_\_\_\_?

8. Have you ever attended any seminar/workshop on financial management in the last three year?

Yes ( ) No ( )

9. If yes, to what extent was the seminar/workshop helpful to you?

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Not at all [1]; To a less extent [2]; To a moderate extent [3]; To a large extent [4]; To a very large extent [5]

10. Are you aware of the existence of financial products?

Yes ( ) No ( )

11. If (Yes) above, have you ever participated in the purchase of any financial products and which one of the following products did you buy?

- |                    |     |                 |     |
|--------------------|-----|-----------------|-----|
| Treasury bills     | ( ) | Treasury Bonds  | ( ) |
| Stocks             | ( ) | Corporate Bonds | ( ) |
| Mutual funds       | ( ) | Derivatives     | ( ) |
| Insurance Policies | ( ) | Pension Scheme  | ( ) |
| None               | ( ) | Others          | ( ) |

(Specify).....

12. Do you have any kind of a saving plan?

Yes ( ) No ( )

a) If (Yes) which kind?

Long term ( ) Short term ( )

b) If (Yes) indicate your monthly amount of saving.

- |                   |     |
|-------------------|-----|
| Below 20,000      | ( ) |
| 20,001- 40,000    | ( ) |
| 40,001- 60,000    | ( ) |
| 60,001- 80,000    | ( ) |
| 80,001 – 100,000  | ( ) |
| 100,001 – 120,000 | ( ) |
| Above 120,001     | ( ) |

**Part B: Knowledge of Financial Products**

13. Please indicate whether you have bought or invest in any of the following financial products.

- |                   |                          |                          |
|-------------------|--------------------------|--------------------------|
|                   | Yes                      | No                       |
| a) Fixed deposits | <input type="checkbox"/> | <input type="checkbox"/> |
|                   | <input type="checkbox"/> | <input type="checkbox"/> |

- b) Ordinary shares in companies
- c) Unit trust in unit trust fund
- d) Bonds of listed companies
- e) Personal pension plan
- f) Off-Shore/foreign financial products
- g) Insurance policies
- h) Exchange traded funds
- i) Government treasury bonds
- j) Government treasury bills
- k) Government infrastructure bonds

14. Please indicate your level of agreement with the following statements under each category below, where:

Strongly Disagree [1]; Disagree [2]; Moderate [3]; Agree [4]; Strongly Agree [5]

	1	2	3	4	5
I know about the financial products currently being offered in the market (shares, bonds, treasury bills)					
Having a personal pension plan apart from government penion plan is necessary.					
I have knowledge of financial products offered in other countries.					
I have invested in some of the financial products that are available in the market					
There are returns/profits for investing in financial products (shares,bonds, treasury bills).					
I know how to calculate the worth of my investment					

I am aware of the various insurance policies that are being offered					
I have invested in certain insurance products					
It is beneficial to have an insurance cover					
I have adequate information on unit trust funds					
I have adequate information on exchange traded funds					

15. In your opinion do you feel that there is sufficient public information on financial products? Explain

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**Part C: Demographic Factors**

16. Please indicate your level of agreement with the following statements under each category below, where:

Strongly Disagree [1]; Disagree [2]; Moderate [3]; Agree [4]; Strongly Agree [5]

	1	2	3	4	5
My monthly consumption is less than my monthly income					
Age does not matter when it comes to saving and investment					
One can save irrespective of their earnings					
Household expenses take up all my earnings					
Marital status determines savings and investments.					
The number of dependants affects one's savings and investments.					
Savings and investments are an earners decision irrespective of outside influences.					

**Part D: Financial disposition and budgetary habits**

17. Kindly indicate if you budget for the following items;

	Yes	No
a) Buying financial products	<input type="checkbox"/>	<input type="checkbox"/>
b) Purchase of groceries	<input type="checkbox"/>	<input type="checkbox"/>
c) Transport/fuel cost	<input type="checkbox"/>	<input type="checkbox"/>
d) Clothings	<input type="checkbox"/>	<input type="checkbox"/>
e) Unexpected financial requirements	<input type="checkbox"/>	<input type="checkbox"/>

18. Please indicate your level of agreement with the following statements under each category below, where:

Strongly Disagree [1]; Disagree [2]; Moderate [3]; Agree [4]; Strongly Agree [5]

	1	2	3	4	5
It is important to budget before spending					
I am concerned when I overspend beyond the budget					
Budgeting controls one's expenditure					
I find myself buying items I had not budgeted for					
Overspending directly affects savings and investments					
Sometimes I spend through influence by family and peers.					

19. Do you believe your budgeting plans are effective in enhancing your financial position? Explain

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**Part E: Financial saving behaviour**

20. Kindly indicate whether you agree with the following statements.

	Yes	No
a) I have a personal savings plan	<input type="checkbox"/>	<input type="checkbox"/>
b) I save atleast 30% of my monthly income	<input type="checkbox"/>	<input type="checkbox"/>
c) My savings are invested in financial products	<input type="checkbox"/>	<input type="checkbox"/>
d) My savings are invested in agricultural sector	<input type="checkbox"/>	<input type="checkbox"/>
e) My savings are invested in real estate	<input type="checkbox"/>	<input type="checkbox"/>
f) My savings are invested in transport industry	<input type="checkbox"/>	<input type="checkbox"/>
g) I have savings in SACCOs/Commercial banks	<input type="checkbox"/>	<input type="checkbox"/>

21. Please indicate your level of agreement with the following statements under each category below, where:

Strongly Disagree [1]; Disagree [2]; Moderate [3]; Agree [4]; Strongly Agree [5]

	1	2	3	4	5
I find myself borrowing to take care of my monthly expenses					
My salary is never enough to take care of my monthly expenditure					
I find myself in debt at the end of every month					
I am able to live within my monthly earnings					
I am able to pay all my bills and leave some money for savings					
I am able to prospect for future investments relying on my income					
I consider myself financially disciplined					

22. Do you believe your current savings plan will guarantee your financial stability after you have retired? Explain

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**Part F: Economic conditions**

23. Kindly indicate whether you agree with the following statements.

Yes

No

- a) I consider the level of risk when buying financial products.
- b) The rate of return is the most significant factor in purchasing financial products.
- c) I consider the level of inflation when making investment
- d) I consider the level of taxation in my financial investments

24. Please indicate your level of agreement with the following statements under each category below, where:

Strongly Disagree [1]; Disagree [2]; Moderate [3]; Agree [4]; Strongly Agree [5]

	1	2	3	4	5
Inflation affects the pricing of commodities					
I consider the level of inflation when investing on financial products.					
I save in financial roducts whose returns are higher than inflation.					
I am able to calculate the effect of inflation on interest rates					
Inflation does not affect my purchasing power					

I consider the level of interest rates when taking bank loans.					
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25. When making financial decision i.e investing and savings, rank the following factors in order of its significance; **1.** Not significant **2.**Significant **3.** Very significant

Interest rate	1	2	3
Inflation rate	1	2	3
Exchange rate	1	2	3
Taxation	1	2	3

**Part G: Financial Well being**

26. Please indicate the level of your agreement with the following statements;

	Yes	No
a) In the last three year have you faced any unexpected financial requirement (financial emergency)	<input type="checkbox"/>	<input type="checkbox"/>
b) If yes, how did you solve it?		
➤ Through borrowing	<input type="checkbox"/>	<input type="checkbox"/>
➤ Through disposal of financial assets(Treasury bills, bonds)	<input type="checkbox"/>	<input type="checkbox"/>
➤ Through disposal of physical asets (motorvehicle,house)	<input type="checkbox"/>	<input type="checkbox"/>
➤ Through use of personal savings	<input type="checkbox"/>	<input type="checkbox"/>
➤ Through contribution from friends and family	<input type="checkbox"/>	<input type="checkbox"/>

27. Please indicate your level of agreement with the following statements under each category below, where:

Very Difficult [1]; Difficult [2];Neither Difficult [3]; Easy [4]; Ver Easy [5]

	1	2	3	4	5
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In the last one year please indicate how difficult it was to meet your necessary cost of living expenses for example healthcare, housing, water, transport, clothing and electricity					
To what extent are you able to sustain your current lifestyle given a decline in your current income atleast by 40%.					
Kindly rate your ability to sustain your social life activities (domestic/overseas holidays and membership in health clubs)					
Kindly rate your ability to manage unexpected financial requirements (financial emergency) of below Kshs. 1,500,000.					
Kindly rate your ability to manage unexpected financial requirements (financial emergency) of between Kshs. 1,500,000 and Kshs. 3,000,000					
Kindly rate your ability to manage unexpected financial requirements (financial emergency) of above Kshs.					

3,000,000.					
With your current pension savings plan and insurance, rate your ability to sustain your expected lifestyle into the future (retirement)					
With your current investment plan in other sectors (financial products, agriculture, real estate), rate your ability to sustain your expected lifestyle into the future (retirement)					
With your current financial plans, how difficult to retire practicing as a medical doctor at the age of 70 years.					

28. If you were to retire today as a doctor, are you confident with your financial stability? Explain

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**Appendix VI: Budget**

<b>NO</b>	<b>ITEMS</b>	<b>COST (KSHS)</b>
1	Stationery (reams,tapes,pens,envelopes).	18,000.00
2	Travelling and other logistics	25,000.00
3	Typing and Printing	23,500.00
4	Photocopying and Binding	24,450.00
5	Collection of Data and Analysis	54,000.00
6	Sub Total	141,950.00
7	Miscellaneous (10%)	14,195.00
	<b>TOTAL</b>	<b>159,145.00</b>

**Appendix VII: Time Plan**

<b>ACTIVITIES</b>	<b>1<sup>st</sup> Month</b>	<b>2<sup>nd</sup> Month</b>	<b>3<sup>rd</sup> Month</b>	<b>4<sup>th</sup> Month</b>	<b>5<sup>th</sup> Month</b>	<b>6<sup>th</sup> Month</b>
Proposal formulation.						
Drafting and preparation of the proposal						
Editing and approval of the project by the supervisor.						
Departmental editing and approval of the project						
Collection and sampling of the data.						
Collected data analysis						
Presentation of findings , drafting of final report and submission of final report to the supervisor.						