

Abstract

The study was assessing the effect of financial literacy on personal investment decisions among secondary teachers in Machakos Sub County. It explored on the reasons as to why teachers in Machakos Sub County fail to invest for their future and investigated on how their financial literacy contributes to the problem. The study was seeking to determine the influence of knowledge on interest rates, inflation, risk diversification and financial education on investment decisions of the TSC teachers in Machakos sub-county. The study used the learning, decision and theory of mental accounting in supporting theoretical review. The population of the study comprised of 513 secondary teachers in Machakos Sub County. The Sub County has three zones with a total of 43 secondary schools. The study used descriptive research design with data being collected from both primary and secondary sources. The study has used purposive sampling to select the most accessible schools in those zones while simple random sampling technique was used to select 103 respondents from the schools in Machakos Sub County. A self-administered questionnaire was pre tested using 21 respondents and was subject to content validity, then delivered to the respondents and collected after completion. Once the data was collected from the field, it was sorted to identify errors made by the respondents such as spelling errors and un- responded questions. The questionnaire included both closed and open ended questions. The data was then coded and keyed into SPSS for analysis. Regression analysis was done to test correlation between variables, Anova test done as well as coefficients of determination done to establish the model equation. Then discussions of the results and interpretation was done, conclusions and recommendations made. This study will be expected to serve as a guide and reference to the existing body of knowledge for research and academic purposes, provide recommendations to Government, financial institutions as well as individual teachers on how to address financial literacy and hence improve investment decision making process.