Uncovering the Financial Literacy among Self-Employed Young Adults of Tangaza University in Kenya

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ABSTRACT

Financial literacy plays a crucial role in self-employment and entrepreneurship. The lack of financial literacy presents significant obstacles to the financial stability of self-employed young adults, impeding their ability to effectively navigate entrepreneurship. This study assessed the level of financial literacy among self-employed young adults at Tangaza University, it identified the key financial opportunities and challenges faced by young entrepreneurs, determined the attitudes and practices of self-employed young adults, and explored the effects of financial literacy on the performance of the young adults' businesses. Using a descriptive cross-sectional research design, the study selected 60 students and 20 staff members through purposive sampling and employed semistructured questionnaires for data collection. The findings indicate a moderate level of financial literacy, with a mean score of 66%. Key challenges include exchange rates and managing tax obligations, while the opportunities were market access and networking. Loan accessibility was both a challenge and an opportunity. Young adults had positive attitudes towards continuous learning and improvement, financial empowerment and were optimistic about self-employment. Financial literacy had a significant effect on the performance of their enterprises. Recommendations include targeted interventions to enhance specific financial competencies such as auditing, financing mechanisms, and tax management. Similar longitudinal action research is recommended in other settings such as rural areas.

Keywords: Self-employment, Young adults, Financial Literacy, Generation Z, Performance

INTRODUCTION

Financial literacy is acknowledged worldwide as a critical life skill, necessary for managing the complexities of the modern financial environment. According to the Global Financial Literacy Excellence Centre (GFLEC, 2021), financial literacy equips individuals with the ability to make informed financial decisions, ranging from budgeting to investing. The World Bank (2016, 2019) underscores the worldwide importance of financial literacy in promoting economic development and alleviating poverty. It is imperative to recognize that financial literacy is not solely a Kenyan issue but a worldwide concern. Small businesses, acknowledged as essential to the Kenyan economy, have generated employment opportunities and contributed to GDP growth for numerous years.

Many small business owners in Kenya fall into the self-employed category. Notably, there has been a noticeable and consistent decrease in new business ventures since the economic challenges of recent years. Conversely, there has been a notable surge in self-employment, with many Kenyans transitioning from formal employment to self-employment. In recent employment statistics, it was found that from 2017 to 2020, 18 million Kenyans, accounting for 25% of the workforce, transitioned from traditional full-time employment to working for themselves (Kenya National Bureau of Statistics, 2021). This change led to a rise in the number of self-employed individuals, reaching around 30 million, which constitutes roughly one-fourth of Kenya's labour force (Kenya National Bureau of Statistics, 2021).

In the context of Africa, the need for financial literacy is even more pronounced. The African Development Bank (AfDB, 2017) has highlighted the importance of financial literacy to promote economic growth and development across the continent. The challenges and opportunities faced by self-employed young adults in Kenya are not unique; they resonate with many other African nations.

The shift towards self-employment in Kenya initially stemmed from widespread job layoffs and high unemployment rates during economic downturns. The ascent of the digital economy, specifically the gig economy, has further propelled self-employment in Kenya. Projections indicate that traditional employment might become a minority by 2027, with the gig economy expected to influence the Kenyan workforce significantly.

In Kenya, the matter of financial literacy among self-employed young adults holds particular regional significance. The National Strategy for Financial Education in Kenya acknowledges the necessity of improving financial literacy among the youth. The specific circumstances and challenges met by self-employed young adults in Kenya are closely linked to the national economic and educational context.

Recently, the transition from conventional employment to self-employment in Kenya has been significantly driven by the inclination of 56% of Generation Z individuals toward independent work rather than traditional employment (Kenya Youth Employment Report, 2022). Moreover, the elderly population in Kenya is increasingly embracing self-employment as a source of income generation (Kenya Elderly Employment Survey, 2023).

The increasing trend of self-employment among young adults in Kenya necessitates an understanding of their financial literacy levels. Despite the critical role of small businesses in the Kenyan economy, many young selfemployed individuals lack essential financial knowledge, affecting their business success and personal financial stability.

Purpose and Objectives

The purpose of this study was to investigate the level of financial literacy among self-employed young adults at Tangaza University and how financial literacy affects their business performance and overall economic stability. By focusing on a specific demographic within a university setting, the research seeks to provide tailored recommendations for enhancing financial literacy among young entrepreneurs.

The following objectives drive this research:

1. To assess the level of financial literacy among self-employed young adults at Tangaza University.
2. To identify the key financial opportunities and challenges faced by self-employed young adults at Tangaza University.
3. To determine the attitudes and practices of self-employed young adults at Tangaza University towards financial literacy and self-employment.
4. To explore the effect of financial literacy among self-employed young adults at Tangaza University on the performance of their businesses.

LITERATURE REVIEW AND THEORETICAL FRAMEWORK

Financial literacy encompasses a multifaceted understanding comprising knowledge, abilities, attitudes, and actions, enabling individuals to make informed financial decisions and achieve their financial objectives (OECDINFE, 2012). Assessing financial literacy involves gauging the depth of economic information, the frequency and quality of monetary behaviour, and the level of confidence and satisfaction in managing financial matters among individuals (Huston, 2010). Beyond being a personal attribute, financial literacy is shaped by social and institutional factors, including the availability, accessibility, and affordability of financial products and services, and the legal, regulatory, and educational frameworks governing the financial system (Atkinson and Messy, 2012).

Self-employment represents a form of entrepreneurship where individuals work for themselves rather than being employed by others. People may choose self-employment for various reasons, including necessity, opportunity, passion, or a desire for a specific lifestyle (GEM, 2019). There are different types of self-employments, such as solo self-employment, dependent self-employment, and hybrid self-employment. These classifications depend on the level of autonomy, dependence, and diversification of income sources (Eurofound, 2017).

Engaging in self-employment can have both beneficial and detrimental effects on individuals and society. On the positive side, it can lead to increased income, empowerment, innovation, and the creation of new jobs. Conversely, it may result in reduced social protection, security, and overall stability (OECD, 2017).

Financial situation is shaped by various personal, background, and environmental factors, including age, gender, education, culture, social norms, and economic conditions (OECD, 2018). These elements contribute to individuals' perceptions of their financial situation, influencing their sense of financial security and satisfaction (CFPB, 2015). While acknowledging the broader context of financial literacy, this research emphasizes the specific mechanisms through which financial literacy and self-employment influence economic outcomes without delving into the aspects of financial situation itself.

The relationship between financial literacy, self-employment, and financial success is intricate and dynamic, involving multiple causal and feedback mechanisms, moderating and mediating variables, and direct and indirect effects. Various theoretical models and frameworks, such as human capital theory, the resource-based view, social cognitive theory, and the capability approach, have been proposed to explain and predict this relationship.

However, these models and frameworks often have limitations, such as being overly general, overly specific, too linear, or too static, and may not adequately capture the nuances and variations of this relationship in different contexts and populations. Hence, there is a requirement for a more thorough and context-specific theoretical framework to direct empirical exploration into how financial literacy, self-employment, and financial achievement intersect among self-employed young adults in Kenya.

Klapper and Lusardi (2015) in Italy conducted a noteworthy study on financial literacy among young people in Europe. The research aimed to assess financial literacy levels among young adults aged 18 to 34 in Italy. The results uncovered a troubling deficiency in financial knowledge, as many participants showed a poor grasp of fundamental financial principles like compound interest and inflation. The research underscored the necessity for tailored financial education initiatives aimed at enhancing the financial literacy of young Italians. It emphasized the potential advantages of enhanced financial knowledge in facilitating informed financial choices and fostering financial stability over time.

In the United Kingdom, a study by Fernandes, Lynch, and Netemeyer (2014) investigated financial literacy among university students. The research found that a substantial number of students exhibited inadequate financial literacy, particularly in areas related to credit management and asset knowledge. The research highlighted the significance of incorporating financial education into school curricula to provide young people with essential skills for navigating intricate financial environments.

These European studies collectively underscore the challenges young people face in acquiring essential financial knowledge. They underscore the urgent requirement for specific interventions and educational programs aimed at enhancing financial literacy among young adults. This empowerment will enable them to make informed financial decisions and nurture their long-term financial health (Klapper & Lusardi, 2015; Fernandes et al., 2014).

Specific studies on financial literacy among segments of young people in Africa are limited. However, one study that provides insights into financial literacy among African youth is the Global Financial Literacy Excellence Centre's (GFLEC) Financial Literacy around the World study, which included data from South Africa. The findings indicated a substantial gap in financial literacy, with a significant portion of the surveyed population lacking basic financial knowledge. Key areas of concern included understanding interest rates, inflation, and risk diversification. The research stressed the importance of tailored financial education programs to enhance the financial literacy of young people in South Africa, thereby improving their capacity to make well-informed financial choices and attain financial stability (GFLEC, 2021).

Given the limited specific studies available, there is potential for more comprehensive research on financial literacy among young people in various African countries to address the unique challenges and opportunities within the continent. Continued efforts in this direction could contribute significantly to the development of customized financial education programs that meet the specific requirements of African youth.

Specific studies on financial literacy among young people in Kenya are also limited. However, one notable study is "Financial Literacy and Wealth Building among Youth in Nairobi, Kenya" by Mbugua, Ritter, and Churchill (2018). The study engrossed in assessing the financial literateness heights and wealth-building behaviours of youth in Nairobi. Findings indicated that a substantial portion of the surveyed youth exhibited low points of financial literacy, chiefly in areas related to budgeting, savings, and investment. The study revealed a correlation between higher financial literacy and more positive wealth-building behaviours. Additionally, it identified factors such as educational attainment and parental influence as significant determinants of financial literacy among the youth in Nairobi. The researchers highlighted the importance of developing specialized financial education initiatives that target the challenges and knowledge deficiencies observed among youth in Kenya. They recommended that these interventions prioritize improving financial literacy to empower young individuals to make informed financial decisions and enhance their overall financial health (Mbugua *et al*., 2018).

As far as the theoretical framework is concerned, this study is grounded on the Capability Approach Theory and the social cognitive theory.

The Capability Approach, as articulated by Sen (1999) in *Development as Freedom*, serves as the foundational theory shaping this study. This approach posits that development should focus on enhancing individuals' capabilities to lead lives they value, achieved through expanding freedoms and opportunities (Sen, 1991). In the context of this study, within the capability approach, financial literacy is conceptualized as a core capability enabling individuals to make informed financial decisions and attain their financial goals. It strengthens individuals' capacity to effectively manage their finances, make sound financial choices, and navigate economic challenges.

Self-employment is conceptualized as a functioning within the capability approach, representing the actual achievement or outcome of individuals who work for themselves rather than for an employer. It encompasses income generation, empowerment through entrepreneurial activities, innovation, and job creation. Financial literacy and self-employment are interconnected in their influence on each other and on broader outcomes. Financial literacy enhances the skills and attitudes necessary for effective financial management among selfemployed individuals. Self-employment, in turn, provides economic empowerment and opportunities that may influence financial behaviour and attitudes. External and contextual variables such as accessibility to financial services, regulatory frameworks, and economic conditions, play roles as mediators and moderators in influencing the connection between financial literacy, self-employment, and broader outcomes.

In addition to the capability approach, Social Cognitive Theory (Bandura, 1986) provides insights into the cognitive, behavioural, and environmental factors that influence individuals' financial decisions and behaviours. Social Cognitive Theory emphasizes that individuals' financial behaviours and attitudes are shaped by observational learning, personal factors (such as self-efficacy in financial matters), and environmental influences (such as social norms and economic opportunities). Financial inclusion theory highlights how social and environmental factors can either facilitate or impede individuals' access to and usage of financial services, thereby influencing their inclusion or exclusion from financial systems. Social Cognitive Theory enriches the understanding of how financial literacy and self-employment behaviours are learned, reinforced, and influenced by social interactions, educational opportunities, and environmental conditions.

The capability approach and Social Cognitive Theory provide a robust framework for exploring the complex interplay between financial literacy, self-employment, and outcomes among self-employed young adults in Kenya.

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The conceptual framework employed in this study is informed by the OECD/INFE Toolkit for Assessing Financial Literacy and Financial Inclusion (2018), which defines the essential variables and their interrelationships.

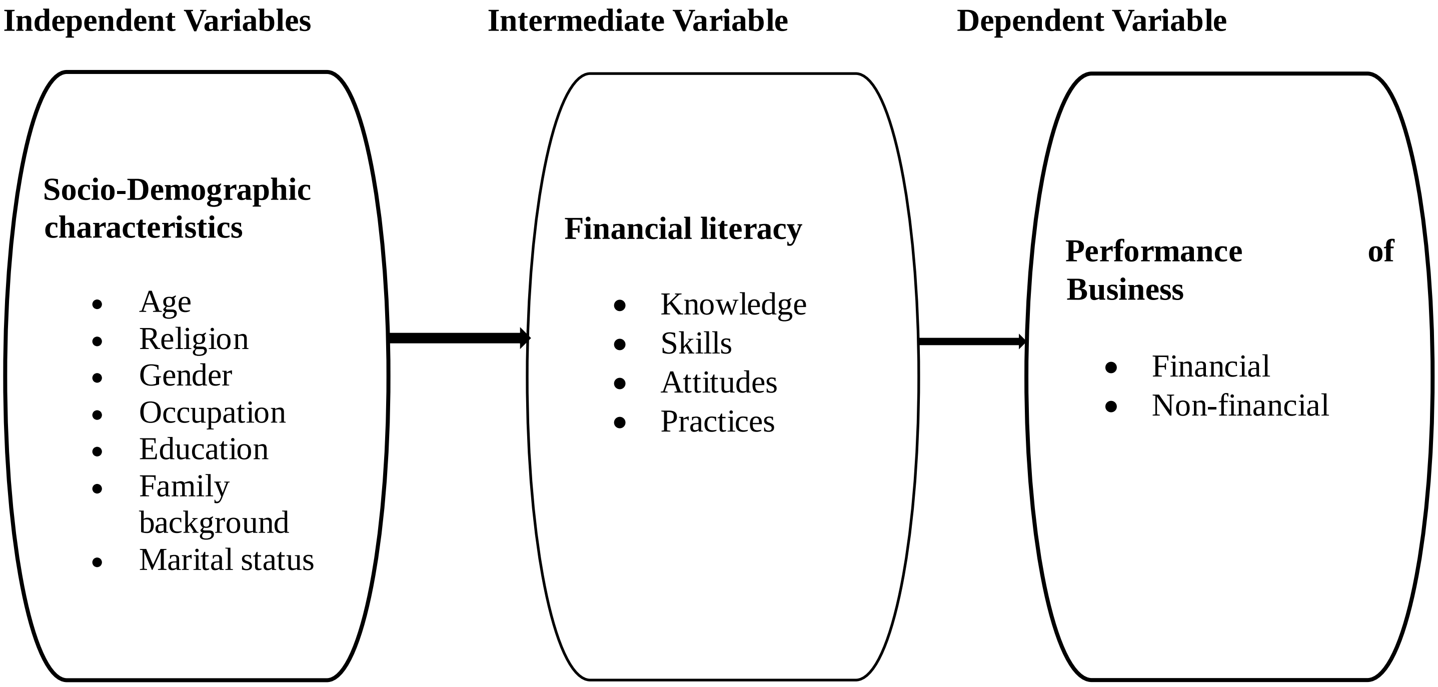

Figure 1: Conceptual Structure

The Figure 1 above illustrates the intricate connections between socio-demographic variables, financial literacy, and business performance. It offers a structured view to comprehend the hypothesized relationships and pathways outlined in this study, enhancing clarity in understanding their interplay.

METHODOLOGY

This study adopted the descriptive cross-sectional research design (Mugenda and Mugenda, 2019). The study was conducted at Tangaza University, located in Nairobi, Kenya. This institution was chosen for its distinctive setting, characterized by a diverse student population and the fact that no such study had been done there before. This setting offered crucial insights into the financial challenges faced by self-employed young adults in a university environment. The unique demographic and socioeconomic background of Tangaza University's student body offered a rich field for examining the interaction between financial literacy, self-employment dynamics, and business education.

The target population for this study included self-employed young adults currently enrolled or working at Tangaza University. This particular demographic was selected to facilitate a thorough exploration of how financial literacy, dynamics of self-employment, and financial commercial skills interact within this specific group. According to statistics from the Tangaza Student Registration Office, the university hosts approximately 1,800 students across various institutes and disciplines, along with a staff population of about 300, comprising both lecturers and administrative personnel.

The sampling strategy employed a purposive selection method and ensured equal gender representation of 40/40, targeting 20 students from each of the three main faculties—School of Theology, School of Arts and Social Sciences, and School of Education—resulting in 60 students. Additionally, 20 staff members were included, bringing the total sample size to 80 participants. This approach-facilitated representation from diverse academic disciplines and staff categories, thereby enabling a comprehensive exploration of financial literacy across various groups.

The purposive sampling was structured as follows:

Faculty	**Number of participants**
School of Theology	20
School of Arts and Social Sciences	20
School of Education	20
Staff	20
Total	**80**

Table 1

Inclusion criteria involved students and staff of Tangaza University aged between 18 and 35 years. Exclusion criteria were non-university individuals and those outside the specified age range.

Information was gathered through a well-organized questionnaire designed for quantitative data and semistructured interviews for qualitative insights. The questionnaire incorporated items from established financial literacy scales, ensuring the reliability and relevance of the data collected.

The questionnaire was tested in a pilot study with a small sample of self-employed students to assess its clarity, relevance, and effectiveness. Feedback from this pilot test led to adjustments that enhanced the instrument's validity, ensuring it accurately measured what it was intended to. Test-retest reliability was assessed by administering the questionnaire to a subset of participants twice, with an interval between administrations. The consistency of responses was analysed to ensure the reliability of the instrument, confirming that it produced stable and consistent results over time.

The research utilized a mixed-methods strategy to gather data, blending self-administered electronic surveys with in-person semi-structured interviews. The electronic distribution of questionnaires leveraged a versatile and widely accessible platform, facilitating a user-friendly experience for participants. This method ensured convenience and efficiency in collecting data from self-employed young adults. Furthermore, in-person semistructured interviews were conducted to delve into the intricacies of participants' financial journeys, enhancing a holistic grasp of the distinct obstacles and achievements encountered by this group.

After the questionnaires were filled out, a thorough editing phase was carried out to ensure accuracy and uniformity. The gathered data underwent analysis using SPSS V.20.0. Mean scores and standard deviations were calculated based on a Likert-type scale, and the findings were presented using tables and graphs to facilitate comprehensive analysis and comparison. The qualitative data collected from interview guides was analysed using conceptual content analysis, a method suitable for systematically and objectively identifying specific message characteristics. As delineated by Creswell (2014), content analysis involves making inferences by systematically discerning trends within the data.

Ethical considerations were crucial throughout the study. All participants provided informed consent, and assurances of confidentiality and anonymity were upheld. The study followed ethical guidelines to safeguard the rights of all participants involved. This included safeguarding the privacy of participants' data and ensuring that their participation was voluntary and based on a clear understanding of the study's objectives.

RESULTS

4.1 Social-Demographic Characteristics

Table 2 below offers a thorough summary of the demographic profile of the participants. It highlights key aspects such as age distribution, gender, academic program enrolment, enterprise management status, religious affiliation, marital status, and place of residence.

Demographic Category	**Frequency**	**Percentage (%)**
Age		
18-24	30	37.5
25-30	29	36.3
31-35	21	26.3
Total	**80**	**100**
Gender		
Male	40	50.0
Female	40	50.0
Total	**80**	**100**
Academic Program		
Certificate	2	2.5
Diploma	13	16.3
Bachelor's Degree	55	68.8
Postgraduate Diploma/Masters/PhD	8	10.0
Total	78	97.5
Are you presently managing your enterprise on your own?		
Yes	50	62.5
No	28	37.5
Total	**80**	**100**
Religion		
Christian	73	91.3
Muslim	6	7.5
Others	1	1.3
Total	80	100
Marital Status		
Single	52	65.0
Married	27	33.8
Total	79	98.8
Rural or Urban residence		
Rural	19	23.8
Urban	61	76.3
Total	**80**	**100**

Table 2

The demographic summary indicates that a significant portion of respondents, specifically 59 (73%), were aged between 18 and 30. The gender distribution was purposively balanced. The majority were enrolled in a Bachelor's Degree program, predominantly self-employed, primarily identified as Christian, and predominantly lived in urban areas.

4.2 Financial Literacy Assessment

Table 3 below presents an evaluation of the respondents' self-assessed financial literacy levels. It provides insights into how individuals rate their financial knowledge and skills on a numerical scale from 1 to 10.

Category	**Frequency**	**Percentage (%)**
How would you rate your overall financial literacy?		
1	3	3.8
2	0	0
3	3	3.8

4	3	3.8
5	13	16.3
6	8	10.0
7	21	26.3
8	21	26.3
9	4	5.0
10	4	5.0
Total	**80**	**100**

Table 3

The overall mean score on financial literacy was found to be 6.6 out of 10, that is 66%.

Financial Skills

Table 4 presents respondents' levels of confidence across various financial skills. It offers a detailed view of their self-assessment in areas such as budgeting, saving, investing, among others.

Statement	**Agree**	**Neutral**	**Disagree**	**Total**
I am confident with Budgeting	54(67.5%)	18(22.5%)	8(10.0%)	80(100%)
I am confident in Saving	45(56.3%)	25(31.3%)	10(12.5%)	80(100%)
I am confident in Investing	49(61.3%)	23(28.8%)	8(10.0%)	80(100%)
I am confident in Debt Management	37(46.3%)	32(40.0%)	11(13.8%)	80(100%)
I am confident with Financing	29(36.3%)	46(57.5%)	5(6.3%)	80(100%)
I am confident in Reading and interpreting financial statements	37(46.3%)	31(38.8%)	12(15.0%)	80(100%)
I am confident with Auditing	23(28.8%)	38(47.5%)	19(23.8%)	80(100%)
I am confident in my Resource mobilisation skills	35(43.8%)	34(42.5%)	11(13.8%)	80(100%)
I am confident in my accounting skills	40(50.0%)	30(37.5%)	10(12.5%)	80(100%)

Table 4

Confidence levels vary across financial skills, with budgeting being the most confident area and auditing being the least.

Formal Financial education or training

Table 5 presents the respondents' exposure to formal financial education or training. It provides insights into whether the participants have received structured financial learning.

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Statement	**Yes**	**No**	**Total**
Have you ever received any formal financial education or training?	31(38.8%)	49(61.3%)	80(100%)

Table 5

Notably, only 38.8% have received formal financial education or training.

4.3 Financial Challenges and Opportunities

The following Table 6 outlines the key financial challenge faced by respondents as well as the key opportunity they have identified. This data sheds light on the financial landscape encountered by the participants.

Main financial challenge experienced	**Frequency**	**Percentage (%)**
Accessing loans	18	22.5
Taxation	22	27.5
Inflation	12	15.0
Dollar rates	18	22.5
Lack of knowledge of financial matters	9	11.3
Others, Specify	1	1.3
Total	**80**	**100**
Main opportunity identified		
Loan accessibility	17	21.3
Subsidies	4	5.0
Taxation relaxation	4	5.0
Availability of market	17	21.3
Cheap labour	10	12.5
Networking and partnerships	15	18.8
Government contacts	2	2.5
Supportive community or ecosystem	3	3.8
Flexible work arrangements	7	8.8
Others, Specify	1	1.3
Total	**80**	**100**

Table 6

Challenges predominantly revolve around taxation, loan accessibility, and fluctuations in rates. Conversely, opportunities included market availability and networking and partnerships.

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4.4 Attitudes and Practices

Table 7 below provides insights into respondents' attitudes and practices related to financial literacy and selfemployment. It highlights varying perspectives, such as optimism about self-employment and continuous learning, alongside financial practices like budgeting and capital budgeting. These attitudes and practices are shown to have a significant impact on financial decision-making processes.

The main attitudes towards financial literacy and self-employment	**Frequency**	**Percentage (%)**
Financial literacy is difficult to have	4	5.0
Financial literacy is not important for the success of self-employment	3	3.8
I am optimistic about self-employment	28	35.0
Financial literacy is for financial people only	2	2.5
Self-employment is less important than a job	1	1.3
Continuous learning and improvement	23	28.8
Seeking professional advice	5	6.3
Building financial resilience	2	2.5
Embracing financial empowerment	10	12.5
Incorporating financial education into business practices	2	2.5
Total	**80**	**100**
Main financial practice		
Budgeting	47	58.8
Capital budgeting	18	22.5
Reporting	8	10.0
Audit	6	7.5
Others, Specify	1	1.3
Total	**80**	**100**
Influence of attitudes and practices on Financial Decision-Making		
1	0	0
2	0	0
3	29	36.3
4	31	38.8
5	20	25.0
Total	**80**	**100**

Table 7

Respondents expressed varied attitudes towards financial literacy and self-employment, with optimism and continuous learning being prominent. Financial practices include budgeting, capital budgeting, and reporting, while attitudes clearly influenced financial decision-making with an average score of about 4/5.

4.5 The Effect of Financial Literacy on Performance of Their Businesses

Table 8 shows the perceived effect of financial literacy on enterprise performance among respondents, detailing frequencies, and percentages of varying perceptions. It underscores the significant role financial literacy is perceived to play in business outcomes.

Impact of Financial Literacy on Enterprise Performance	**Frequency**	**Percentage (%)**
It does not affect at all	7	8.8
Somehow affects	38	47.5
Extremely affects	35	43.8
Total	**80**	**100**

Table 8

Majority of respondents reported the considerable effect of financial literacy on enterprise performance, highlighting its crucial role.

DISCUSSION

The study aimed to evaluate the level of financial literacy among young adults who are self-employed. Results indicated a moderate level of financial literacy, with a substantial number rating their overall financial knowledge between six and eight. However, variations in confidence levels across specific financial skills were observed. These discrepancies highlight the need for targeted interventions to enhance specific competencies. For instance, while many respondents felt confident in basic budgeting, fewer were comfortable with more complex tasks such as investment decisions or understanding financial statements. This observation aligns with previous studies (Lusardi & Mitchell, 2016; Hastings et al., 2013).

The study identified several financial challenges faced by self-employed young adults. Key issues included difficulties accessing loans, high interest rates, and taxation burdens. These obstacles impede the economic stability and growth potential of small enterprises. Specifically, the stringent requirements for securing loans were a significant barrier, as many young entrepreneurs lack the collateral or credit history needed to qualify (Block & Wagner, 2020).

Conversely, the research also highlighted opportunities that these young adults can leverage. Market availability and networking emerged as critical opportunities for fostering entrepreneurial success. The presence of supportive networks and mentorship programs can significantly enhance business growth by providing access to resources, knowledge, and market linkages. For example, networking events and industry associations were noted as valuable platforms for business development (Shane & Venkataraman, 2020).

Respondents exhibited a mix of perspectives towards financial literacy and self-employment. Many respondents expressed optimism and a willingness to learn, recognizing the importance of financial literacy in managing their businesses effectively. However, some held negative views, perceiving financial literacy as complex and challenging. This duality in attitudes underscores the need for targeted educational initiatives that are both engaging and accessible (Coleman, 2013).

The study revealed that financial practices among respondents included budgeting, capital budgeting, and reporting. However, the depth and effectiveness of these practices varied significantly. For instance, while most participants engaged in basic budgeting, fewer implemented sophisticated financial planning or performance monitoring techniques. This gap indicates a need for practical training and tools to enhance financial management skills among young entrepreneurs (Churchill, 2019).

The research investigated the link between financial literacy levels and business performance, uncovering a notable connection between the two. Most respondents attributed either a moderate or an extreme influence of financial literacy on their enterprise performance. Enterprises demonstrating higher levels of financial literacy exhibited superior performance, characterized by enhanced financial management, strategic planning, and effective risk management practices (Lusardi & Tufano, 2015; Kantis et al., 2014).

The results indicated that businesses whose owners had higher financial literacy levels exhibited more robust health, characterized by better cash flow management, profitability, and growth. The suggests that enhancing financial literacy could be a strategic lever for improving business outcomes among self-employed young adults as seen in previous studies (CFPB, 2015).

CONCLUSION AND RECOMMENDATIONS

The research revealed that the participants exhibit a moderate level of financial literacy with a mean score of 66%. However, there are specific areas, such as investing and debt management, where confidence and competence are relatively low. This indicates a need for focused educational efforts to bolster these particular skills.

Participants identified several financial challenges, including limited access to loans and heavy tax burdens. Conversely, opportunities such as the availability of markets for goods and services were also noted. These findings suggest a need for policies and programs that can mitigate financial barriers and leverage available opportunities to support young entrepreneurs.

The study revealed that young adults had positive attitudes towards continuous learning and improvement, financial empowerment and were optimistic about self-employment. Positive practices included budgeting, saving, investing, and accounting while more sophisticated financial planning practices were less common. A significant number of self-employed young adults were not confident with auditing, accounting, reading and interpreting financial statements, debt management, and resource mobilization. Most young adults confirmed that financial literacy had effects on the performance of enterprises.

Based on the findings, the following recommendations are proposed to enhance financial literacy and support the entrepreneurial success of self-employed young adults at Tangaza University.

Tangaza University should develop and offer tailored financial literacy programs focusing on specific competencies such as auditing, investing and debt management, where most young adults lack confidence. These programs should be designed to meet the unique needs of young entrepreneurs and be integrated into the university's curriculum.

The government should provide opportunities for self-employed young people to access credit and should create a tax regime that enables young entrepreneurs to succeed. The university should initiate longitudinal action research to monitor the enduring effects of financial literacy interventions on the sustainability of businesses. This will provide valuable data to inform and improve future financial literacy programs and initiatives, ensuring they effectively meet the needs of young entrepreneurs.

The findings presented in this chapter illuminate the complex dynamics of financial literacy among selfemployed young adults and underscore its significant effects on entrepreneurial pursuits. Future research could explore the longitudinal impacts of financial literacy programs to assess their long-term efficacy in improving business performance. Moreover, exploring how digital financial tools contribute to improving financial literacy could offer valuable insights into contemporary educational strategies.

Overall, the study underscores the necessity for targeted financial literacy programs tailored to the needs of selfemployed young adults. By addressing identified gaps and leveraging opportunities, these programs can foster a more financially literate and successful entrepreneurial youth population in Nairobi County and in the country at large.

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