

# Exploring Financial Literacy Practices among Selected Youth Entrepreneurs in Lusaka Province, Zambia: A Phenomenological Perspective

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## ABSTRACT

This study explored financial literacy practices among selected youth entrepreneurs in Lusaka province, Zambia: The objective of the study was to: establish the financial literacy practices among youth. A total of 30 participants consisting of youth entrepreneurs and officers from Ministry of Small and Medium Enterprises were purposively recruited within Lusaka Province. Data was collected using Face to face interviews, document analysis and non-participant observations. An interpretive phenomenological research design was utilized. The study elicited qualitative data strand which was analyzed using Interpretive Phenomenology Analysis. The study found that setting financial goals; creating financial plans for the future; budgeting skills; and saving up for emergencies were among the common financial literacy practices by the youth entrepreneurs. The study recommends that the number of financial literacy programs should be increased to encourage more youths to participate by facilitating for other life skills training in adulthood; and Non-Governmental Organizations (NGOs) should come up with ways of reaching to youths so as to encourage high participation.

**Keywords:** Youth; Entrepreneurs; Financial; Literacy; Skills and Phenomenology.

## INTRODUCTION

Over the past decades, developed and emerging economies on the global scale have become increasingly aware of the importance of ensuring that their citizens are financially literate (Adewumi, 2022; Ahmed, et al, 2021; Babbie, and Mouton, 2004). This has stemmed in particular from shrinking public and private support systems, shifting demographic profiles including the ageing of the population, and wide-ranging developments in the financial marketplace including the increasing digitalization of finance in the quest to have a population that is well vested in financial literacy (Allgood and Walstad 2016). This suggests that financial literacy has continued to be a subject of interest among development agencies, educational experts and scholars both at international and national levels of development. Financial literacy has drawn a lot of attention among stakeholders such as academics, government, private sector and communities at large owing to the growing concern that youth entrepreneurs in some African countries including Zambia seem to be experiencing financial distress and financial literacy has been cited as one of the major causes according to Guiso and Viviano (2014).

In Zambia, entrepreneurship has emerged due to a number of factors ranging from privatization and retrenchment of parastatal firms between 1992 and 1999 which led many individuals to start their own businesses as a response to job losses (Menike, 2012). Additionally, some Zambians have turned to entrepreneurship to supplement their incomes in order to meet family budget needs (Zambia Development Agency, 2020). Zambia suffers from high rate of joblessness and slow economic growth; the government has acknowledged that small businesses can play a key role in addressing these challenges. Job creation is of paramount importance to Zambia and the strategy to utilize small business as conduits for creating jobs is absolutely important as observed by Phiri, Kalimaposo, Sichula, Daka, Phiri and Mwale (2024). However, there is little data regarding financial literacy practices among selected youth entrepreneurs in Lusaka province, Zambia, hence the current undertaking. We therefore, sought to explore financial literacy practices among selected youth entrepreneurs in Lusaka province, Zambia.

## Statement problem

The value of financial literacy has attracted greater attention and recognition worldwide as a critical issue (Barbakadze, 2018; Bover, Hospido and Villanueva, 2018; Alan and Ertac, 2018). This has made many governments to ensure that their citizens are equipped with knowledge and skills in financial literacy (OECD, 2009; Garg and Singh, 2016; Atkinson and Messy, 2018; Maria, 2020). Zambia is not an exception; the revised general education curriculum is among other innovations that have been introduced to ensure that youths are exposed to financial as a way of promoting vocational skills as early as possible. This has resulted in the provision of entrepreneurial financial literacy based- programmes in an uncoordinated manner, involving ill qualified individuals and institutions who have simply taken advantage of the situation (Drexler, Fischer and Schoar, 2010; Auwal (2015). Often, the programmes are designed with little and no research-based content, which, has not helped the young entrepreneurs to manage their businesses. Therefore, the current financial literacy programmes designed for the young entrepreneurs seem to lack financial literacy information about the young entrepreneurs in Zambia. Consequently, young people are shunning the programmes, citing lack of relevance to their needs. Thus, this study intended to address this knowledge gap. It is important to note that without proper research to explore the financial literacy among selected youth entrepreneurs, Government's efforts to have a financial literate youth population would be in vain as no clear documentation of literature would show the financial literacy skills among selected youth entrepreneurs which are essential for successful implementation of the programme.

## Purpose of the study

The purpose of this study was to explore financial literacy practices among selected youth entrepreneurs in Lusaka Province.

## METHOD AND MATERIALS

**Study Design and Setting:** We conducted a qualitative study by utilizing an interpretive phenomenological research design.

**Participants:** Eligible participants were youth entrepreneurs and officers from Ministry of Small and Medium Enterprises who were purposively recruited within Lusaka Province.

**Inclusion/Exclusion criteria:** Only youth entrepreneurs and officers from Ministry of Small and Medium Enterprises within Lusaka Province were included in the study.

**Procedure:** Participants were subjected to in-depth face to face interviews, document analysis and non-participant observations. Supervision was done by the researcher herself for a period of three months.

**Sample Size:** A total sample size of 30 participants (n=20 youth entrepreneurs; n=10 officers from Ministry of Small and Medium Enterprises) were recruited from selected market places in Lusaka Province.

**Data analysis:** Data were analyzed using Interpretive Phenomenology with the help of Nvivo version 12 Software.

**Ethical Statement:** The study adhered to the ethics regulations and guidelines through obtaining of verbal and written informed consents from the study participants and a letter of authority from the Ministry of Small and Medium Enterprises and Local Government.

## RESULTS

**Sample characteristics:** A total sample size of 30 participants (n=20 youth entrepreneurs; n=10 officers from Ministry of Small and Medium Enterprises) were recruited and interviewed, completed and analyzed in the study. In terms of gender; out of 30 participants in the study, (n=16 was male; n=14 was female).

In this paper, we present results from in-depth face to face interviews, document analysis and non-participant

observations, and the presentation is categorized into one main theme as follows;

### **The financial literacy practices among youth entrepreneurs in Lusaka Province**

When participants were asked about financial literacy practices among selected youth entrepreneurs in Lusaka Province, their responses were presented into specific sub-themes as follows;

#### **Setting Financial Goals;**

The study found that setting financial goals is key to their financial literacy skills as it explained that setting financial goals would give youth entrepreneurs a reason and the drive to stay motivated. This was premised on the basis that if youth entrepreneurs had no clear plan of what they were saving up for, they would most likely spend their hard-earned money on something that had no substantial value to them. This implies that one should be careful to define his or her short and long-term goals in which one should be certain whether he or she was saving up for retirement or planning to start a family venture. Additionally, one youth entrepreneur from cluster A within Lusaka stated that;

*Setting financial goals in business is the most difficulty undertaking ever. This is so because one has to line up a number of clear questions such as does one have plans of being an entrepreneur, or eyeing a house in the market? In this case, make sure that one's financial goals are realistic, feasible, specific, and quantifiable. One should also set a timeline for these goals to ensure that one stays the course. This is imperative because one's financial skills to learn during one's adult years can significantly affect one's decision when one grows older. It is therefore important that one understands the basic concepts and develop health habits early in life to efficiently manage one's finances in the years to come. As a young adult, there are a number of financial skills that one needs to be equipped with and one of them is; setting finance goals (Interview; YE1-4 from Cluster A; 2024).*

#### **Creating Financial Plan for the Future**

The study revealed that creating financial plan for the future is one of key literacy skills that youth entrepreneurs need to know. This finding was reported in the manner that once youth entrepreneurs have established their financial goals, they could create a plan to achieve them. Envision how they want their future to look like and craft a financial plan that coincides with their life milestones. To further authenticate this finding, one youth entrepreneur from cluster B within Lusaka reported that;

*To make it easier and more realistic, one should start with a three-year plan, then work on further goals. Be honest with yourself and take the time when developing your financial plan. Order your goals by priority so that you know which ones you need to tackle first. It may be overwhelming to plan everything out at this point in your life, but doing so can prevent you from wasting your time and resources on irrelevant and unnecessary endeavors (Interview; YE5-8 from Cluster B; 2024).*

#### **Budgeting skills**

The study reported that budgeting skills is also key to financial literacy among the youth entrepreneurs in Lusaka Province. The study explained that as one grew older, the budgeting scope became more complicated, so youth entrepreneurs must have a strong foundation early on. This is very cardinal and crucial because the budget demonstrates how much money is coming in and out of one account, and where they are going. Therefore, creating a budget could help youth entrepreneurs determine if they have a healthy cash flow and if they are spending more than they should. An effective budget could also help youth entrepreneurs make better financial choices and veer youth entrepreneur away from unhealthy transactions. To support this finding, one youth entrepreneur from cluster C within Lusaka had this to say that;

*Budgeting the money is not an easy exercise and as I speak, I know that there are so many aspects that need to be considered. One can either use a budgeting application, track your finances in a spreadsheet, or write it down with a pen and paper. All these are options that a youth entrepreneur could opt for, in order to have a substantial budgeting prowess (Interview; YE9-12 from Cluster C; 2024).*

## Saving for Emergencies

Saving up for emergencies was another financial literacy practice that the study excavated among the youth entrepreneurs in Lusaka Province. This finding was appreciated on the basis that as young adult entrepreneurs, they might still tend to rely on parents for their emergency purchases. However, this habit could only turn them into a dependent individual who could only survive by heavily relying on someone else. This implies that youth entrepreneurs must build up an emergency fund to cover unexpected expenses. The last thing they want to do is maximize out their credit cards whenever they run out of money. Youth entrepreneurs should always strive to have at least three to six months' worth of savings. Ideally, each and every youth entrepreneur should have a separate bank account to store emergency fund so that one would not be tempted to withdraw anytime. To substantiate this finding, one youth entrepreneur from cluster D within Lusaka stated that;

*The process of saving money up for emergencies is not an easy undertaking as most of us have spent the money unnecessarily. For one to be of high financial literacy skills should identify his or her own needs and be able to save in a bank account that is not easily accessible. For instance, some of us have been compelled to open "Sure save bank account" with Sanako in order to discipline ourselves and save for the intended reasons (Interview; YE13-16 from Cluster D; 2024).*

As if this was not enough, another youth entrepreneur from cluster E within Lusaka stated that;

*Safeguarding the savings is another financial skill that most of us use in our daily ventures. This finding was reported on the premise that while the emergency fund should be easily accessible, the savings must be kept in difficult-to-access bank accounts. This youth entrepreneur considered opening a Certificate of Deposit (CD) as they offer competitive rates and are hard to access. Moreover, if you tend to overlook your savings, you can set up an automatic savings account so that they will be on autopilot (Interview; YE17-20 from Cluster E; 2024).*

## DISCUSSION

The discussion part of the paper was supported by other relevant sources of information and literature through the process of contextualization with our results. Based on a qualitative interpretive phenomenological and open-ended follow-up interview; the financial literacy practices among youth entrepreneurs were presented and discussed into specific sub-themes as follows;

### Setting financial goals

It is imperative to note that financial literacy is an important skill for all the youths in order to equip them with the financial prowess. As mentioned earlier, setting financial goals is very cardinal as enhances one's financial literacy skills and this prompts youth entrepreneurs to stay motivated. This finding is in agreement with the results of Alan and Erta (2018) who found and supported that setting financial goal provided a clear platform for financial literacy skills. This was as a result of an emphasis that if youth entrepreneurs had no clear plan of what they were saving up for, they would most likely spend their hard-earned money on something that has no substantial value to them. This implies that youth entrepreneur should be careful when defining his or her short and long-term financial goals in which youth entrepreneur should be certain whether he or she was saving up for retirement or planning to start a family venture. This was imperative because youth entrepreneur's financial skills to learn during adult years could significantly affect one's decision when one grows older. It is therefore important that youth entrepreneurs understand the basic concepts and develop health habits early in life to efficiently manage financial prowess in the years to come. As a young adult, there are a number of financial skills that need to be made available so the youth entrepreneurs could be equipped with relevant financial literacy skills that would empower them with lifelong financial literacy skills that promote self-reliance and independence among the youth entrepreneurs across the country.

### Creating Financial Plan for the Future

This study found that creating financial plans for the future was another financial literacy skill that was being practiced by youth entrepreneurs in Lusaka Province. This finding resonates with the results by Aprea, Schultheis

and Stolle (2018) who reported that creating a plan for future financial literacy skills was being practiced by people particularly by the young entrepreneurs. This finding was reported in the manner that once youth entrepreneurs have established their financial goals, they could be in the position to create a plan to achieve them. Envision how they wanted their future to look like and craft a financial plan that coincided with their life milestones. The implication of this is that youth entrepreneurs learn to create their financial plan easier and more realistic and priority them so that they know which ones need to tackle first. This is so because it may be overwhelming to plan everything out at this point in their life, but doing so can prevent them from wasting time and resources on irrelevant and unnecessary endeavors. Therefore, creating a financial plan and procedure for executing it is highly recommended in order to avoid being wasteful of the much-needed resources.

### **Budgeting skills**

The study further found that budgeting was also one among other financial literacy skills that were being practiced by youth entrepreneurs in Lusaka market places. This was explained on the premise that one of the basic skills youth entrepreneurs need to work on as a young adult was budgeting of money as this resource was very scarce. Similarly, Remund, (2010) found and stated that having a budgeting plan for money is very important as it lessens the stress of looking for money each and every time it runs out and promotes financial resilience. It was further added that as one grows older, the budgeting scope becomes more complicated, therefore, youth entrepreneurs must have a strong foundation early enough on which the principles of budgeting could be grounded. This is crucial because the budget demonstrates how much money is coming in and out of one's account, where they are going, and for what purpose. Therefore, creating a budget could help youth entrepreneurs determine if they have a healthy cash flow and if they are spending more than they should. This implies that an effective budget could also help youth entrepreneurs make better financial choices and veer youth entrepreneur away from unhealthy transactions. In order to achieve this, one could either use a budgeting application, track finances in a spreadsheet, or write it down with a pen and paper. All these are options that a youth entrepreneur could opt for, in order to have a substantial budgeting process that would be sustainable and productive. Therefore, youth entrepreneurs are all encouraged to practice budgeting principles so that the money is channeled and transacted in a prudent manner to avoid being wasteful.

### **Saving for Emergencies**

Furthermore, the study found that saving up for emergencies was another financial literacy skill that the youth entrepreneurs practiced in Lusaka province. This finding is in congruent with the results of Garman and Fogue (2010) who reported that saving of money for any circumstance in the future is very important as it removes away stress and depression from those who practice it in their daily monetary ventures. Additionally, this finding in the current study was appreciated on the basis that as young adult entrepreneurs, they might still tend to rely on parents for their emergency purchases. However, this habit could only turn them into a dependent individual who could only survive by heavily relying on someone else. This implies that youth entrepreneurs must build up an emergency fund to cover for unexpected expenses and maximize out their credit cards whenever they run out of money. Therefore, a lesson is that youth entrepreneurs should always strive to have at least three to six months' worth of savings. This could only be made reality if each and every youth entrepreneur has a separate bank account to store emergency fund so that one would not be tempted to withdraw anytime. For instance, youth entrepreneurs of high financial literacy skills should identify their own needs and be able to save in a bank account that is not easily accessible such as 'Sure save bank account' in order to instill financial discipline and use it and the money only for a compelling circumstances and justified reasons. Once, this mindset change is embraced by most of the youth entrepreneurs, then money would be in safer hands of individuals who understand and appreciate the value for money that would later trickle down and boost the economic activities of the communities and country at large.

## **CONCLUSION**

The importance of financial literacy in fostering successful entrepreneurship among youth cannot be overstated. As the global economy becomes more dynamic and complex, young entrepreneurs face numerous challenges that require a solid understanding of financial management. From startup costs creating financial plan for the future; budgeting skills, and budgeting to cash flow management and investment decisions, a sound financial

knowledge base is critical for ensuring the sustainability and growth of their ventures. While the financial literacy practices among youth entrepreneurs are improving, there remains significant room for growth. Financial literacy is not merely about understanding numbers; it is about developing the confidence and capacity to make informed decisions that drive business success. As young entrepreneurs face an increasingly complex economic landscape, the need for comprehensive, accessible, and practical financial education has never been greater. By investing in financial literacy programs and supporting young entrepreneurs with the tools they need to succeed, we are not only fostering individual success but also contributing to broader economic development and innovation. In order to achieve this in the context of this study, there is need for financial literacy programs to be increased to encourage more youths to participate by facilitating for other life skills training in adulthood; and Non-Governmental Organizations (NGOs) to come up with ways of reaching to youths so as to encourage high participation.

## LIMITATIONS AND FUTURE DIRECTIONS

There were limitations to the present study. The use of purposive sampling and the fact that qualitative studies have limitations that may prevent broader generalization. Thus, though our sample size, we could not necessarily detect differences or unique features within how specific market places conducted and integrated financial literacy skills. Likewise, the geographic focus of this study was predominantly centred on Lusaka, Zambia, and there is certainly knowledge gap for future studies to further explore how financial literacy is conducted and provided across various geographic, cultural, social and economic contexts. Nevertheless, the results have highlighted some financial literacy practices as demonstrated by youth entrepreneurs in the study in Lusaka Province.

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