

**EXPLORING THE FINANCIAL LITERACY PRACTICES AMONG SELECTED  
YOUTH ENTREPRENEURS IN LUSAKA DISTRICT, ZAMBIA: A  
PHENOMENOLOGICAL PERSPECTIVE**

**By**

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A Thesis submitted to the University of Zambia in fulfilment of the requirements of the Degree  
of Doctor of Philosophy in Adult Education.

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## DECLARATION

I, **Kasonde Agatha**, do hereby declare that the work contained in this thesis is my own work. The work of other persons quoted in this thesis has been dully acknowledged.

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## APPROVAL

This PhD thesis of Kasonde Agatha has been/not been approved as fulfilling the partial fulfillment of requirement for the award of the Doctor of Philosophy in Adult Education of the University of Zambia.

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## ABSTRACT

This study aimed to explore the financial literacy practices among selected youth entrepreneurs in Lusaka District, Zambia, from a phenomenological perspective. The objectives that guided the study were to: (1) establish the financial literacy practices among selected youth entrepreneurs in Lusaka District, (2) identify factors affecting financial literacy practices among selected youth entrepreneurs in Lusaka District, (3) ascertain the opportunities of financial literacy practices among selected youth entrepreneurs in Lusaka District, and (4) establish the constraints encountered by youth entrepreneurs in financial literacy practices in Lusaka District. A qualitative research approach was adopted and used in which a total sample size of 30 participants, including youth entrepreneurs and officers from the Ministry of Small and Medium Enterprises, were purposively selected from Lusaka District. Data was collected through face-to-face interviews and non-participant observations. An interpretive phenomenological research design was used to explore and analyse the experiences and perspectives of participants in depth. The study found that youth entrepreneurs in Lusaka engage in several key financial literacy practices, which included; budgeting, separating needs from wants, saving for emergencies, setting financial goals, and planning for the future. Furthermore, they recognize the importance of protecting themselves through life insurance and investing in education. Among the factors affecting financial literacy practices included gender, socio-economic status, access to education, professional financial role models, availability of financial training, financial attitude, and psychosocial experiences based on age. The study also established several opportunities associated with financial literacy practices among youth entrepreneurs and these were not limited to; the development of saving habits, access to accurate financial information, financial independence, and the ability to identify financial scams. However, youth entrepreneurs faced various constraints that hinder their financial literacy skills, such as lack of financial accountability, transparency, financial ethics, inadequate capital, policy inconsistencies, limited financial networks, and the absence of financial education. Based on these findings, the study recommends that the government increase the number of financial literacy programmes and target more youth beneficiaries to encourage participation. NGOs should improve the reach and appeal of their programmes to ensure higher youth involvement. Moreover, the government should foster greater collaboration with financial literacy role models and organizations to help youth entrepreneurs grow in their ventures. Youth entrepreneurs themselves are advised to actively engage in financial literacy programmes, seek mentorship from experienced financial professionals, and embrace sound financial management practices to enhance their business sustainability and growth.

**Keywords:** *Youth; Entrepreneurs; Financial Literacy; Practices; Phenomenology.*

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## ACRONYMS

<b>BOZ</b>	Bank of Zambia
<b>CARD</b>	Credit card, Accountability, Responsibility and Disclosure
<b>CFPB</b>	Consumer Financial Protection Bureau
<b>FGD</b>	Focus Group Discussion
<b>FLP</b>	Financial Literacy Programmes
<b>FSA</b>	Financial Services Authority
<b>FSB</b>	Financial Services Board
<b>FSD</b>	Financial Sector Deepening
<b>GAO</b>	Government Accountability Office
<b>HSSREC</b>	Human Social Science Research Ethics Committee
<b>MOE</b>	Ministry of Education
<b>MSME</b>	Ministry of Small and Medium Enterprises
<b>NCEE</b>	National Council of Economic Education
<b>NFEC</b>	National Financial Educators Council
<b>NGO</b>	Non- Governmental Organization
<b>OECD</b>	Organization for Economic Co-operation and Development
<b>PISA</b>	Programme for International Student Assessment
<b>SES</b>	Socio Economic Status
<b>TEVETA</b>	Technical Education Vocational and Entrepreneurship Training Authority
<b>UNZA</b>	University of Zambia

<b>US</b>	United States of America
<b>YMCA</b>	Youth Men Christian Association
<b>YWCA</b>	Young Women Christian Association

## **CHAPTER ONE: INTRODUCTION**

### **1.1 Overview of the chapter**

Financial literacy has been widely considered as key in economic empowerment, particularly for youth entrepreneurs who must navigate complex financial decisions to sustain and grow their businesses. Despite various financial literacy initiatives in Zambia, many programmes lack coordination, standardization, and relevance, leading to limited impact. This study aims to explore the financial literacy practices of youth entrepreneurs in Zambia, identifying gaps and proposing strategies for improvement. This chapter provides the foundation for the study by presenting the background of the research, the problem statement, research objectives, and research questions. It also outlines the study's significance, scope, and limitations, setting the stage for a comprehensive analysis of financial literacy among youth entrepreneurs in Zambia.

### **1.2 Background to the study**

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 (Bover, Hospido and Villanueva, 2018). 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 digitalisation of finance in the quest to have a population that is well vested in financial literacy (Alan and Ertac, 2018). 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. In Zambia, in particular, youth entrepreneurs continue to recognize the value of financial programmes available.

Literacy is essential for both individual empowerment and societal development, serving as a foundational skill for effective communication and problem-solving. It enables individuals to engage meaningfully in various aspects of life, such as participating in community decision-making, accessing information, and pursuing personal goals. Literacy is not limited to basic reading and writing; it encompasses a broader range of skills that contribute to personal growth and social progress (Barbakadze, 2018). Definitions of literacy vary across contexts and cultures,

reflecting different perspectives on what it means to be literate. In some countries, being able to write one's name may be sufficient to classify someone as literate, while in others, much higher standards are applied, where even high school students may still be considered illiterate (Mulia, 2016). These variations highlight the diverse ways in which literacy is understood and measured globally, making it a complex and multifaceted concept. At its core, literacy involves the ability to read and write in ways that allow effective communication. However, it extends beyond these basic skills to include critical thinking, personal development, and technological literacy. It also plays a role in fostering mathematical competence and encouraging attitude transformation, all of which are essential for thriving in today's fast-paced, technology-driven world (Chang, 2023).

The significance of literacy lies in its ability to unlock opportunities for individuals and communities. It provides the tools needed for lifelong learning, adaptability, and active participation in society. As the world becomes increasingly interconnected, literacy has evolved to encompass the skills necessary for navigating complex challenges, making it a cornerstone for sustainable development and social inclusion (Aprea, Schultheis and Stolle, 2018).

Literacy encompasses various forms that are integral to individual and societal advancement. One primary type is initial literacy, which refers to the stage where individuals acquire foundational skills in reading and writing in a specific language. Brian Street's concept of the "autonomous model" of literacy highlights the idea that initial literacy is often viewed as a universal skill detached from social and cultural contexts (Street, 1984). However, literacy acquisition is deeply influenced by the environment and the cultural norms in which it is practised. This foundational form is crucial for further education, equipping individuals with the tools necessary for communication and lifelong learning.

Another key form is survival literacy, which emphasizes practical skills essential for economic independence and community participation. Alan Rogers highlights that survival literacy is closely tied to the "skills for life" approach, which prioritizes equipping individuals with the knowledge required for earning a livelihood and achieving self-reliance (Rogers, 2007). Similarly, Purcell-Gates discusses how literacy practices are context-specific and directly linked to real-life needs, stressing the importance of functional literacy programmes that address economic and social challenges (Purcell-Gates, 2020). Adult literacy addresses the unique educational needs of adults,

enabling them to develop survival skills, adapt to their environments, and actively engage in civic life. Barton and Hamilton's work on "literacy as social practice" underscores that adult literacy programmes should focus on real-world applications and the cultural contexts of learners (Barton and Hamilton, 1998). This includes teaching adults how to generate income, participate in community activities, and solve local problems. Uta Papen adds that adult literacy is not just about acquiring skills but also about empowering individuals to critically engage with societal structures and advocate for change (Papen, 2005).

The challenges surrounding literacy are compounded by the alarming global trend of low financial literacy. Guiso and Viviano (2014) reported that many individuals lack basic knowledge of financial concepts, which are essential for making informed financial decisions. Numerous studies underscore the critical importance of financial literacy for various reasons. For instance, Lusardi and Mitchell (2011a) and Fornero and Moticone (2011) found that individuals with higher financial literacy levels are more likely to engage in retirement planning. Similarly, Babiarz and Robb (2014) noted that financial knowledge plays a significant role in emergency saving behaviours. Furthermore, investors with high financial literacy tend to achieve superior stock market returns, as they are more adept at market timing (Guiso and Viviano, 2014).

Disney and Gathergood (2013) also highlighted a strong correlation between financial literacy and consumer credit management, revealing that individuals with lower financial literacy often incur higher interest rates on loans compared to their more knowledgeable counterparts. Huston (2012) emphasised that consumers with elevated financial literacy are approximately twice as likely to secure lower interest rates on credit cards and home loans. According to Roberts et al. (2014), countries with low financial literacy levels, particularly among marginalized and vulnerable populations, risk facing severe long-term consequences if these issues remain unaddressed.

The increasing complexity of financial products and the instability of the global economy have further complicated decision-making regarding financial matters (Taft et al., 2013). Consequently, there has been a growing emphasis on financial management education worldwide, particularly following the 2008 financial crisis, which prompted many countries to implement developmental programmes aimed at enhancing financial literacy among their citizens (Organisation for Economic Cooperation and Development [OECD], 2013). In South Africa, the government,

through the FSB, has launched initiatives to tackle low levels of financial literacy across the nation (Roberts et al., 2014). However, Bay, Catasús, and Johed (2014) argued that financial literacy is a “concept that needs to be situated and studied in practice because the characteristics that constitute financial literacy or those that apply to it vary with time and place”. Therefore, national strategies addressing financial literacy challenges must be based on well-researched studies and informed insights. Moreover, the implementation of these initiatives should be coordinated and tailored to specific target groups to enhance their effectiveness across the country. The insights from this research aim to contribute to the development of such targeted strategies.

Financial literacy is also recognized as a key factor influencing the success of small and medium enterprises (SMEs) globally. Low financial literacy levels among entrepreneurs can hinder the growth and sustainability of SMEs. Nyamboga et al. (2014) indicated that only half of SMEs survive beyond five years, with only a few evolving into firms that excel in innovation and performance. Furthermore, Karadag (2015) identified poor financial management and a lack of financial knowledge as major contributors to SME failures. These issues can prevent SMEs from securing financial support from institutions and investors, further exacerbating their challenges.

The implication is that nowadays, with the complexity and extensive variety of financial products, people are expected to prepare themselves with knowledge and skills related to budgeting so that the decisions they take could affect them positively (Garg and Singh, 2016). In this vein, people should equip themselves with financial education, financial management as well as basic knowledge of savings, investments, retirement, will, insurance and loans (Garman and Forgue, 2010). Suffice to say that financial literacy has drawn the attention of many researchers to explore its impact on society's financial lifestyle, including individuals, youth and entrepreneurs. Financial literacy, therefore, is a combination of financial knowledge, awareness, skills, abilities, attitudes and behaviours needed to make a financial decision prudent, as it is a basic and important skill to determine the effectiveness of financial management to avoid financial problems (Murugiah, 2016).

Just as financial literacy is crucial, entrepreneurship has also emerged as a key focus for government initiatives aimed at youth growth and empowerment. Entrepreneurship is viewed as a powerful driver for job creation, economic growth, and social development. It offers youth the

opportunity to become self-sufficient through creating their own businesses, which in turn contributes to national economic resilience. Governments can reduce unemployment rates and stimulate innovation through fostering entrepreneurial skills, which also leads to sustainable development. As Khaire (2010) and Wise (2013) emphasize, entrepreneurship is not only a means of generating income but also a vital component of societal progress, encouraging creativity, adaptability, and resourcefulness.

In Zambia, the legal definition of youth encompasses individuals aged between 15 and 35 years (Ministry of Youth and Sport, 2015). This age group represents a dynamic and emerging workforce that holds the potential to significantly impact the nation's economy. The youth population has demonstrated immense potential for entrepreneurial endeavours, evidenced by the increasing global trend of youths starting businesses. Studies have shown that over the past two decades, the number of successful entrepreneurs worldwide, particularly those under 18, has surged (Klapper, Lusardi, and Panos, 2015). This indicates that the inclination of youth to engage in entrepreneurship from an early age is growing, driven by technological advancements, access to global markets, and changing social attitudes toward business creation.

As the involvement of youths in entrepreneurial activities continues to rise, financial competency becomes one of the most critical managerial and financial skills for entrepreneurs (Wise, 2013). Aspiring entrepreneurs need to understand basic financial concepts, manage business cash flows, plan for growth, and navigate financial risks. Without financial literacy, even the most innovative business ideas can fail due to poor money management or lack of access to proper financial resources

An entrepreneur is an individual who creates a new business in the presence of risks and uncertainties for the sole purpose of making profit and achieving growth by identifying opportunities and combining the necessary resources to capitalize on them (Berger, 1991). However, Ahmad and Sahar (2019) put it clearly that in practice, there are many problems faced by entrepreneurs which are of different dimensions and magnitudes although the entrepreneurial process is the same for men and women, thus prevent them from realizing their full potential as entrepreneurs. In this case, financial management skills are seen as an important component that every entrepreneur needs

which help toward a good management and give impact to the productivity and growth of a business (Sucuahi, 2013).

Entrepreneurship fundamentally encompasses the recognition, evaluation, and exploitation of opportunities to introduce new goods, services, or organizational methods into the market. According to Shane and Venkataraman (2000), this process involves organizing resources in innovative ways to create offerings that did not previously exist. This definition highlights the role of entrepreneurs not just as business owners but as innovators who identify gaps in the market and take the initiative to fill them. Leveraging insights and creativity, entrepreneurs can significantly contribute to the economic landscape, challenging the status quo and fostering competition.

The process of entrepreneurship also involves designing, launching, and managing a new business venture, often starting as a small enterprise. Hisrich (2006) describes entrepreneurship as a method of creating value through new products or services that fulfill consumer needs while assuming financial risks. Entrepreneurs invest time and resources into their ventures, driven by the potential for monetary rewards, personal satisfaction, and the desire for independence. This pursuit of value creation is central to entrepreneurship, as it transforms ideas into tangible benefits for society and the economy (Rahadi, Danella, and Okdinawati, 2019).

The significance of entrepreneurship extends beyond individual gain; it plays a crucial role in stimulating economic activity, generating employment, alleviating poverty, and improving living standards. Van Vuuren and Groenewald (2007) emphasize that these contributions are recognized not only on a global scale but also within the African context. As countries grapple with economic challenges, entrepreneurship emerges as a vital catalyst for growth. Nurturing innovation and encouraging competition allows entrepreneurs to drive economic diversification and resilience, contributing to a more robust economic framework.

Recent decades have witnessed a marked increase in interest in entrepreneurship, particularly regarding the emergence of new entrepreneurs and enterprises across various nations. This growing interest is largely fueled by evidence highlighting the positive impacts of entrepreneurship on economic growth and productivity. Research indicates that entrepreneurship invigorates national identity and promotes dynamic innovation processes, thereby creating new job opportunities (Rahadi, Danella, and Okdinawati, 2019). As nations strive to adapt to an ever-

changing global economy, the importance of nurturing entrepreneurial ecosystems becomes increasingly apparent.

Entrepreneurship plays a vital role in revitalizing innovation and fostering creativity within economies. Encouraging individuals to think outside the box empowers them to explore novel solutions to existing problems. As emphasized by Naudé (2017), the entrepreneurial process liberates individual creativity and broadens the range of goods and services available to consumers. This not only enhances consumer choice but also stimulates demand, further driving economic growth. Prioritizing innovation enables entrepreneurs to transform industries and reshape market landscapes, leading to enhanced competitiveness and improved economic performance.

Financial literacy is essential for individuals to make better decisions regarding budgeting, saving, and controlling spending (Setiawati and Nurkhin, 2018). It also helps individuals manage debt, including mortgages, and navigate financial markets (Maria, 2020; Mehboob and Othman, 2020). Moreover, financial literacy plays a key role in planning for retirement (Lusardi and Mitchell, 2017; Ahmad and Ahmad, 2018) and, ultimately, in accumulating wealth successfully (Rahadi, Danella, and Okdinawati, 2019). Financial competence is integral not only to personal well-being but also to fostering entrepreneurial success, as it enables individuals to manage resources effectively and seize opportunities in a competitive business environment.

Recent studies have underscored the critical role of financial literacy in empowering youth entrepreneurs to make informed decisions and effectively manage their businesses. Alam and Shakir (2019), Ayalew (2020), and Babalola and Yelwa (2020) emphasize that a solid understanding of financial concepts enables youth entrepreneurs to navigate economic challenges, plan for future financial needs, and manage resources efficiently. This proficiency is essential for sustaining and growing businesses, as it directly influences decision-making processes and the ability to adapt to market dynamics.

Financial education serves as a vital tool in enhancing economic empowerment and financial independence among youth. Lusardi and Mitchell (2017) highlight that financial literacy is associated with improved business performance, as it equips entrepreneurs with the skills necessary to manage finances, plan for the future, and make informed decisions. This knowledge not only aids in personal financial management but also contributes to the broader economic

landscape by fostering a generation of entrepreneurs capable of driving economic growth and innovation.

The importance of financial literacy extends beyond individual business success; it has a significant impact on the overall economic development of a nation. According to a policy brief by the International Labour Organization (2023), financial and economic literacy enables entrepreneurs to access and engage with financial services effectively, leading to improved business performance and economic resilience. The brief emphasizes that understanding financial competencies is the first step toward developing higher levels of financial literacy, which is crucial for the growth and sustainability of enterprises. Therefore, integrating financial education into entrepreneurial training programmes is essential for fostering a robust entrepreneurial ecosystem.

A systematic review conducted by Anshika, Anju, and Singla (2022) highlights the prevalent low levels of financial literacy among entrepreneurs globally, which significantly hampers business performance. The study underscores the critical role that financial knowledge plays in efficient financial management and strategic decision-making. Research by Lusardi and Mitchell (2011) supports this notion, emphasizing that entrepreneurs lacking adequate financial literacy often struggle with resource allocation and financial planning. Poor financial management, often stemming from insufficient financial knowledge, can jeopardize a company's ability to grow and thrive in a competitive environment. Thus, improving financial literacy among entrepreneurs emerges as a vital strategy for enhancing individual business performance and contributing to broader economic stability and growth (Guiso and Viviano, 2014).

The study further indicates that financial literacy not only enhances corporate performance but also serves as a protective factor against operational inefficiencies, especially in resource-constrained environments. Entrepreneurs equipped with sound financial knowledge are better positioned to navigate challenges and make informed decisions that foster business sustainability (Huston, 2012). Conversely, a lack of financial literacy can exacerbate difficulties faced by entrepreneurs, leading to ineffective resource allocation and poor financial planning (Taft et al., 2013). Consequently, initiatives aimed at raising financial literacy levels among entrepreneurs can have far-reaching implications, improving both individual business outcomes and the overall economic landscape (OECD, 2013).

In addition to financial literacy, other critical factors influence the survival and success of businesses. Access to formal financing, the lending policies of financial institutions, and the overall ease of doing business play substantial roles in determining a firm's viability (Roberts et al., 2012). Entrepreneurs often face barriers in securing funding due to stringent lending criteria and bureaucratic obstacles that hinder their ability to obtain necessary resources (Bay, Catasús, and Johed, 2014). Training programmes that enhance financial literacy and business management skills can mitigate these challenges, equipping entrepreneurs with the tools they need to navigate the financial landscape more effectively (Fornero and Moticone, 2011).

Despite the recognition of entrepreneurship as a potential solution to financial illiteracy, concerns persist regarding the financial literacy of youth entrepreneurs. Atkinson and Messy (2012) emphasize that many youths entering the entrepreneurial space lack essential financial skills, which poses risks to their business ventures. This gap in financial knowledge among youth entrepreneurs can lead to poor financial decisions and hinder their ability to establish and grow successful businesses (Babiarz and Robb, 2014). Addressing this issue requires targeted educational initiatives that focus on enhancing financial literacy among youth entrepreneurs, ensuring they are better prepared to face the complexities of managing a business (Lusardi and Mitchell, 2011a).

The findings of the aforementioned studies suggest a pressing need for comprehensive strategies to enhance financial literacy among entrepreneurs, particularly youths. Governments, educational institutions, and financial organizations should collaborate to develop training programmes and resources that cater specifically to the financial needs of entrepreneurs (Disney and Gathergood, 2013). By promoting financial literacy, stakeholders can empower entrepreneurs to make informed decisions, improve their business management capabilities, and ultimately contribute to a more vibrant and resilient economy (Karadag, 2015).

In tandem with this, Fatoki and Chindonga (2017) contend that entrepreneurial intentions are the first step in the evolving and sometimes long-term process of venture creation, as they are regarded as essential for wealth creation. These intentions form the foundation for creating new businesses and fostering economic development. However, many youths face substantial barriers to entrepreneurship, including limited access to capital, lack of business skills, and insufficient

government support. These challenges often prevent youths from realizing their entrepreneurial potential and hinder their ability to contribute meaningfully to the economy.

To overcome these barriers, it is crucial to equip youths not only with entrepreneurial skills but also with financial literacy. Financial literacy enables individuals to make informed financial decisions, such as selecting appropriate sources of funding and managing resources efficiently. According to Lusardi and Mitchell (2017), financial literacy significantly influences the success of businesses by helping entrepreneurs manage expenses, make profitable investments, and plan for future financial needs.

In this regard, several financial literacy practices have been identified as essential for youth entrepreneurs such as budgeting, debt management and personal spending among youths as well as planning for retirement (Huston, 2010). Without these essential practices, youth entrepreneurs may struggle to sustain their businesses, even if they possess innovative ideas and entrepreneurial drive.

The synergy between entrepreneurship skills and financial literacy is crucial for empowering youths and ensuring their successful integration into the business world. Providing youths with both sets of skills enables them to navigate the complexities of running a business and enhances their capacity to make sound financial decisions. As a result, they are more likely to achieve financial independence, sustain their businesses, and contribute to overall economic growth. Therefore, integrating entrepreneurship and financial literacy practices into youth development programmes is essential for unlocking their full potential and fostering economic innovation (Fatoki and Chindonga, 2017).

This relationship highlights the importance of nurturing entrepreneurial roles through effective financial management, as highlighted by Joyce and Gomathi (2010) and Wise (2013). Brown et al. (2006) emphasized that a fundamental principle for entrepreneurial success is the owner's financial literacy. Entrepreneurs with strong financial knowledge are better equipped to navigate the complexities of the market, leading to healthier competition and driving innovation and efficiency. This dynamic not only enhances overall industry standards but also expands consumer choices, contributing to a more vibrant economy (Borodich et al., 2010).

Conversely, a lack of proper financial literacy practices and management skills can significantly hinder entrepreneurial endeavours, as asserted by Auwal (2015). Insufficient financial knowledge can result in poor decision-making, ultimately leading to business failures and closures. Therefore, acquiring basic financial literacy is essential for entrepreneurs and serves as a critical measure of success in a competitive economic landscape (Huseyin, 2011; Auwal, 2015). Understanding financial concepts enables entrepreneurs to manage their resources effectively and make informed decisions, which are crucial for long-term sustainability and growth (Auwal, 2015). Additionally, research conducted by Drexler, Fischer, and Schoar (2010) reinforces the notion that a lack of financial management skills can negatively impact business performance. Entrepreneurs who struggle with financial literacy may face challenges in budgeting, forecasting, and cash flow management, leading to operational inefficiencies.

Studdard et al. (2013) highlighted that a key trait of successful entrepreneurs is their ability to provide affordable goods and services while also creating job opportunities. This dual role is important not only for running a sustainable business but also for contributing to the overall economy. To offer competitive products at affordable prices, entrepreneurs need a solid understanding of pricing strategies, cost management, and how to make efficient use of resources. Financial literacy is essential in this regard, as it allows entrepreneurs to make informed decisions about how to price their products, control costs, and maximize profits. Without this knowledge, businesses may struggle to stay competitive or profitable in a crowded market.

Creating jobs is another critical aspect of entrepreneurship that supports economic development. Financially literate entrepreneurs are better equipped to manage the resources needed for business growth, which allows them to expand operations and hire employees. Job creation through entrepreneurship can drive economic benefits beyond the individual business, such as boosting local incomes and supporting community growth. Entrepreneurs who understand financial management are more likely to sustain their businesses, continue growing, and positively impact their local economies by providing stable employment opportunities (Studdard et al., 2013).

The evident need for enhancing financial literacy among entrepreneurs is crucial for fostering effective business ventures. The evolving landscape of entrepreneurship requires individuals to possess robust financial management skills to tackle new challenges and seize opportunities

successfully (Joyce and Gomathi, 2010; Wise, 2013). As the entrepreneurial ecosystem continues to grow, addressing financial literacy gaps will be essential for ensuring that entrepreneurs can thrive in an increasingly competitive environment (Borodich et al., 2010).

A comprehensive approach to financial education initiatives is paramount to promote sustainable entrepreneurship. These initiatives should focus on building foundational financial skills among aspiring entrepreneurs, helping them understand the intricacies of financial management (Huseyin, 2011). Equipping entrepreneurs with the tools and knowledge needed to make informed financial decisions fosters a more resilient entrepreneurial landscape that drives innovation and economic growth (Drexler et al., 2010).

Further, another study by Ahmad, Yusof, Ahmad and Ismail (2019) on the importance of financial literacy towards entrepreneurship intention among University students had noted that financial scandals had sparked debates among scholars and prompted the government to prioritize financial education for citizens. Emphasizing on financial knowledge is important to improve the nation's financial well-being and contribute to the country's economy. Furthermore, entrepreneurship is seen as one of the many transition towards a country's growth as it represents an important source of employment, while the youth are the ones responsible for its advancements.

Another study by Azeng, and Thierry (2015) adds that entrepreneurship skills are crucial for decision making activities, concerning the acquisition, allocation and utilisation of financial resources irrespective of their age. Due to recent demographic, financial, socioeconomic and technological trends, there is a growing need for financial literacy among youth entrepreneurs today compared to previous generations. Even when they do not formally have an account or card, they can have access to money in the form of gifts, pocket money and wages from part time and/or informal jobs. In line with this, a practical example demonstrate that PISA 2015 data shows that on average across 10 participating OECD countries and economies, 64% of students earn money from some formal or informal work activity, such as working outside school hours, working in a family business, or doing occasional informal jobs. More than one third of students in 15 participating countries and economies receive money from an allowance or pocket money for regularly doing chores at home (OECD, 2017). Therefore, access to money and basic financial products can potentially provide youths with the opportunity to gain practical experience under

parental oversight and in a context with robust regulation and financial discipline and protection in order to enhance their entrepreneurial skills. However, it is important that they begin to know their rights and responsibilities of financial literacy and understand the risks associated with different products and services as lack of this knowledge would result in compromising on entrepreneurial skills.

In response to the growing need for entrepreneurship, the Zambian government has implemented various supportive policies aimed at fostering a conducive environment for business development. Key initiatives include the Technical Education, Vocational and Entrepreneurship Training Policy, the Youth Policy, the Commercial, Trade and Industrial Policy, and the Labor and Social Security Policy (Government of Zambia, 2021). These policies aim to provide the necessary framework for skill development and create an ecosystem that encourages entrepreneurial activities. By focusing on education and training, the government recognizes the importance of equipping individuals with the skills needed to thrive in the business landscape.

The decline in copper prices between 1973 and 1975, which adversely affected Zambia's primary export, further emphasized the need for economic diversification and spurred the encouragement of small-scale entrepreneurship (CSO, 2021). As traditional sectors struggled, the government and various stakeholders began to actively promote entrepreneurship as a viable solution to economic challenges. This proactive stance reflects an understanding that empowering individuals through entrepreneurship can lead to greater economic resilience and adaptability.

Entrepreneurship in Zambia has also emerged as a significant response to various socio-economic factors, particularly the privatization and retrenchment of parastatal firms between 1992 and 1999, which resulted in widespread job losses (Marr and Houghton, 2004). Many individuals turned to entrepreneurship as a means of survival, creating their own businesses to replace lost incomes. This shift was not merely a reaction to unemployment; it also reflected a broader trend where Zambians sought to supplement their incomes to meet the rising costs of living and support their families (Zambia Development Agency, 2020). The rise of entrepreneurship in Zambia illustrates how economic pressures can drive individuals to innovate and create new economic opportunities.

Youth and adult literacy (YAL) learning has emerged as a critical component in achieving Zambia's educational and economic development goals, particularly in the context of the 8<sup>th</sup>

National Development Plan (8<sup>th</sup> NDP). This education agenda is especially relevant for the youth and adults who are out of school and facing unemployment challenges (Ministry of National Development and Planning, 2017). By focusing on skills development tailored to industrial needs, Zambia aims to create a workforce that is equipped to contribute meaningfully to the economy. The emphasis on diversified education curricula is pivotal in ensuring that individuals possess the necessary knowledge and skills to navigate the complexities of entrepreneurship. The goal is not only to foster individual success but also to cultivate an entrepreneurial culture that can drive broader economic growth and innovation. As Zambia strives to meet its 2030 vision on education, the focus on practical skills development aligns with the national objective of creating knowledgeable individuals who embody progressive attitudes and values

Zambia's demographic landscape is predominantly youthful, with a significant portion of the population under the age of 35 (Central Statistical Office and Ministry of Labour and Social Security, 2020). This youthful demographic presents both opportunities and challenges for the nation's development. However, a substantial skills gap exists, hindering the ability of this population to contribute effectively to the country's economic growth. This gap is particularly concerning in light of Zambia's ambitious goals outlined in the 8<sup>th</sup> National Development Plan (NDP) and the Vision 2030 initiative, which aim to propel the nation toward industrialization and economic prosperity (Government of Zambia, 2021).

The pressing need for investment in youth and adult literacy education is underscored by the current trajectory of neglect in this area. Without significant focus on improving literacy levels, there is a strong likelihood that Zambia will struggle to meet the socioeconomic targets set forth in both the 8<sup>th</sup> NDP and Vision 2030. The potential repercussions of failing to address the skills deficit are profound; they not only jeopardize individual opportunities but also threaten the nation's collective progress. The successful realization of these development agendas hinges on the ability of the population, particularly the youth and adults, to acquire the necessary skills and knowledge (Zambia Development Agency, 2020).

The 8<sup>th</sup> NDP (2022-2026) and Vision 2030 outline a clear roadmap for Zambia's development, emphasizing the critical role of education in achieving these goals. Investing in various forms of education at all levels is essential for fostering a skilled workforce capable of driving the nation's

economic transformation (Ministry of National Development and Planning, 2024). Central to this effort is the enhancement of literacy across all demographics. Improving literacy is not merely an educational concern; it is integral to empowering individuals to participate meaningfully in the economy and contribute to national development (CSO, 2024).

The importance of youth and adult literacy cannot be overstated, as these groups are pivotal in the drive toward achieving the desired national development outcomes. By equipping them with relevant skills and knowledge, Zambia can harness the potential of its youths to spearhead initiatives that promote economic growth and innovation. The government and relevant stakeholders must prioritize educational programmes that focus on literacy, ensuring that they are accessible to all segments of society, especially the marginalized (Government of Zambia, 2021).

The reality is that YAL is a key indicator used to measure human development on knowledge and education in Zambia (Ministry of National Development and Planning, 2024), and yet the sector remains the least and irregularly funded of the education subsector (Ministry of Finance and National Planning, 2024). This analysis is framed within the context of Zambia's 8<sup>th</sup> NDP on education because it is an important tool on the road towards the attainment of the 2030 vision of a prosperous middle-income country. The Youth population categories are considered important to the extent that the Zambian government has given due priority for development and empowerment, demonstrating the significance of youth participation and involvement in National Development (Ministry of Youth and Sport, 2015).

The desire to equip citizen with relevant financial literacy practices prompted Zambia to participate on a number of fora to advocate for financial literacy as demonstrated in the Diagnostic Review of Consumer Protection and Financial Literacy (2012) which was conducted at the request of the Bank of Zambia (BoZ) and covered: issues surrounding banking; non-bank financial institutions; insurance; pensions; and securities. The objectives of the Review were to compare the existing legal and regulatory framework, institutional arrangements, and market practices to good practices and provide recommendations to enhance financial consumer protection and financial literacy among Zambia population.

The Diagnostic Review of Consumer Protection and Financial Literacy in Zambia identified several challenges within the financial sector, notably high costs associated with financial products

and low consumer confidence in formal financial providers (World Bank, 2012). These issues underscore the need for enhanced financial capability and robust consumer protection measures to improve individuals' understanding of financial products and services, thereby strengthening trust in the financial sector. Such measures also aim to promote better business-to-consumer practices and improve the quality of information provided to consumers, fostering healthier competition among financial providers and instilling a culture of transparency and improved corporate governance (Bank of Zambia, 2012).

Despite these initiatives, empirical evidence indicates that youths in Zambia remain disadvantaged in financial literacy. They often possess limited financial knowledge and face restricted access to formal financial services, compounded by the high costs associated with financial products (Garg and Singh, 2016). These challenges, coupled with a lack of trust in financial providers, hinder youth entrepreneurs from effectively engaging with the financial sector. This situation highlights the necessity for targeted studies to explore financial literacy practices among youth entrepreneurs, particularly in regions like Lusaka District, to inform strategies that can bridge these gaps and enhance financial inclusion.

### **1.3 Statement of the problem**

The importance of financial literacy has gained global recognition as a critical component of individual and societal economic success (Barbakadze, 2018; Bover, Hospido, and Villanueva, 2018; Alan and Ertac, 2018). Governments worldwide have prioritized equipping their citizens with financial knowledge and skills (OECD, 2009; Consumer Protection and Financial Literacy, 2012; Garg and Singh, 2016; Atkinson and Messy, 2012; Maria, 2020; Siame, 2020). In Zambia, initiatives such as the revised general education curriculum aim to promote vocational and entrepreneurial skills by introducing financial literacy to youths at an early age (MoE, 2013).

Despite these efforts, financial literacy programmes for youth entrepreneurs in Zambia are often fragmented and lack proper regulation. Many of these programmes are led by unqualified trainers or institutions that exploit the growing demand for financial knowledge, leading to ineffective or misleading training (Zambia Development Agency, 2020). Furthermore, the content of these programmes is often not based on research and fails to address the practical financial challenges faced by youth entrepreneurs (Valerio, 2014). As a result, many youths remain ill-equipped to

apply financial principles effectively in their businesses, limiting their ability to sustain and grow their ventures.

The lack of structured and research-based financial literacy programmes has created a significant knowledge gap regarding the financial literacy practices and needs of youth entrepreneurs in Zambia. Without a clear understanding of these needs, government efforts to improve financial literacy may be ineffective. Addressing this gap is crucial for designing better, evidence-based financial literacy programmes that are relevant and impactful for youth Zambian entrepreneurs.

#### **1.4 Purpose of the study**

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

#### **1.5 Research Objectives**

1. To establish the financial literacy practices among selected youth entrepreneurs in Lusaka District.
2. To identify factors affecting financial literacy practices among selected youth entrepreneurs in Lusaka District.
3. To ascertain the opportunities of financial literacy practices among selected youth entrepreneurs in Lusaka District.
4. To establish the constraints encountered by youth entrepreneurs in financial literacy practices in Lusaka District.

#### **1.6 Research Questions**

1. What are the financial literacy practices among selected youth entrepreneurs in Lusaka District?
2. What are the factors affecting financial literacy practices among selected youth entrepreneurs in Lusaka District?
3. What are the opportunities of financial literacy practices among selected youth entrepreneurs in Lusaka District?

4. What are the constraints encountered by youth entrepreneurs in financial literacy practices in Lusaka District?

### **1.7 Significance of the study**

The findings of this study were expected to significantly contribute to the understanding of financial literacy practices, particularly among Zambian youth entrepreneurs, who were the primary beneficiaries. The study aimed to shed light on the financial literacy levels and practices within this group, emphasizing the importance of financial education as a foundational tool for improving financial decision-making. The results were anticipated to encourage youth entrepreneurs to recognize financial education as a critical precursor to better financial management, thereby contributing to the overall growth and sustainability of their ventures.

Furthermore, the study was expected to offer valuable insights into the financial literacy practices of Zambia's youthful population. The findings were intended to be disseminated through publications and conference presentations to ensure that the broader public was informed, fostering a better understanding of the challenges and opportunities related to financial literacy among youth entrepreneurs. This information was also considered to be of great value to policymakers, particularly in the Ministry of Education and the Ministry of Youths, Sports, and Arts. The findings could guide the development or redesign of existing financial education programmes to align with the current economic needs and aspirations of the nation's youth.

Additionally, this study was expected to provide a unique and valuable contribution to the scientific body of knowledge regarding financial behaviour in Zambia. It offers insights into the financial practices of youth entrepreneurs and provided a broader understanding of financial etiquette among the general population. This could lead to more targeted and effective financial literacy initiatives, aimed at improving financial practices across various demographic groups in Zambia.

## **1.8 Theoretical Framework**

### **1.8.1 Social cultural theory of learning**

Kombo and Tromp (2006) point out that a theoretical framework is a collection of interrelated ideas based on theories. It is a reasoned set of prepositions, which are derived from and supported by data (Msabila and Nalaila, 2013). The study employed sociocultural theory of learning development which explores the influence the world has on individual development and learning. This theory asserts that learning is a mostly social process whereby development occurs through interactions with people who possess more knowledge or skill than the learner. The theory was founded by Lev Vygotsky in 1930 and was a psychologist. He established this theory of learning, believing that parents, teachers, peers, caregivers, and society at large influences an individual's cognitive development. Learning at its root involves interacting with others around you. Vygotsky asserted that learning was a cultural phenomenon, with children from different cultures embracing different styles of learning. According to Vygotsky, learning is a process of acquiring knowledge, beliefs, and problem-solving strategies through interactions with what he termed "more knowledgeable others". He further explained that it is through our interactions with others that we make sense of the information we encounter. It is an inherently social process, one in which we depend on others to help us understand the world.

This theory is cardinal to this study in the sense that it explains how the one can acquire knowledge. In this case, youths can obtain entrepreneurial skills through interaction with others in the business fraternity. When youths interact most of the time with more knowledgeable others with established business personnel, they eventually become more skilled in the entrepreneurial skills. Further, when the more knowledgeable others are willing to help youths to develop or improve entrepreneurial skills, there is no doubt that upcoming entrepreneurs will succeed in business or in entrepreneurial skills.

### **1.8.2 Entrepreneurship theory**

This study was also guided by entrepreneurship theory founded by Rosa Hartmut in 2013. This theory states that financial literacy is important in understanding financial concepts and applying that knowledge to manage one's financial resources effectively. Delgadillo (2014) asserts that

financial literacy is not merely about understanding financial terms or concepts but also about possessing the skills and attitudes necessary to navigate financial decisions. It is a holistic approach that integrates not only the theoretical knowledge of finance but also the practical ability to manage one's financial affairs. This comprehensive view highlights the importance of financial literacy in ensuring long-term financial security and well-being, as it serves as a foundation for individuals to make informed decisions that lead to sustainable economic stability throughout their lives.

Hastings, Madrian, and Skimmyhorn (2012) broaden the scope of financial literacy beyond knowledge and skills. They suggest that financial literacy practices also encompasses individuals' attitudes and behaviors regarding money management. For instance, an individual's willingness to engage in budgeting, saving, and investing is as important as their understanding of financial products and concepts. The theory acknowledges that the application of financial knowledge is influenced by psychological and behavioral factors, including personal attitudes towards risk, saving, and consumption. As such, financial literacy is not just about knowing the numbers but also about cultivating responsible financial habits and the self-discipline needed to make sound financial choices.

Furthermore, financial literacy encompasses a wide range of knowledge, including the understanding of various financial products. According to Atkinson and Messy (2012), an individual's ability to distinguish between different investment vehicles, such as stocks and bonds, or between financial products like fixed and adjustable-rate mortgages, is vital in making informed decisions. The theory suggests that knowledge of financial products is foundational, as individuals need to be able to assess and choose the appropriate products that suit their needs and goals. This knowledge forms the core of financial literacy, providing individuals with the tools to understand the financial marketplace and make choices that will lead to better financial outcomes.

The theory also places a strong emphasis on understanding financial concepts such as inflation, compounding, and diversification. These concepts are integral to making informed decisions about saving, investing, and managing debt. Financial literacy involves not just understanding these concepts in theory but also applying them to real-life financial situations. For instance, knowledge of compounding interest can guide individuals in making informed decisions about savings accounts or investment opportunities. Similarly, understanding inflation helps individuals assess the long-term value of their money and plan accordingly. The theory emphasizes that financial

literacy involves continuous learning and application of these principles to navigate an increasingly complex financial environment (Atkinson and Messy, 2012).

Numeracy, or mathematical skills, is another crucial aspect of financial literacy. Without numeracy skills, individuals may struggle to make accurate financial decisions. As noted by Hastings et al. (2012), financial literacy involves the ability to apply mathematical skills to make informed decisions, such as calculating interest rates, budgeting, or evaluating loan offers. Numeracy is essential for understanding financial statements, reading credit reports, and comparing financial products. The theory underscores that financial literacy is not just about knowing the definitions of financial terms but also about using mathematical reasoning to analyze financial situations and make sound decisions (Hastings, Madrian, and Skimmyhorn, 2012).

### **1.8.3 Relevance of the Theory to This Study**

This study focuses on financial literacy practices among youth entrepreneurs in Lusaka District, making the theory of social cultural learning and entrepreneurship highly applicable. Financial literacy is a critical skill that enables youth entrepreneurs to understand, analyze, and effectively manage their financial resources. Many small businesses fail due to poor financial management, which often results from a lack of financial knowledge and planning. These theories highlight the importance of equipping youth entrepreneurs with the necessary financial skills and behaviors to make informed decisions. These decisions include budgeting, saving, investing, and risk assessment, which are essential for ensuring the growth, profitability, and long-term sustainability of businesses.

Equipping youth with financial knowledge and skills supports the broader goal of economic development and financial independence. Financial literacy extends beyond knowledge and includes attitudes and behaviors that influence financial decision-making. Youth entrepreneurs who develop positive financial practices—such as saving regularly, managing debt effectively, and making strategic investments—are more likely to sustain their businesses even in challenging economic environments. The theory of social cultural learning and entrepreneurship provide a foundation for understanding how financial behavior impacts business success. Additionally, this study aims to explore how behavioral aspects, such as an entrepreneur’s attitude toward financial planning and risk-taking, contribute to business growth and financial independence. The

application of these theories enables youth entrepreneurs to make better financial choices that lead to stability and expansion in their ventures.

The broader significance of financial literacy extends to economic development at both the individual and national levels. A financially literate youth population reduces dependency on external financial aid and contributes to a more resilient economy. Informed financial decision-making enhances investment in productive assets, leading to increased business profitability and sustainability. When youth entrepreneurs are financially literate, they are more likely to start and expand business ventures that create employment opportunities and stimulate economic activity. The integration of the theories of social cultural learning and entrepreneurship in this study are essential in understanding how financial education can empower youth entrepreneurs and drive economic growth in Lusaka District and beyond.

### **1.9 Philosophical Underpinnings**

This study is grounded in the interpretivist paradigm, which emphasises understanding social phenomena from the perspectives of those experiencing them. The interpretivist approach was appropriate as it allowed the researcher to explore the lived experiences of youth entrepreneurs regarding financial literacy practices. Unlike positivist approaches, which focus on objective measurements, interpretivism acknowledges that financial literacy is shaped by individual perceptions, cultural contexts, and socio-economic conditions.

The study employed a qualitative research approach, which is suitable for exploring complex social phenomena that cannot be quantified. Since financial literacy involves knowledge, skills, and attitudes, a qualitative approach was necessary to capture the depth of youth entrepreneurs' experiences. This approach facilitated an in-depth exploration of the financial literacy practices, challenges, and opportunities faced by young business owners in Lusaka District.

A phenomenological research design was adopted to understand how youth entrepreneurs perceive and experience financial literacy in their business operations. The phenomenological approach is particularly relevant because it focuses on participants' subjective experiences, allowing the researcher to uncover insights into how financial literacy influences decision-making, business sustainability, and financial management practices.

### **1.10 Delimitation of the study**

Delimitation helps in defining the boundaries and propositions in a study (Yin, 2014). This entails that delimitation are the parameters within which the study is conducted. Therefore, the delimitation of this study defined its scope which encompassed selected market places and youth entrepreneurs. It also included Government Line Ministries such as the Ministry of Youths, Arts, Sports and Child Development, Ministry of Entrepreneur and Small-Scale Business, Technical Education Vocational and Entrepreneurship Training Authority (TEVETA)- National skills empowerment, Young Women Christian Association (YWCA) and Young Men Christian Association (YMCA) charged with the responsibility of financial literacy programmes in Lusaka District, Zambia.

### **1.11 Limitation of the study**

As with any research, this study faced several limitations. One key challenge was that the study was unable to include youth entrepreneurs from all regions or provinces of Zambia, which restricted the diversity of the sample. Consequently, this limitation affected the interpretation and generalization of the results. Given these constraints, the findings should be generalized with caution, as the circumstances of youth entrepreneurs in this study may differ significantly from those in other provinces of Zambia.

### **1.12 Operational definition of terms**

<b>Phenomenology:</b>	Lived experiences that come through constant interactions with a phenomenon in a social setting.
<b>Accountability:</b>	This is an assurance that an individual or an organization will be evaluated on their performance or behaviour related to something for which they are responsible.
<b>Economic development:</b>	Theses are programmes, policies or activities that seek to improve the economic well-being and quality of life of people in a community.

<b>Entrepreneurs:</b>	These are a set of attributes in form of innovativeness knowledge and adventurousness skills related to business undertaking ventures.
<b>Factors:</b>	These are a group of resultant variables or quantity that when multiplied with another produces a given number or expression which can cause a situation to have either positive or negative bearing.
<b>Financial constraints:</b>	These are mechanisms to add limiting conditions within a scenario. The conditions could be based on existing business contracts, procurement policies, or business rules that would limit or compromise in the flow of business transactions at individual or group level.
<b>Financial Literacy:</b>	This is defined as a set of awareness, knowledge, skill, attitude and behaviour necessary to make sound financial decisions at a personal level.
<b>Financial opportunities:</b>	These are successes accrued which involves the sale or lease of any product, service, equipment and so on that will enable the purchaser-licensee to begin a business and enhances entrepreneurship skills.
<b>Transparency:</b>	This is a process that involves being completely visible and open to scrutiny, so that it's clear that nothing is being hidden.
<b>Youth:</b>	This is a person aged between 15- 35 years with different age bands ranging from 18-19; 20- 25 and 26- 35 years old.

## CHAPTER TWO: LITERATURE REVIEW

### 2.1 Overview of the chapter

The previous chapter outlines the introduction of the study by providing an overview on the background information of financial literacy among youth entrepreneurs based on research objectives and their sub-themes. This chapter presents a review of literature on financial literacy practices, guided by the study's objectives. It begins with understanding the existence of financial literacy practices across different groups with regard to other studies. It also focuses on identifying factors influencing financial literacy practices among youth entrepreneurs. Further, it ascertains opportunities and constraints of financial literacy practices among youth entrepreneurs. The literature is used by the researcher as a tool to identify knowledge gaps that exist in the studies conducted by other scholars concerning issues of financial literacy and ends with a summary of the chapter.

### 2.2 Conceptualization of financial literacy and entrepreneurship

According to Mason and Wilson (2000), financial literacy is a "*meaning - making process*" in which individuals use a combination of skills, resources, and contextual knowledge to process information and make-decisions with knowledge of the financial consequences of that decision. From this, it can be concluded that financial literacy is a key aspect of individual decision making that uses a combination of several skills, resources, and contextual knowledge to process information and make decisions based on the financial risk of the decision to determine one's entrepreneurial skills.

Financial literacy practices play a crucial role in shaping the success of entrepreneurial venture. Effective financial literacy practices enable entrepreneurs to make informed financial decisions, ensuring the sustainability and growth of their businesses (OECD, 2009). In Zambia, financial literacy has been integrated into the education curriculum to equip youths with essential skills for managing personal and business finances (MoE, 2013). However, despite these efforts, many youth entrepreneurs struggle to apply financial literacy principles effectively in their business operations (Siame, 2020).

Entrepreneurship, on the other hand, involves identifying business opportunities, taking financial risks, and implementing strategies to achieve profitability. It is often equated to ‘self-employment’. Mason (2011) opines that the word ‘entrepreneurship’ is derived from the French word *entreprendre*, which means ‘to undertake’. According to Mason (2011), the word ‘entrepreneurship’ is derived from a French word *entreprendre* which means ‘to undertake’. While entrepreneurship requires innovation and business acumen, financial literacy is equally important in managing resources, securing funding, and maintaining financial stability (Bover, Hospido, and Villanueva, 2018). Youth entrepreneurs who lack financial knowledge often face challenges such as poor cash flow management, excessive debt, and inability to access credit (Garg and Singh, 2016). Research suggests that financial literacy directly influences business performance by helping entrepreneurs allocate resources efficiently and mitigate financial risks (Alan and Ertac, 2018). Despite this, existing financial literacy programmes for youth entrepreneurs in Zambia are often fragmented, poorly regulated, and lack research-based content (Drexler, Fischer, and Schoar, 2010).

A key aspect of financial literacy practices among youth entrepreneurs is their ability to adopt sound financial behaviours in real-world business scenarios. This includes record-keeping, financial planning, and assessing investment opportunities (Atkinson and Messy, 2018). However, the absence of structured and standardized financial literacy training programmes means that many youth entrepreneurs rely on informal sources of financial knowledge, which may not always be accurate or practical (Auwal, 2015). The failure to integrate financial literacy practices effectively into entrepreneurship training has contributed to high business failure rates among Zambian youth, reinforcing the need for targeted interventions (Consumer Protection and Financial Literacy, 2012).

The focus of this study is on understanding how youth entrepreneurs in Lusaka District navigate financial decision-making and identifying the challenges they face in applying financial literacy concepts. By investigating financial literacy practices rather than general financial illiteracy, the study aligns with its research objectives, which aim to explore, identify, and address financial literacy practices, opportunities and constraints among youth entrepreneurs.

As a consequence, financial literacy practices are central to entrepreneurial success and economic empowerment. Addressing financial knowledge gaps requires well-structured, research-based financial education programmes that cater to the practical needs of youth entrepreneurs (Maria, 2020). This study contributes to that effort by providing insights into the financial behaviours of youth entrepreneurs in Lusaka District and recommending measures to enhance their financial literacy practices.

### **2.3 Factors affecting financial literacy practices.**

It is expected that a number of factors play a pivotal role in as far as prompting financial literacy practices among the youth entrepreneurs is concerned. Among many other factors, the following have been identified and reviewed in the current study.

#### **2.3.1 Financial attitudes**

Financial attitudes are a crucial factor influencing financial literacy practices among individuals. Hung et al. (2009), as cited in Saber (2020), define financial attitudes as personal preferences toward specific financial decisions, independent of an individual's level of financial literacy. This concept encompasses an individual's motivation and readiness to apply knowledge and economic skills in various life situations. Financial attitudes reflect underlying characteristics that manifest as tendencies toward specific financial actions. They indicate a person's inclination to undertake particular financial behaviours, which can significantly impact their overall financial management and literacy (Saber, 2020).

Changwasha (2019) further emphasizes the importance of financial attitudes by indicating that they shape entrepreneurs' approaches to spending, saving, and investing. These attitudes also influence their broader outlook on life. A positive financial attitude often correlates with prudent financial practices, such as budgeting and saving for future goals, while negative attitudes can lead to impulsive spending and poor financial decisions. Understanding how financial attitudes operate is essential for developing effective financial literacy programmes, particularly for youth entrepreneurs who may still be forming their financial identities and habits (Changwasha, 2019).

Despite the significant role of financial attitudes in influencing financial practices, the applicability of these findings among Zambian youth entrepreneurs remains unclear. There is a need for

localized research to explore whether similar patterns exist within the unique socio-economic and cultural context of Zambia. This gap in knowledge highlights the necessity of investigating how Zambian youth entrepreneurs perceive and engage with financial concepts, as their attitudes may differ from those observed in other regions or demographic groups (Saber, 2020).

Furthermore, financial attitudes may be shaped by various factors, including personal experiences, cultural influences, and socio-economic background. For instance, youth entrepreneurs from lower-income families may develop cautious financial attitudes due to their experiences with financial instability, whereas those from wealthier backgrounds may adopt more optimistic attitudes towards spending and investment. These variations underscore the complexity of financial attitudes and their potential impact on financial literacy practices among different groups of youths (Widyawati, 2012).

Tailoring financial education programmes to address these attitudes can foster a more profound understanding of financial concepts and encourage positive financial behaviours. Strategies might include incorporating discussions on the importance of cultivating healthy financial attitudes and providing practical tools for managing finances in a way that aligns with these attitudes (Setyawati and Suroso, 2016). To effectively enhance financial literacy practices among Zambian youth entrepreneurs, it is crucial to consider their financial attitudes and the underlying factors that shape them

### **2.3.2 Financial decisions**

Financial literacy is a key component in the process of making informed financial decisions, a relationship that has been clearly identified in various studies. Stewart (2010) defines financial decisions as the capability of individuals to apply their acquired knowledge, skills, and confidence to make choices that are suitable for their specific circumstances. This definition emphasizes the importance of personal context in the decision-making process, suggesting that financial literacy empowers individuals to navigate their financial landscapes more effectively. Consequently, individuals who possess higher levels of financial literacy are better equipped to analyze their financial situations and make decisions that align with their goals and values.

Munyuki (2019) further elaborates on the significance of financial literacy by noting that it enhances essential human capabilities, such as performing financial calculations and making informed financial decisions. This relationship is critical, as individuals with low financial literacy levels often struggle with making sound financial choices, which can lead to adverse outcomes, such as increased debt and poor investment strategies. Munyuki's (2019) assertion underscores the need for comprehensive financial education programmes that target individuals with varying levels of financial literacy to ensure they can improve their decision-making skills and financial outcomes.

Moreover, Siame (2020) highlights the implications of sound financial decision-making on financial behaviour and overall financial performance. This connection is particularly relevant for both retirees and Zambian youth entrepreneurs; as effective financial decisions can significantly impact their long-term financial health. For Zambian youth entrepreneurs, understanding the dynamics of financial decision-making is crucial for their success in navigating the complexities of starting and managing a business. Siame (2020)'s findings provide a solid foundation for the current study, which aims to explore financial literacy practices among youth entrepreneurs and assess how these practices influence their financial decision-making and behaviours.

The interplay between financial literacy and decision-making is influenced not only by individual knowledge and skills but also by broader societal factors and personal experiences. For youth entrepreneurs, these factors significantly shape their understanding of financial concepts and decision-making processes. Bucher-Koenen and Lusardi (2011) highlight that socio-economic characteristics, such as parental education and income, can have a substantial impact on financial literacy levels. A youth entrepreneur raised in a family with higher educational attainment and financial stability may have greater exposure to sound financial practices, which in turn influences their ability to make informed financial decisions. This underscores the importance of considering the family background when developing financial literacy programmes tailored to youth entrepreneurs.

Educational experiences also play a critical role in the development of financial literacy. Systems that prioritize financial education equip youths with the tools necessary to manage finances effectively. Financial education programmes help youth entrepreneurs learn how to budget, save,

and invest, fostering critical financial thinking. Such knowledge allows them to evaluate financial risks, understand investment opportunities, and make informed spending decisions (PISA, 2017). These educational tools are essential for youth entrepreneurs in Zambia, as they navigate the complexities of starting and maintaining a business. Financial literacy is key to making decisions that promote long-term financial security and entrepreneurship success (OECD, 2013).

Peer influences are another factor that impacts financial decision-making. According to Lusardi, Mitchell, and Curto (2010), youths are often influenced by their social networks, including friends and colleagues. Positive peer influences can encourage responsible financial behaviour, such as saving and investing, while negative influences may lead to poor financial decisions like overspending or neglecting financial planning. As youth entrepreneurs in Zambia interact with their peers, the financial behaviours of those around them can strongly affect their own financial practices. This social learning underscores the need for peer-to-peer financial education and mentorship programmes that can guide youth entrepreneurs in making prudent financial decisions (Lusardi et al., 2010).

The significance of socio-economic factors is particularly relevant in the Zambian context, where financial literacy programmes for youth entrepreneurs are still evolving. Tailoring financial literacy programmes to consider these socio-economic influences can enhance their impact. For instance, engaging family members, especially parents, in financial education could create a supportive environment that reinforces positive financial behaviours in youth entrepreneurs (Bucher-Koenen and Lusardi, 2011). Given that many youth entrepreneurs in Zambia face socio-economic challenges, such as limited access to financial resources and markets, financial literacy programmes must be designed to address these unique needs (OECD, 2016). Programmes that are sensitive to these challenges are more likely to equip youth entrepreneurs with the financial knowledge and skills necessary to navigate their entrepreneurial journey successfully.

Policy development also benefits from understanding the socio-economic dynamics that influence financial literacy. Policymakers in Zambia can design more inclusive financial literacy initiatives by targeting specific youth groups, such as those from low-income or rural backgrounds, with tailored programmes. As PISA (2017) suggests, financial literacy education can enable individuals to participate in economic life and make effective decisions across a range of financial contexts.

By focusing on the specific challenges faced by different youth groups, policymakers can enhance the reach and effectiveness of financial literacy programmes, ensuring that all youth entrepreneurs, regardless of background, are equipped to make sound financial decisions (OECD, 2013).

In addition to socio-economic factors, emotional and psychological aspects play a significant role in financial decision-making. Financial attitudes, which include personal preferences, motivations, and emotional responses towards financial practices, can directly affect how individuals approach spending, saving, and investing. Research has shown that individuals with positive financial attitudes are more likely to engage in prudent financial behaviours, such as budgeting and setting long-term financial goals (Changwasha, 2019). These attitudes are deeply intertwined with psychological factors, such as self-discipline, risk tolerance, and future orientation, which shape how individuals handle financial decisions in various contexts, including entrepreneurship.

For youth entrepreneurs, a positive financial attitude is particularly crucial as it can influence their willingness to engage in sound financial practices. Entrepreneurs often face a range of financial challenges, such as managing cash flow, securing funding, and making investment decisions. Those with a strong and positive attitude towards managing money are more likely to seek out financial education, set clear financial goals, and make decisions that ensure the sustainability of their ventures. Changwasha (2019) emphasizes that fostering a positive financial attitude can lead to more effective financial management, which ultimately enhances the long-term success and growth of an entrepreneurial venture.

Psychological factors such as self-control and emotional regulation also play a role in financial decision-making. Entrepreneurs with better emotional regulation are less likely to make impulsive financial decisions that could harm their business, such as overspending or taking on excessive debt (Lusardi and Mitchell, 2014). Furthermore, self-control is critical for managing cash flow and saving for future business expenses. A lack of self-discipline, on the other hand, can lead to financial mismanagement and missed opportunities for growth. As Changwasha (2019) notes, cultivating self-control and emotional intelligence can enhance financial decision-making skills and promote more sustainable business practices.

The role of emotional intelligence in financial decision-making extends beyond managing personal finances; it is also crucial for managing business finances. Entrepreneurs must navigate the

psychological aspects of decision-making when determining whether to take financial risks, invest in new opportunities, or save for future growth. Positive financial attitudes can improve an entrepreneur's capacity to manage financial stress and make well-considered decisions during periods of uncertainty. This highlights the importance of not only imparting financial knowledge but also addressing the emotional and psychological components of financial literacy when designing educational programmes for youth entrepreneurs (PISA, 2017).

Psychological barriers to financial decision-making, such as fear of failure or lack of confidence in financial management, can hinder the growth and success of youth entrepreneurship ventures. This is particularly relevant in Zambia, where many youth entrepreneurs face significant challenges related to access to capital, markets, and financial education. Addressing these psychological barriers through financial literacy programmes that focus on building confidence and emotional resilience can help youth entrepreneurs overcome obstacles and make sound financial decisions. Furthermore, such programmes can provide tools for managing financial stress and encourage proactive planning for future financial stability (OECD, 2013).

To foster better financial decision-making among youth entrepreneurs, targeted interventions that promote financial literacy are essential. Programmes should not only focus on imparting knowledge but also aim to build the confidence necessary for individuals to make informed choices. By addressing the specific needs and challenges faced by Zambian youth entrepreneurs, such programmes can help improve their financial decision-making abilities and overall financial well-being (Setyawati and Suroso, 2016). Creating supportive environments for financial learning will empower youths to apply their knowledge effectively.

Furthermore, the integration of practical experiences into financial literacy education can enhance the decision-making skills of youth entrepreneurs. Munyuki (2019) notes that individuals who engage in real-world financial scenarios often develop a better understanding of financial concepts, leading to more informed decisions. Incorporating case studies, simulations, and hands-on activities into financial education programmes can provide youth entrepreneurs with the tools they need to make sound financial choices in their businesses.

### **2.3.3 Financial behaviours**

Financial behaviour encompasses the specific actions and decisions that individuals take in the financial market. In the context of this study, financial behaviour primarily relates to the investment decisions made by entrepreneurs. According to Lusardi et al. (2010), financial literacy is a critical factor influencing various financial behaviours among youths, including budgeting, saving, the use of credit cards, and overall financial management. These behaviours collectively contribute to enhancing financial well-being. The understanding of financial literacy among youth entrepreneurs not only shapes their immediate financial practices but also influences their long-term economic stability (Lusardi et al., 2010).

The study conducted by Mutengezanwa (2018) revealed a weak positive relationship between financial literacy and financial behaviour, indicating the necessity for targeted strategies to improve financial literacy practices among youths. This finding highlights a significant gap that must be addressed, as financial literacy is foundational to fostering healthy financial behaviours. Conversely, more recent studies, including those by Lusardi, Mitchell, and Curto (2010), suggest a strong correlation between financial literacy and positive financial behaviours. This evolving understanding underscores the complexity of the relationship between financial literacy and behaviours, particularly among youths who are navigating the challenges of entrepreneurship (Mutengezanwa, 2018; Lusardi, Mitchell, and Curto, 2010).

The current generation of youth entrepreneurs is positioned uniquely in a financial landscape where knowledge and skills are paramount. Their ability to connect with financial markets and make informed investment decisions reflects a significant shift towards integrating financial literacy into everyday practices. As they engage with financial tools and resources, these youth entrepreneurs bear the responsibility of shaping an era where financial literacy becomes a driving force for economic empowerment (Mutengezanwa, 2018). The opportunities available for them to develop their financial skills are unprecedented, creating a fertile ground for fostering sound financial behaviours.

Furthermore, financial behaviour extends beyond mere investment choices; it encompasses the broader spectrum of how individuals manage their finances daily. Youth entrepreneurs must navigate various financial instruments, from loans to credit cards, and their decisions regarding

these instruments significantly impact their business success. Engaging in prudent financial behaviours, such as maintaining a budget and saving for future investments, can mitigate risks and enhance the sustainability of their ventures (Lusardi et al., 2010). This understanding necessitates the exploration of financial literacy practices among youth entrepreneurs in Zambia, as such practices are integral to fostering responsible financial behaviours.

The exploration of financial literacy practices also highlights the potential challenges faced by youth entrepreneurs. Despite the wealth of information available, many youths may still struggle to implement effective financial strategies. This disconnect suggests the need for comprehensive financial education that goes beyond theoretical knowledge, emphasizing practical applications that can be integrated into their daily lives (Mutengezanwa, 2018). Empowering youth entrepreneurs with the tools and resources to make sound financial decisions is essential for building a resilient entrepreneurial ecosystem in Zambia.

Moreover, fostering a culture of financial literacy among youth entrepreneurs can lead to positive ripple effects throughout the community. As these individuals adopt better financial behaviours, they set examples for their peers and contribute to a broader societal shift towards improved financial practices. This communal approach not only enhances individual financial well-being but also strengthens the overall economic fabric of the community (Lusardi et al., 2010). Thus, understanding the interplay between financial literacy and behaviour is critical for devising effective interventions aimed at supporting youth entrepreneurs in Zambia.

#### **2.3.4 Financial knowledge**

Financial knowledge encompasses the understanding of economic concepts and the mechanisms that govern the economy. It equips individuals with the skills necessary to comprehend various financial procedures and concepts, enabling them to effectively tackle financial problems. This knowledge extends to managing money across different contexts, including daily financial monitoring and making informed decisions that align with the needs of financially literate individuals. The components of financial knowledge can be categorized into conceptual financial knowledge, procedural financial knowledge, and applied financial knowledge, which together form a comprehensive understanding of financial matters (Stewart, 2010).

According to Gustman et al. (2010) as cited in Saber (2020), financial knowledge is defined as an individual's awareness and understanding of specific financial concepts, such as the principles of saving, investing, budgeting, and debt management. However, financial literacy goes beyond merely acquiring this knowledge; it involves the capability to apply this knowledge effectively in real-world scenarios to make informed and effective financial decisions. This distinction highlights the crucial role of not just learning about financial concepts but also being able to translate that learning into tangible actions that positively impact financial well-being. For youth entrepreneurs, this understanding is critical, as it allows them to better navigate the complexities of managing their business finances, dealing with risks, and making decisions that promote growth and sustainability.

Financial literacy is especially vital for youth entrepreneurs as it empowers them to make sound financial decisions that directly affect the viability and success of their businesses. A youth entrepreneur's ability to apply financial knowledge—such as knowing when to invest, how to allocate resources, and how to minimize financial risks—can significantly influence the outcome of their entrepreneurial ventures. Without financial literacy, youth entrepreneurs may struggle with making important decisions such as setting up a budget, securing funding, or evaluating business risks, which could lead to costly mistakes. As such, having robust financial knowledge not only helps youth entrepreneurs understand how financial systems operate but also equips them with the practical skills necessary for long-term business success.

Moreover, financial literacy enables entrepreneurs to engage in strategic financial planning and management, which is crucial for sustaining a business over time. Understanding concepts such as cash flow management, profitability analysis, and financial forecasting can help youth entrepreneurs assess the financial health of their businesses and make necessary adjustments to avoid financial setbacks. Saber (2020) emphasizes that the ability to apply financial knowledge in practical ways also includes managing personal finances, as this can impact the resources available for business investments.

The ability to manage finances effectively is crucial for youth entrepreneurs, who often encounter distinctive challenges in the business landscape. These challenges include limited access to capital, high levels of uncertainty, and the need to balance both personal and business financial

responsibilities. A solid foundation in financial knowledge helps youth entrepreneurs make informed decisions about investments, budgeting, and resource allocation. These decisions are fundamental to achieving sustainable business growth and profitability (Stewart, 2010). With a firm grasp of financial principles, youth entrepreneurs are better equipped to assess risks, evaluate potential returns on investments, and make strategic choices that can lead to long-term success. Furthermore, financial literacy allows entrepreneurs to make realistic projections of their business's financial future, reducing the likelihood of making costly mistakes that could jeopardize their venture (Lusardi and Mitchell, 2014).

Moreover, financial literacy fosters a sense of confidence in youth entrepreneurs, empowering them to take calculated risks and pursue opportunities that align with their long-term business objectives. Confidence in financial decision-making enables entrepreneurs to engage in activities such as securing loans, negotiating partnerships, or entering new markets, all of which are integral to business expansion (Lusardi, 2019). Financially literate entrepreneurs are also more likely to maintain better cash flow management practices, which can be a key differentiator between successful and struggling businesses. Additionally, entrepreneurs who are financially literate are more likely to be resilient in the face of financial setbacks, as they have the knowledge and skills to adjust their strategies and overcome challenges effectively (Chatterjee and Das, 2017). Therefore, a strong financial literacy foundation is a key driver of entrepreneurial self-efficacy, providing the tools and mindset necessary for youth business owners to succeed in an increasingly complex and competitive business environment.

Consequently, investigating the financial literacy practices of Zambian youth entrepreneurs is of paramount importance, as it can identify specific gaps in knowledge and skills that may limit their business potential. Understanding these gaps is critical for designing targeted interventions and programmes that can enhance the financial literacy of youth entrepreneurs, thereby addressing barriers to success (Radiantor et al, 2019). By exploring how financial concepts are understood and applied by youth entrepreneurs in Zambia, policymakers and educators can better tailor financial literacy programmes to meet the needs of this demographic. For instance, by emphasizing practical aspects of financial decision-making, such as budgeting, cash flow management, and financial planning, programmes can help youth entrepreneurs avoid common pitfalls.

Furthermore, financial knowledge plays a significant role in fostering a culture of responsible financial behaviour among youths. When youth entrepreneurs are well-versed in financial concepts, they are more likely to engage in positive financial practices, such as saving, investing, and budgeting. This proactive approach to financial management not only benefits their individual enterprises but also contributes to the overall economic development of their communities (Gustman et al., 2010; Saber, 2020). As such, enhancing financial knowledge among youth entrepreneurs can yield substantial benefits, creating a ripple effect that extends beyond their personal financial well-being.

The importance of financial literacy and knowledge has been recognized in various government policies aimed at promoting entrepreneurship in Zambia. The Zambian government has made efforts to integrate financial literacy into its entrepreneurial support programmes, recognizing that equipping youths with financial knowledge is essential for fostering a vibrant entrepreneurial ecosystem. This alignment of financial education with government initiatives highlights the urgency of exploring financial literacy practices among youth entrepreneurs in Zambia (Saber, 2020).

### **2.3.5 Financial skills**

The ability to manage finances effectively is crucial for youth entrepreneurs, who often encounter distinctive challenges in the business landscape. These challenges include limited access to capital, high levels of uncertainty, and the need to balance both personal and business financial responsibilities. A solid foundation in financial knowledge helps youth entrepreneurs make informed decisions about investments, budgeting, and resource allocation. These decisions are fundamental to achieving sustainable business growth and profitability (Stewart, 2010). With a firm grasp of financial principles, youth entrepreneurs are better equipped to assess risks, evaluate potential returns on investments, and make strategic choices that can lead to long-term success. Furthermore, financial literacy allows entrepreneurs to make realistic projections of their business's financial future, reducing the likelihood of making costly mistakes that could jeopardize their venture (Lusardi and Mitchell, 2014).

Moreover, financial literacy fosters a sense of confidence in youth entrepreneurs, empowering them to take calculated risks and pursue opportunities that align with their long-term business

objectives. Confidence in financial decision-making enables entrepreneurs to engage in activities such as securing loans, negotiating partnerships, or entering new markets, all of which are integral to business expansion (Lusardi, 2019). Financially literate entrepreneurs are also more likely to maintain better cash flow management practices, which can be a key differentiator between successful and struggling businesses. Additionally, entrepreneurs who are financially literate are more likely to be resilient in the face of financial setbacks, as they have the knowledge and skills to adjust their strategies and overcome challenges effectively (Chatterjee and Das, 2017). Therefore, a strong financial literacy foundation is a key driver of entrepreneurial self-efficacy, providing the tools and mind set necessary for youth business owners to succeed in an increasingly complex and competitive business environment.

Consequently, investigating the financial literacy practices of Zambian youth entrepreneurs is of paramount importance, as it can identify specific gaps in knowledge and skills that may limit their business potential. Understanding these gaps is critical for designing targeted interventions and programmes that can enhance the financial literacy of youth entrepreneurs, thereby addressing barriers to success (Radianto et al, 2019). By exploring how financial concepts are understood and applied by youth entrepreneurs in Zambia, policymakers and educators can better tailor financial literacy programmes to meet the needs of this demographic. For instance, by emphasizing practical aspects of financial decision-making, such as budgeting, cash flow management, and financial planning, programmes can help youth entrepreneurs avoid common pitfalls.

A study conducted by Atkinson and Messy (2012) assessed the levels of financial literacy across several countries, examining key concepts associated with financial literacy, including financial knowledge, behaviour, and attitudes. The research focused on the relationships among these concepts and various socio-demographic factors. The findings revealed that while a majority of individuals possessed some basic financial knowledge, there were significant gaps in their understanding of certain financial concepts. This lack of comprehensive financial knowledge can hinder effective financial decision-making, especially among vulnerable populations (Atkinson and Messy, 2012).

Atkinson and Messy (2012) emphasize the critical connection between financial knowledge and behaviour, indicating that individuals with higher levels of financial knowledge are more likely to

engage in effective financial behaviours. This suggests that financial literacy is not just about understanding financial concepts, but also about translating that understanding into actions that improve an individual's financial well-being. For youth entrepreneurs, possessing a solid foundation of financial knowledge allows them to make informed decisions related to budgeting, saving, investing, and managing cash flow, all of which are crucial for business success. This relationship between financial knowledge and behaviour is particularly significant in the context of entrepreneurship, where poor financial decisions can lead to business failure. Therefore, enhancing financial literacy among youth entrepreneurs can have a direct impact on their ability to manage their businesses effectively and increase their chances of long-term success (Lusardi and Mitchell, 2014).

In addition to financial knowledge, Atkinson and Messy (2012) also highlight the importance of financial attitudes in influencing financial behaviour. The researchers found that individuals with a positive financial attitude, particularly those who approach financial decision-making with a long-term perspective, tend to exhibit better financial behaviours. A long-term financial planning approach encourages individuals to think about future needs, such as retirement, emergencies, and investment opportunities, rather than focusing on immediate consumption. For youth entrepreneurs, cultivating this long-term mind set is essential, as it enables them to prioritize financial stability, sustainable business practices, and future growth over short-term gains. This shift in attitude can lead to more responsible spending, saving, and investment practices, which are key factors in achieving financial success in business (Changwasha, 2019).

The relationship between financial attitude and behaviour is crucial in shaping how individuals manage their finances. Atkinson and Messy (2012) observed that individuals with a forward-thinking attitude toward financial management are more likely to engage in prudent financial behaviours, such as budgeting, saving, and investing wisely. Conversely, those who focus on short-term financial goals are more likely to engage in impulsive spending and fail to plan adequately for the future. For youth entrepreneurs, who may often operate with limited resources, this mindset can significantly affect their ability to navigate financial challenges, such as cash flow shortages or unexpected expenses. Encouraging youth entrepreneurs to adopt a long-term financial outlook can not only improve their personal financial stability but also enhance their ability to manage

business finances effectively, reducing the risk of financial mismanagement (Joo and Grable, 2004).

Furthermore, financial literacy programmes that incorporate both knowledge and attitude-building components are more likely to produce lasting changes in financial behaviour. According to Atkinson and Messy (2012), financial literacy programmes that address both cognitive knowledge and emotional factors, such as financial attitudes, lead to more sustainable financial behaviours. By providing youth entrepreneurs with the tools to understand financial concepts and the motivation to apply those concepts with a long-term perspective, these programmes can foster better financial decision-making in the future. In Zambia, where financial education may not be widely available to youth entrepreneurs, these programmes can play a crucial role in improving financial literacy, enhancing financial behaviour, and ultimately contributing to the growth and sustainability of small businesses (Saber, 2020).

The study further highlighted socioeconomic disparities, revealing that individuals with lower incomes were more likely to experience financial illiteracy, particularly among women. This finding raises important concerns regarding the accessibility of financial education resources and support for marginalized groups. By identifying these vulnerabilities, the study emphasizes the need for targeted financial literacy programmes aimed at improving financial knowledge and behaviours in economically disadvantaged populations (Atkinson and Messy, 2012).

The insights from Atkinson and Messy (2012)'s research have significant implications for understanding the role of financial literacy in enhancing entrepreneurial skills. Improved financial literacy equips individuals with the necessary tools to make informed financial decisions, fostering a more conducive environment for entrepreneurial success. Entrepreneurs with strong financial knowledge are better positioned to manage their finances, access funding, and sustain their businesses, ultimately contributing to economic growth (Atkinson and Messy, 2012).

However, it is essential to note that the study primarily focused on financial literacy levels in various unspecified countries, which may limit the generalizability of its findings. The current study aims to explore financial literacy practices specifically among Zambian youth entrepreneurs, providing a more localized understanding of the challenges and opportunities they face. By concentrating on this demographic, the research seeks to address the gaps identified in Atkinson

and Messy (2012)'s study, particularly regarding the application of financial literacy in the Zambian context.

Understanding the financial literacy landscape among Zambian youth entrepreneurs will shed light on the specific factors influencing their financial behaviours and decision-making processes. This exploration is crucial for developing effective financial education initiatives tailored to their unique needs, ultimately supporting their entrepreneurial endeavours and promoting economic empowerment (Saber, 2020).

Financial knowledge encompasses understanding economic concepts and mechanisms within the economy. This understanding allows individuals to navigate financial situations effectively, manage their money, and make informed choices. Stewart (2010) describes financial knowledge as "an understanding of personal and broader financial matters." This suggests that financial literacy is not merely about acquiring information but also about applying it to everyday financial situations. As Gustman et al. (2010) note, financial knowledge constitutes individuals' awareness of financial concepts, whereas financial literacy represents the ability to apply that knowledge effectively in various contexts. The distinction emphasizes that while many may have access to financial information, not all can translate that information into practical financial decisions (Stewart, 2010; Gustman et al., 2010).

Furthermore, financial knowledge is crucial for managing day-to-day financial matters and making choices that align with individuals' needs. Effective financial management entails more than merely understanding concepts; it requires the application of knowledge in real-life scenarios. The components of financial knowledge include conceptual, procedural, and applied financial knowledge. This segmentation indicates that to be financially literate, one must possess a comprehensive understanding of these different aspects of financial knowledge, which can significantly influence their ability to manage finances effectively (Gustman et al., 2010; Stewart, 2010).

Atkinson and Messy (2012) conducted a study on the levels of financial literacy across various countries, identifying key factors such as financial knowledge, financial behaviour, and financial attitudes. Their findings suggested that while many individuals had a basic understanding of financial concepts, they often lacked the depth of knowledge necessary for effective financial

decision-making. The authors highlighted a positive correlation between financial knowledge and behaviour, underscoring the importance of enhancing financial literacy to improve overall financial behaviour. This correlation is particularly relevant for youth entrepreneurs, as it indicates that increased financial knowledge can lead to better financial practices and decision-making (Atkinson and Messy, 2012).

Additionally, the study found that individuals with a positive financial attitude and a propensity for long-term planning exhibited superior financial behaviours compared to those who focused on short-term decisions. This finding underscores the need for targeted financial education programmes that not only impart knowledge but also encourage positive attitudes toward financial planning. In the context of Zambian youth entrepreneurs, fostering a positive financial attitude alongside knowledge acquisition can help enhance their financial decision-making skills and ultimately lead to more successful business ventures (Atkinson and Messy, 2012).

The importance of financial knowledge is further emphasized in the context of Zambian youth entrepreneurship. Many youth entrepreneurs face unique challenges that necessitate a strong foundation in financial knowledge. Understanding how to manage finances, secure funding, and make informed investment decisions is crucial for their success. The current study seeks to explore the financial literacy practices among Zambian youth entrepreneurs, highlighting the specific financial knowledge gaps that may exist within this demographic. Identifying these gaps can inform the development of targeted financial education initiatives aimed at equipping youth entrepreneurs with the necessary skills to thrive in a competitive market (Chotimah, Ani and Widodo, 2017).

Atkinson and Messy (2012) emphasize the critical connection between financial knowledge and behaviour, indicating that individuals with higher levels of financial knowledge are more likely to engage in effective financial behaviours. This suggests that financial literacy is not just about understanding financial concepts, but also about translating that understanding into actions that improve an individual's financial well-being. For youth entrepreneurs, possessing a solid foundation of financial knowledge allows them to make informed decisions related to budgeting, saving, investing, and managing cash flow, all of which are crucial for business success. This relationship between financial knowledge and behaviour is particularly significant in the context

of entrepreneurship, where poor financial decisions can lead to business failure. Therefore, enhancing financial literacy among youth entrepreneurs can have a direct impact on their ability to manage their businesses effectively and increase their chances of long-term success.

In addition to financial knowledge, Atkinson and Messy (2012) also highlight the importance of financial attitudes in influencing financial behaviour. The researchers found that individuals with a positive financial attitude, particularly those who approach financial decision-making with a long-term perspective, tend to exhibit better financial behaviours. A long-term financial planning approach encourages individuals to think about future needs, such as retirement, emergencies, and investment opportunities, rather than focusing on immediate consumption. For youth entrepreneurs, cultivating this long-term mind set is essential, as it enables them to prioritize financial stability, sustainable business practices, and future growth over short-term gains. This shift in attitude can lead to more responsible spending, saving, and investment practices, which are key factors in achieving financial success in business (Changwasha, 2019).

The relationship between financial attitude and behaviour is crucial in shaping how individuals manage their finances. Atkinson and Messy (2012) observed that individuals with a forward-thinking attitude toward financial management are more likely to engage in prudent financial behaviours, such as budgeting, saving, and investing wisely. Conversely, those who focus on short-term financial goals are more likely to engage in impulsive spending and fail to plan adequately for the future. For youth entrepreneurs, who may often operate with limited resources, this mind set can significantly affect their ability to navigate financial challenges, such as cash flow shortages or unexpected expenses. Encouraging youth entrepreneurs to adopt a long-term financial outlook can not only improve their personal financial stability but also enhance their ability to manage business finances effectively, reducing the risk of financial mismanagement (Joo and Grable, 2004).

Furthermore, financial literacy programmes that incorporate both knowledge and attitude-building components are more likely to produce lasting changes in financial behaviour. According to Atkinson and Messy (2012), financial literacy programmes that address both cognitive knowledge and emotional factors, such as financial attitudes, lead to more sustainable financial behaviours. By providing youth entrepreneurs with the tools to understand financial concepts and the

motivation to apply those concepts with a long-term perspective, these programmes can foster better financial decision-making in the future. In Zambia, where financial education may not be widely available to youth entrepreneurs, these programmes can play a crucial role in improving financial literacy, enhancing financial behaviour, and ultimately contributing to the growth and sustainability of small businesses.

### **2.3.6 Socio-economic demographics**

Socio-economic demographics significantly influence individuals' financial literacy and behaviour. Chotimah, Ani, and Widodo (2017) highlight those key socio-economic dynamics include parental income, education, and occupation. These factors affect the financial competencies of individuals, particularly youths, as they make financial decisions. Research has established that higher parental income and education levels correlate with better financial outcomes for children, as these parents often instil valuable financial knowledge and behaviours in their offspring. Thus, understanding the socio-economic backgrounds of individuals offers insight into their financial literacy levels and decision-making processes (Chotimah et al., 2017).

Marital status plays a significant role in shaping an individual's financial literacy and behaviour. Research conducted by Bucher-Koenen and Lusardi (2011) reveals that in many households, the responsibility of managing finances typically falls on one partner, often the spouse. This division of financial duties requires individuals to acquire and apply relevant financial skills to effectively handle budgeting, savings, investments, and debt management. As a result, the person taking on the financial responsibilities may experience an increase in financial literacy, as they must adapt and learn to manage household finances efficiently. This dynamic is particularly relevant for youth entrepreneurs who are in the early stages of their business ventures and may also be navigating the financial responsibilities of a household.

Saber (2020) further emphasizes the impact of marital dynamics on financial literacy, suggesting that the division of financial responsibilities within a family compels individuals to enhance their financial capabilities. When one partner takes on the primary role of managing family finances, they are often faced with the need to make critical financial decisions, such as budgeting for household expenses, saving for future goals, and managing long-term investments. These decisions require a deeper understanding of financial concepts, and over time, individuals may

develop stronger financial literacy as they become more involved in the financial decision-making process. Therefore, marital status and the associated division of financial responsibilities can lead to the development of more comprehensive financial skills, which may influence overall financial behaviours (Saber, 2020).

The influence of marital status on financial literacy is particularly pertinent when examining youth entrepreneurs, as their personal and financial lives often intersect. For youth entrepreneurs, the financial management skills developed within the context of their marital relationships may directly impact their business practices. Entrepreneurs who share financial responsibilities with a spouse may be more likely to make joint decisions that are financially sound, both in their personal and business lives. On the other hand, those who lack financial support or shared responsibility within a marriage may face greater financial challenges in both their personal and entrepreneurial endeavours. Understanding how marital status influences financial literacy can help identify areas where youth entrepreneurs might need additional support or education (Bucher-Koenen and Lusardi, 2011).

Furthermore, examining the financial literacy of youth entrepreneurs through the lens of marital status provides valuable insights into how different life stages and personal circumstances intersect with business decision-making. For example, youth entrepreneurs who are married and managing a household may need to balance personal financial goals with business objectives, creating a complex financial landscape. The skills acquired in managing household finances, such as budgeting and cash flow management, are directly transferable to running a business. Therefore, marital status can influence the financial behaviours of youth entrepreneurs, shaping their ability to make informed financial decisions that align with both their personal and business goals (Saber, 2020).

Educational attainment serves as another vital factor influencing financial literacy. Setyawati and Suroso (2016) discovered that higher education levels correspond to improved financial decision-making skills. Individuals with greater educational backgrounds tend to possess enhanced financial knowledge, enabling them to make informed judgments regarding money management. This correlation suggests that financial literacy is not solely a function of individual effort but is also significantly shaped by educational opportunities. Consequently, fostering educational initiatives

aimed at enhancing financial literacy among youth entrepreneurs is essential for empowering them to make informed financial decisions (Setyawati and Suroso, 2016).

In contrast, Widyawati (2012) argues that the socio-economic status of parents does not directly influence the cognitive aspects and attitudes related to financial literacy. This perspective raises questions about the extent to which parental influence shapes financial behaviours and knowledge among youths. Furthermore, Radianto, Efrata, and Dewi (2019) contend that parental occupation may not significantly impact the financial literacy of youth entrepreneurs. While higher-income parents might delegate more financial responsibilities to their children, this does not necessarily translate into enhanced financial literacy. These insights indicate that the relationship between socio-economic demographics and financial literacy is complex and may vary across different contexts and populations (Widyawati, 2012; Radianto et al., 2019).

The question of whether socio-economic demographics, such as parental income, education, and occupation, can effectively serve as indicators of financial literacy among Zambian youth entrepreneurs remains unresolved. The unique socio-economic landscape in Zambia may influence how these factors manifest in the financial behaviours of youth entrepreneurs. Therefore, further research is essential to explore the specific impact of these demographics on financial literacy within the Zambian context. Understanding the nuances of how socio-economic factors influence financial literacy can inform targeted interventions aimed at enhancing financial education and support for youth entrepreneurs in Zambia (Chotimah et al., 2017; Saber, 2020; Setyawati and Suroso, 2016).

### **2.3.7 Age-related factor**

Ramoni (2018) conducted a study to assess the financial literacy of youths in the United States, specifically investigating their preparedness to navigate the complexities of the current economic landscape. The research sample comprised 150 youths selected from four faith-based churches in the Dallas-Fort Worth Metropolitan area. Participants were specifically between the ages of 18 and 25, having recently completed high school or currently attending college, with criteria such as being never married and having no dependents. This focused demographic allowed for an in-depth exploration of a transitional age group often confronting significant financial decisions as they move from family support into independent financial management (Ramoni, 2018).

Data collection employed a financial literacy questionnaire that examined various dimensions of financial understanding, including financial knowledge, influences, attitudes, and behaviours, while comparing these factors across gender and income. The study utilized established theories, such as social learning theory and the theory of consumer socialization, to explore the dynamics of financial literacy development within this group. Utilizing these theoretical frameworks aimed to illuminate the underlying influences that shape youths' financial behaviours and attitudes, providing a comprehensive view of their financial literacy landscape (Ramoni, 2018).

Interestingly, Ramoni (2018) found no significant differences in financial attitudes and behaviours based on gender and income. This finding suggests that financial literacy might be less influenced by these demographic factors than previously anticipated. However, the study did reveal micro-level influences on financial knowledge and behaviour that were notably gender-specific, with females exhibiting higher financial knowledge while males tended to maintain better budgeting practices. This distinction emphasizes the significance of gender dynamics in financial literacy and raises critical questions about how youths engage with financial concepts based on their gender.

Furthermore, the study highlighted that both male and female participants diligently maintained financial documents, including receipts for major and minor purchases, bank statements, and tax records. This practice indicates a level of financial responsibility and awareness among the youths surveyed, suggesting they recognize the importance of tracking financial transactions and maintaining accurate records (Ramoni, 2018). Such responsible financial practices are crucial for effective management and could enhance financial decision-making in the long term. These insights reinforce the notion that knowledge and practical behaviours are both essential components of achieving financial competence among youths.

While Ramoni (2018)'s study provided valuable insights into financial literacy in the United States, its limitations regarding demographic criteria warrant consideration. Ramoni (2028)'s study focused primarily on specific age groups and geographic locations, which may not fully capture the diversity of financial literacy experiences across different populations. By concentrating on certain age ranges and demographic categories, the study may have overlooked variations in financial knowledge and behaviours shaped by broader socio-economic or cultural contexts. These limitations suggest that the findings may not be directly applicable to other settings, such as

Zambia, where the socio-economic landscape, cultural practices, and financial challenges faced by youth entrepreneurs differ significantly. As a result, the findings of Ramoni's study cannot be entirely generalized to contexts outside the U.S. (Ramoni, 2018).

In contrast, the current study adopts a different methodology by not imposing the same age restrictions or demographic parameters on participants. Instead, it aims to capture a broader spectrum of financial literacy experiences among youth entrepreneurs in Lusaka District, Zambia. This inclusive approach is crucial for understanding the diverse factors influencing financial literacy within the context of Zambia. Zambia's socio-economic landscape presents a unique set of challenges and opportunities for youth entrepreneurs, including limited access to financial resources, inadequate infrastructure, and varying levels of financial education. By broadening the demographic criteria, the study is able to gain insights from a diverse range of participants, thus enhancing the comprehensiveness of its findings (Mtonga, 2019; Siame, 2020).

The inclusion of a more diverse sample is important for recognizing the different experiences that youth entrepreneurs face in Zambia, particularly considering the country's rural and urban divide. Youth entrepreneurs in rural areas often face greater challenges due to limited access to financial institutions, markets, and information, whereas those in urban areas may have more access to resources and opportunities. This demographic distinction has been highlighted by Mtonga (2019), who emphasizes that socio-economic status plays a critical role in determining an entrepreneur's access to financial literacy training and financial resources. Furthermore, Siame (2020) underscores the importance of understanding these regional differences when designing financial literacy programmes, as the needs of youth entrepreneurs in rural areas may differ significantly from those in urban areas. By capturing these diverse experiences, the current study will provide a more nuanced understanding of the factors that influence financial literacy in Zambia.

Moreover, the methodology employed in this study, which includes an interview guide and document analysis schedule, enables a more comprehensive exploration of financial literacy practices among youth entrepreneurs. Interviews allow participants to share their personal experiences, challenges, and insights, which can provide valuable information on the strategies they employ to manage their finances. Document analysis, on the other hand, complements the interviews by examining the financial records, business plans, and other relevant documents that

can shed light on how youth entrepreneurs make financial decisions. This mixed-methods approach, combining qualitative interviews with document analysis, is effective in capturing both the subjective experiences and objective financial behaviours of the participants (Siame, 2020). This approach aligns with the recommendations of Siame (2020), who advocates for a combination of research methods to gain a deeper understanding of the financial practices of youth entrepreneurs.

The inclusion of both qualitative and document-based research tools also enables the study to examine not only what youth entrepreneurs know about financial concepts but also how they apply this knowledge in real-world situations. By focusing on practical financial behaviours such as budgeting, saving, investing, and managing business finances, the study can identify the specific financial challenges faced by youth entrepreneurs in Lusaka District. Additionally, the document analysis will help identify patterns in financial decision-making and provide further insights into the financial literacy practices of youth entrepreneurs. These tools together provide a robust framework for understanding the real-world application of financial knowledge and skills among youth entrepreneurs in Lusaka District (Ramoni (2018).

Insights from Ramoni's research serve as a foundational reference for the current study, highlighting the necessity of exploring financial literacy beyond conventional demographic categories. Financial literacy plays a critical role in empowering youths to make informed financial decisions, necessitating consideration of a wide array of experiences and backgrounds. The methodological differences between the two studies underscore the importance of context in financial literacy research. Examining financial literacy practices among youth entrepreneurs in Zambia allows the current study to build on existing knowledge and provide actionable insights to inform financial education initiatives tailored to the unique challenges faced by youths in diverse regions (Saber, 2020).

The relationship between financial literacy and retirement planning has garnered significant attention in recent years, particularly in the context of civil servants in Zambia. Siame (2020) conducted a local study analysing how financial literacy affects retirement planning among civil servants under the Public Service Pension (PSP) scheme. The findings revealed a concerning trend: many civil servants exhibited low levels of financial literacy, particularly in understanding interest

rates, investment options, and the importance of saving for retirement. This lack of knowledge has profound implications, as the majority of civil servants reported insufficient savings to adequately prepare for their retirement years (Siame, 2020).

The study employed Spearman correlation analysis, which revealed a strong positive relationship between financial literacy and several critical financial behaviours. Specifically, higher financial literacy correlated positively with cash savings in banks, investments in stocks and livestock, participation in insurance schemes, real estate investments, and the acquisition of financial assets (Siame, 2020). These findings suggest that improving financial literacy could lead to better saving and investment behaviours among civil servants, thus enhancing their preparedness for retirement. This is consistent with other research, which has shown that individuals with higher financial literacy are more likely to engage in positive financial behaviours that contribute to long-term financial stability (Lusardi and Mitchell, 2014).

Additionally, Siame (2020) found a strong positive correlation between financial planning knowledge and retirement preparedness. This underscores the necessity for educational initiatives aimed at increasing financial literacy among youths and retirees. As evidenced by previous studies, including Ramoni (2018), financial literacy serves as a crucial determinant of financial well-being. When individuals possess a solid understanding of financial concepts, they are better equipped to manage their finances effectively, ultimately leading to more secure retirement outcomes (Ramoni, 2018). The ability to plan effectively for retirement requires not only knowledge of savings options but also an understanding of investment strategies and risk management.

While Siame (2020)'s study sheds light on the financial literacy challenges faced by Zambian civil servants, it raises questions about the broader context of financial literacy within the country. In contrast to established financial literacy policies in countries like the United States, the absence of similar frameworks in Zambia—particularly in Lusaka District—calls for urgent attention. Given that Siame (2020)'s research indicates low levels of financial literacy among civil servants, it remains unclear whether similar trends are prevalent among youth entrepreneurs in Lusaka's financial institutions (Siame, 2020). The exploration of financial literacy among youth entrepreneurs is essential, as they are crucial to Zambia's economic development and future growth.

Understanding the financial literacy levels of youth entrepreneurs is critical, as this demographic plays a vital role in the economic landscape of Zambia. If youth entrepreneurs lack the financial knowledge necessary for effective decision-making, they may struggle to manage their businesses, secure funding, and plan for their futures. Research has shown that financial literacy can significantly influence the entrepreneurial success of youths, equipping them with the necessary tools to navigate financial challenges (Söderlund and Eriksson, 2020). Therefore, a comprehensive investigation into financial literacy practices among youth entrepreneurs in Lusaka District is warranted. Such research could provide valuable insights into the specific financial education needs of this group and inform the development of targeted interventions.

### **2.3.8 Access to financial credit and capital**

Access to financial credit and capital is a critical factor influencing the success of youth entrepreneurs, particularly in emerging economies like Zambia. Mtonga (2019) conducted a study in the Kamwala Trading Area of Lusaka, examining the various forms of support available to youth business owners. The findings indicated that essential elements for entrepreneurial success include capital, patience, determination, good customer relations, and access to trading spaces. While youth entrepreneurs reported having access to loans and trading spaces facilitated by the government, there was a noted emphasis on the need for continuous support in the form of skills development, training, mentorship, and networking. This study underlines the importance of a multifaceted approach to supporting youth entrepreneurs, combining access to financial resources with educational initiatives to enhance their business acumen.

The disparity in perspectives between youth entrepreneurs and government officials concerning the nature of support underscores a vital consideration for policy development. Youth entrepreneurs expressed a desire for sustained access to loans, citing their effectiveness in fostering business growth. Conversely, government officials highlighted the importance of equipping youths with enduring skills that would empower them to seize business opportunities independently. This divergence points to a critical area for further research and intervention; finding a balance between immediate financial assistance and long-term educational support could provide a more robust foundation for sustainable youth entrepreneurship in Lusaka District.

Additionally, research by Saber (2020) offers valuable insights into the relationship between financial literacy and household wealth, emphasizing the role of education in shaping financial outcomes. The study conducted in Saudi Arabia demonstrated that individuals with higher financial literacy levels tend to accumulate greater household wealth, highlighting the potential of financial education to improve financial well-being. Furthermore, the findings revealed demographic disparities, with youths possessing less household wealth than their older counterparts. This emphasizes the necessity for youths to engage in proactive financial planning and underscores the potential benefits of integrating financial education into entrepreneurial training programmes, particularly for those aged 18 to 39.

The implications of these findings resonate strongly within the Zambian context, where youth entrepreneurship is critical for economic development. To foster a conducive environment for youth business owners, financial literacy programmes must address the unique challenges faced by this demographic, such as limited access to capital and financial resources. As noted by Saber (2020), equipping youth entrepreneurs with essential financial skills can significantly enhance their ability to navigate the complexities of the financial landscape, ultimately leading to improved entrepreneurial outcomes.

Moreover, the findings from both Mtonga (2019) and Saber (2020) collectively highlight the importance of creating an ecosystem that supports youth entrepreneurs in their financial endeavours. Financial literacy promoters and policymakers should collaborate to design initiatives that empower youths to explore and discover their financial potential. This may involve tailoring programmes to address specific needs, such as facilitating access to microfinance options, providing mentorship opportunities, and enhancing financial education. Such measures can foster a more vibrant entrepreneurial culture in Zambia, equipping youth entrepreneurs with the skills and resources necessary for success.

### **2.3.9 Education Levels**

Education levels significantly shape financial literacy among individuals, particularly youth entrepreneurs. A study by Wagner (2015) highlights a positive correlation between financial education and financial literacy scores. Specifically, the analysis reveals that individuals with lower levels of education tend to benefit more from financial education programmes compared to

those with higher education. This suggests that foundational financial knowledge is essential for individuals who may lack basic understanding, thereby emphasizing the necessity for targeted educational interventions. The disparity in financial literacy scores based on education levels indicates that education serves as a pivotal factor in developing financial competence among youth entrepreneurs in Zambia.

The impact of education on financial behaviours nuanced, as Wagner (2015) indicates that financial education affects short-term behaviours differently than long-term financial decisions. Short-term financial behaviours, such as managing credit card payments, receive immediate feedback, allowing individuals to learn from their experiences. For those with lower education levels, formal financial education may fill critical knowledge gaps, leading to improved short-term financial management skills. Conversely, individuals with higher education may not experience the same immediate benefits from financial education, as they are more likely to rely on their experiences and existing knowledge to navigate short-term financial decisions (Wagner, 2015). Customizing financial education to address the unique needs of different demographic groups, especially youth entrepreneurs, becomes essential.

Long-term financial behaviours, such as retirement planning, require a deeper understanding of financial concepts and often cannot be learned through experience alone. Wagner (2015) notes that because the consequences of poor long-term financial decisions manifest years later, individuals need formal instruction to cultivate appropriate financial habits. Structured educational programmes focusing not just on immediate financial skills but also on strategic long-term financial planning can benefit youth entrepreneurs in Zambia as they prepare for future financial responsibilities.

Complementing these findings, Söderlund and Eriksson (2020) investigate the relationship between financial literacy and rational financial decision-making. Their study reveals that while higher financial literacy correlates with better financial management, it does not necessarily lead to more rational decision-making. This suggests that financial literacy alone might not be sufficient to ensure sound financial choices, especially among youth entrepreneurs operating in volatile markets. The independence of financial literacy and rational decision-making emphasizes the

complexity of financial behaviour, indicating that additional factors—such as emotional intelligence and risk tolerance may also significantly influence financial outcomes.

Although previous studies provide valuable insights into the factors affecting financial literacy in various contexts, significant gaps remain in understanding how these dynamics specifically apply to youth entrepreneurs in Zambia. Research has largely focused on financial literacy in developed nations, where economic systems and educational frameworks differ substantially from those in Zambia. Exploring how unique cultural, economic, and educational factors in Lusaka District influence the financial literacy practices of youth business owners is crucial (Atkinson and Messy, 2012). This localized focus can highlight the challenges and opportunities faced by youth entrepreneurs in navigating the financial landscape.

Investigating the relationship between education levels and financial literacy among Zambian youth entrepreneurs can help fill this gap. Education serves as a fundamental driver of financial literacy, equipping individuals with the knowledge and skills necessary to make informed financial decisions (Chotimah, Ani, and Widodo, 2017). In the Zambian context, where access to quality education may vary significantly, understanding how education influences financial literacy can inform targeted interventions to enhance financial knowledge among youth entrepreneurs. Identifying educational gaps and strengths leads to the development of tailored financial literacy programmes that address the specific needs of this demographic.

The economic landscape in Lusaka District presents unique challenges for youth entrepreneurs, including limited access to credit and financial resources, high unemployment rates, and economic instability (Saber, 2020). Such factors can adversely affect their ability to practice sound financial management. Examining the interplay between education and financial literacy within this context illuminates how youth entrepreneurs can overcome these obstacles and improve their financial outcomes. Understanding this relationship empowers youth entrepreneurs to leverage their educational backgrounds for better financial decision-making and business success.

Cultural attitudes toward money and entrepreneurship also play a significant role in shaping financial literacy among Zambian youth. Cultural norms influence how youth entrepreneurs perceive financial management and their willingness to seek out financial education (Munyuki, 2019). Exploring these cultural dimensions alongside educational factors provides a more holistic

understanding of financial literacy in Zambia. This approach reveals how cultural beliefs and practices intersect with educational attainment to affect financial behaviours and attitudes among youth entrepreneurs.

Findings from this research could have broader implications for policy-making and the design of financial literacy initiatives in Zambia. Highlighting the specific educational and cultural factors that contribute to financial literacy gaps among youth entrepreneurs allows stakeholders to create more effective policies and programmes to support this demographic. Tailored financial education initiatives that consider both the economic realities and cultural contexts of Zambian youths can foster a more financially literate and empowered generation of entrepreneurs (Lusardi, Mitchell, and Curto, 2010).

Addressing the gaps in understanding financial literacy among Zambian youth entrepreneurs is essential for promoting their financial success and, by extension, the economic growth of the country. Investigating the relationship between education levels and financial literacy within the unique context of Lusaka District leads to actionable insights that benefit youth business owners. As Zambia continues to develop its entrepreneurial ecosystem, enhancing financial literacy among youth will be critical for creating a sustainable and prosperous future (Siame, 2020).

## **2.4 Opportunities of financial literacy practices**

Over the past decades, developed and emerging economies have become increasingly aware of the importance of ensuring that their citizens are financially literate. 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. This connects well to the opportunities of financial literacy as evident and documented in numerous literatures as follows;

### **2.4.1 Success and Survival of business opportunities**

Several studies have shown that the success and survival businesses heavily depend on the availability of high levels of financial literacy (Oseifuah, 2010; Wise, 2013). For instance, another study by Njoroge (2013) who looked into the relationship between financial literacy and entrepreneur success among SMEs in Nairobi City County of Kenya. The study made use of a

quantitative survey design. The data analysis was done by using descriptive statistics and simple regression analysis. The study established that entrepreneurs in Nairobi County possessed some level of financial literacy and that in some cases those in formal SMEs were highly financially literate. Pipreka (2009) contends that increased financial literacy levels positively influence access to credit by many SMEs. The aforementioned study used a quantitative survey design and analysed the data using descriptive statistics and simple regression analysis in Nairobi City County of Kenya while the current study endeavoured to invoke on a qualitative research approach with the use of interviews, and document analysis to collect data on youth entrepreneurs' phenomenology in financial literacy practices in Lusaka City of Zambia.

#### **2.4.2 Promotion of entrepreneurship skills**

A study by Ahmad et al. (2019) which investigated the importance of financial literacy towards entrepreneurship intention among university students. This study adopted quantitative survey method to collect data among 238 undergraduates accounting students from four public higher education institutions in Malaysia. The survey instruments include 20 items that measure the level of financial literacy and 14 items that measure constructs of intention toward entrepreneurship. Descriptive statistical analysis which analysed for frequency, mean and percentage were employed to investigate research questions to obtain the view from research sample. Findings demonstrated that the financial literacy level among undergraduates accounting students are at a moderate level and become a cause of concern and raises serious issues regarding youth capabilities to secure their financial well-being. The two studies are different from each other in that while the aforementioned study investigated the importance of financial literacy towards entrepreneurship intention among University students with quantitative survey method that collected data from 238 undergraduates accounting students from four public higher education institutions in Malaysia, the current study explored financial literacy practices among youth entrepreneurs with a qualitative method that collected data from 30 participants in Zambia, particularly in Lusaka District.

Senevirathne and Jayendrika (2016) conducted a comprehensive assessment of the success of micro-businesses in relation to the financial literacy of their owners. Their study involved administering 183 questionnaires to micro-business owners in the Western Province of Sri Lanka. Through their analysis, the scholars established a strong positive correlation between the success

of these businesses and the financial literacy levels of their owners. This finding underscores the critical role that financial literacy plays in fostering business success, indicating that entrepreneurs who possess higher financial literacy are more likely to navigate the complexities of running a micro-business effectively. Conversely, the study highlighted a concerning trend: low levels of financial literacy skills among entrepreneurs were linked to business failures. This conclusion resonates with the broader understanding that financial literacy is a key competency for successful entrepreneurship (Senevirathne and Jayendrika, 2016).

In parallel, Ahmad et al. (2019) explored the importance of financial literacy in influencing entrepreneurship intentions among university students. Their quantitative research focused on how financial literacy impacts students' readiness to engage in entrepreneurial ventures, suggesting that higher financial knowledge contributes positively to the intent to start a business. The findings from this study align with those of Senevirathne and Jayendrika, further emphasizing that financial literacy is not only crucial for established entrepreneurs but also for potential entrepreneurs at the nascent stage of their careers.

While both studies address the significance of financial literacy, they differ in their focus and methodology. Senevirathne and Jayendrika concentrated on micro-business owners, employing a substantial sample size and quantitative methods to quantify relationships between variables. The current study, however, aims to explore financial literacy practices among ordinary Zambian citizens, specifically targeting a group of youth entrepreneurs. Utilizing a qualitative approach with a smaller sample size of 30 participants allows for a deeper investigation into the lived experiences and perceptions of youth entrepreneurs regarding their financial literacy practices. This methodology facilitates a richer understanding of the challenges and strategies these youth entrepreneurs employ in managing their finances (Senevirathne and Jayendrika, 2016).

### **2.4.3 Promotion of Small and Medium Enterprise (SME)**

Promotion of small and medium enterprise is one among associated opportunities that financial literacy provides to the youth entrepreneurs. This has supported by several studies such as of Agyapong and Attram (2019) who assessed the effect of owner-manager's financial literacy on the performance of SMEs in the cape Coast metropolis in Ghana. The study assessed relationship which existed between the owner-manager's financial literacy and the performance of the business

ventures in Ghana. The authors used a sample of 132 SMEs and their results showed that there exists a positive relationship between the owner-manager's level of financial literacy and the performance of the business. Further, Fernandes (2015) assessed financial literacy levels of small businesses owners and its correlation with firms' operating performance. The goal of this research was twofold: to assess the financial literacy levels of small business owners (micro enterprises and small enterprises) in the North of Portugal and to analyse the relation between these results and the operating performance of those companies, as a measure of business economic performance.

The sample in this study was composed by small businesses of the North of Portugal, specifically from the regions of Porto, Braga, Viana do Castelo and Vila Real, and through questionnaires it was obtained the data needed to gauge the levels of financial literacy. The results of the study evidenced a rather level of financial literacy among small business owners of the micro and small business in the North of Portugal. The study shows the existence of a significant positive correlation between financial literacy levels and companies' operating performance. However, this study concentrated on financial literacy levels of small businesses owners and the correlation with their performance without focusing on youth entrepreneurs. While the aforementioned studies were conducted both in Africa and Europe stating out the effect of owner-manager's financial literacy on the performance of SMEs and financial literacy levels of small businesses owners and its correlation with firms' operating performance. In Zambia however, it was not known how the exploitation of financial literacy to broaden access to small and medium enterprise through the provision of financial literacy opportunities among the youth entrepreneurs was undertaken in business places, hence the current study.

Furthermore, a study by Couto (2013) that investigated the Portuguese entrepreneurs' financial literacy levels of companies of incubators in North and Centre of Portugal. While the questionnaires were used to carry out research, the study was essentially based on questions concerning entrepreneurs' confidence levels and their financial behaviour, without including any question on financial knowledge, which is at highest pinnacle of not only financial literacy where personal finance issues are concerned but also the main matter for assessing the financial literacy levels of small business owners going by the extant literature. However, the major findings of the study have shown that 66% of the sample presented high levels of financial literacy. Nicolini, Cude and Chatterjee (2013) also sought to establish whether financial literacy levels significantly

differed in four countries: Canada, Italy, United Kingdom and the United States of America. The study identified the similarities in the factors which were associated with financial literacy and determined whether these would still be generalized to other countries. The data sets comprised four financial literacy questions which were similar, thus permitting making comparison of the findings. The research findings showed country differences in terms of what households knew about financial literacy, which policy makers should take into consideration when developing the required financial literacy assessment tools. The current study had huge lessons to learn from the Couto (2013)'s study that investigated the Portuguese entrepreneurs' financial literacy levels of companies of incubators in North and Centre of Portugal. However, the point of departure between the two studies came on aspects of levels of conducting entrepreneurs' financial literacy as the earlier study took a large scale involving Portuguese entrepreneurs' and companies of incubators and the later study focused on small scale financial literacy of selected youth entrepreneurs in Zambia.

Mutengezanwa (2018) reveals that the youth and the older group over 50 years old were found to have low financial literacy levels whilst the middle aged had higher levels of financial knowledge. The study by Lusardi and Mitchell (2011) confirms that financial literacy levels in eight countries was low amongst the aged and the youth but that it peaked among the middle-aged group. Lusardi and Wallace (2013) further acknowledge that youths have the lowest level of financial literacy. Senevirathne and Jayendrika (2016) assessed the success of micro-businesses with respect to the business owners' level of financial literacy in which they administered 183 questionnaires among owners of micro-businesses in the Western Province of Sri Lanka. Senevirathne and Jayendrika (2016) established a strong positive correlation exists between the success of these micro-businesses and their corresponding owners' level of financial literacy. However, Atkinso and Messy (2011) indicates that the low level of financial literacy among individuals and investors leads to financial crises. For one to determine the levels of financial literacy even though several studies have shown low levels of financial literacy both in developing and developed countries, there was need to explore financial literacy among Zambian youth entrepreneurs first before an inclusion of foreign investors as reported in Atkinso and Messy (2011)'s study.

#### **2.4.4 Boosting of financial behaviour**

There are several studies which show a correlation between financial literacy and financial behaviour (Mandel, 1998; All good and Walstad, 2016; PISA, 2012). Extant literature shows that there is a correlation between financial literacy and the various financial behaviours such as tracking expenses, payment of bills on time, paying credit, paying bills monthly, maintenance of emergency fund as well as diversification of investments (van Rooij, et al. 2011). However, subsequent studies have established that financial literacy is definitely correlated with such issues as planning for retirement, savings and accumulation of wealth, participation in market and better financial diversification (Lusardi et al, 2006; 2007). Lusardi, Mitchell and Curto (2010) indicate that financial literacy and financial behaviour are significantly correlated. These findings resonate with the study by Atkinson and Messy (2012) who identified a positive relationship between financial knowledge and behaviour as well as between financial behaviour and financial attitude. It is claimed by the authors that people who exhibit higher knowledge had better financial behaviour. However, this stands in stark contrast to Mandell and Klein (2009) who maintain that “the effects of various forms of financial education on financial behaviour are less certain.” It is imperative to note that valuable information pertaining correlation between financial literacy and financial behaviour has been highly documented and publicised. However, it was not adequately argued as making conclusions based on two variables namely; financial education and financial behaviour was limiting and needed further explanations that could only be availed by a qualitative approach which was not considered in the aforementioned reviewed studies.

A recent study by Chaulagain (2017) assessed the relationship between the level of financial literacy and the behaviour of small borrowers by means of attitude as a measure of the relationship between the two. The study results indicated that there was a significant relationship which existed between the financial literacy and the behaviour of small borrowers. It was concluded by the study that financial attitude and behaviour of small borrowers could only be changed by engaging in financial literacy programmes. Similarly, Robb and Woodyard (2011) show that sufficient financial literacy often provides a positive influence on the financial behaviour of an individual such as allocation of finances appropriately. Furthermore, Nababan and Sadalia (2012) show that some studies suggest that some people with insufficient financial literacy display a positive influence on their financial behaviour. However, the influence of financial literacy on financial

behaviour as having a positive correlation has been questioned by some scholars. For instance, Huston (2010) argues that, although financial literacy has been seen a good quality for predicting financial behaviour outcome, this approach is not true for all individuals. It is the contention of Huston that, other behaviour tendencies such as unusual preferences, impulsiveness, behavioural biases and unexpected circumstances may have an influence on the role they play in poor financial decision-making. Another recent study by Krüger (2018) investigated the effects of financial literacy on Dutch students' financial behaviour. The results of the study reveal that although actual and perceived financial literacy are correlated, they do not explain financial behaviour of Dutch students according to the results. All good and Walstad (2016) also indicate that when it is compared with objectively-measured financial literacy, it can be seen that subjectively-perceived financial literacy seems to be more predictive of family units' financial behaviour. Further, Yii and Chen (2014) who investigated determinates of financial behaviour in terms consumer money attitudes and financial literacy found that consumer who had the highest financial literacy tended to be more responsible as compared with the lowest consumer. From the studies above, it had been observed that financial literacy is a catalyst of financial behaviours and this has been realized. In Zambia, particularly in Lusaka District, similar trends of recognizing and realizing the importance of financial literacy is evident. However, what was not clear was whether financial literacy could modify financial behaviour especially among the youth entrepreneurs.

#### **2.4.5 Improves financial decision-making process**

The influence of financial literacy on financial decision making has been done by several scholars (Katarachia and Konstantinidis, 2014; Lusardi and Mitchell, 2013, 2014). Bruhn and Bilal (2011) investigated the impact of business and financial literacy training among youth entrepreneurs in Bosnia and Herzegovina in which they concluded that improvements in basic financial knowledge significantly impacted the growth of surviving firms. However, this study did not take account for the influence of financial literacy on decision-making. Cox, Brounen, and Neuteboom (2014) found that financially literate people usually actively seek information for decision making. Mutengezanwa (2018:150) confirms that "The use of information for decision making is considered important for a financially literate consumer. It is assumed that the financially literate use a variety of information for decision making." While information about decision making as a result of financial literacy has been appreciated and highlighted in previous studies, however, its

extent in influencing similar domains especially among Zambian youth entrepreneurs was not known. Therefore, this knowledge gap necessitated the undertaking of this study in Lusaka District.

The study conducted by Stefanitsis, Fafaliou, and Hassid (2013) aimed to establish whether financial literacy influences decision-making and financial behaviour among small and medium-sized enterprises (SMEs). This research provided a comprehensive measurement of the perceived levels of financial literacy within SMEs by considering various factors that influenced their behaviour and knowledge. Data were collected through a structured questionnaire, administered online to a conveniently selected sample of 352 SMEs in Greece. The researchers focused on five thematic areas to assess financial behaviour and knowledge: cash flow, costing and savings, investments, loans, and general financial knowledge (Stefanitsis, Fafaliou, and Hassid, 2013). By categorizing scores on financial knowledge and behaviour in each thematic area as low, medium, and high, the study offered a nuanced view of financial literacy among SMEs.

The findings revealed that a majority of the surveyed companies employed between 0 and 5 employees (57%) and were primarily individually owned (36%) by highly educated individuals. Interestingly, despite previous studies indicating a lack of financial acumen among SMEs, this research found that many of these businesses reported increasing profits and sales. While some respondents acknowledged having access to resources for seeking professional advice, only a few had pursued this option due to their confidence in handling financial matters independently. Notably, the majority of respondents sought financial advice from accountants (57%), while 29% relied on colleagues, friends, and family members. In contrast, only 18% consulted business advisors, and 24% received assistance from bank managers (Stefanitsis et al., 2013). These patterns suggest that while financial knowledge exists, the practical application and seeking of professional advice might be limited.

Moreover, the study highlighted that only 11% of the respondents had attended a seminar on business financial management in the past five years. This finding raises questions about the effectiveness of current financial education initiatives and the willingness of SMEs to engage in further learning. The primary sources of information for the respondents were the internet (75%), followed by newspapers (51%), television and radio (28%), and professional associations (19%).

The reliance on the internet for financial information underscores the need for accessible online resources that cater to the financial literacy needs of SMEs (Stefanitsis et al., 2013).

The insights gained from this study are relevant to the current research, which seeks to explore financial literacy practices among youth entrepreneurs. While both studies investigate aspects of financial literacy, they differ significantly in scope. The study by Stefanitsis et al. (2013) primarily focused on decision-making and financial behaviour within SMEs, whereas the current research will delve into financial literacy practices among youth entrepreneurs. This includes examining the factors affecting financial literacy practices, the opportunities presented by these practices, and the constraints encountered by youth entrepreneurs in Zambia.

Understanding the distinct parameters influencing financial literacy practices among youth entrepreneurs is crucial. While SMEs in Greece showed some degree of financial literacy and confidence, Zambian youth entrepreneurs may face different challenges, including limited access to resources, cultural attitudes toward financial management, and varying levels of education. Investigating these unique factors will provide a clearer understanding of the financial literacy landscape for youth entrepreneurs in Zambia (Atkinson and Messy, 2012).

Furthermore, the findings from the Stefanitsis et al. (2013) study could inform the design of financial literacy programmes targeted at youth entrepreneurs. The identified gaps in professional advice-seeking behaviours suggest that similar programmes in Zambia should emphasize the importance of consulting with financial professionals. This could help youth entrepreneurs develop better financial management practices, ultimately leading to improved financial outcomes and business sustainability.

The comparative analysis of these studies not only sheds light on the current state of financial literacy in different contexts but also highlights the necessity for tailored approaches to financial education. As financial literacy continues to evolve, recognizing the diverse needs of different entrepreneur demographics will be essential for fostering a more financially literate society (Munyuki, 2019). Ultimately, this understanding can contribute to enhancing the entrepreneurial ecosystem in Zambia and supporting the growth of youth-led businesses

Another study conducted by Gamble, Boyle, Yu and Bennett (2015) attempted to establish how aging affect financial decision making. A sample of 575 participants who were mainly soundly

well-educated females above the age of 83 was used. Past studies had established that cognitive ability declined with age which negatively impacted on the ability of making sound financial decisions. This study also established that cognitive ability declined with age just as it did financial literacy. The conclusion of the study was that a decline in cognitive ability and financial literacy had serious consequences for the financial well-being of old people because they needed take responsibility for their retirement security. While the stated benefits cognitive abilities may be prevailing in the past studies as reviewed, similar cognitive abilities and financial literacy consequences among youth entrepreneurs were not known hence this study.

A local and recent study conducted by Nonde and Handema (2021) sought to determine the effect of financial literacy on small business financing decisions, focusing on shop owners at Chelstone Big Market in Lusaka. This study specifically aimed to assess how the level of financial literacy affects the uptake and use of loans for financing small businesses. A mixed-methods approach was employed, and data were collected from shop owners at the market. Quantitative data were analysed using descriptive statistics, while qualitative data were examined through thematic and content analysis (Nonde and Handema, 2021).

The findings of this study established that financial literacy significantly influenced the uptake and use of debt financing. Improved financial skills and enhanced decision-making among enterprise owners were identified as key factors contributing to this influence. This aligns with the assertions made by Munyuki (2019), who posited that financial literacy enhances individuals' capabilities to make well-informed financial decisions. Thus, the findings suggest that financial literacy can serve as a vital tool for business owners seeking to optimize their financial resources (Munyuki, 2019).

While various studies have demonstrated that financial literacy positively impacts financial decision-making, a lingering question remains: whether this finding is evident among youth entrepreneurs, particularly in Lusaka District. Understanding this relationship is crucial for tailoring financial literacy initiatives aimed at empowering youth business owners in the region. Previous studies, such as that by Lusardi et al. (2010), emphasized the importance of financial literacy in shaping the financial behaviours of youths, suggesting a strong correlation between financial knowledge and positive financial behaviours.

Insights gained from Nonde and Handema's research highlight the need for further exploration of financial literacy among youth entrepreneurs. Identifying the specific barriers and opportunities that affect financial decision-making within this demographic could provide valuable information for designing effective financial education programmes. As noted by Siame (2020), sound financial decision-making can have significant implications on financial behaviour and performance, making it imperative to equip youth entrepreneurs with essential financial knowledge.

Moreover, addressing the unique challenges faced by youth business owners will be essential for fostering sustainable growth and success in Zambia's economy. Recent findings by Radianto et al. (2019) suggested that higher-income parents often pass down financial responsibilities to their children, potentially impacting their financial literacy. This indicates that family background may play a crucial role in shaping the financial capabilities of youth entrepreneurs in Zambia.

This understanding could contribute to the development of targeted strategies that enhance financial literacy and, consequently, the financial decision-making capabilities of youth entrepreneurs in Lusaka District. Engaging with local institutions, such as educational and financial organizations, may provide opportunities for collaborative initiatives aimed at improving financial literacy among youths. Establishing partnerships with community organizations could further promote awareness and accessibility of financial education resources.

#### **2.4.6 Improves financial management skills**

Lusardi and Mitchell (2014) posit that financial literacy facilitates better and more effective financial management, significantly contributing to the success of businesses. They argue that individuals with higher levels of financial literacy are better equipped to manage their resources, allocate funds efficiently, and ultimately enhance the profitability of their ventures. This assertion is supported by Gallery et al. (2011), who affirm that financial literacy is crucial for the efficient management of financial resources and influences decision-making in financial matters. Financially literate individuals are more likely to understand complex financial products and make informed choices that benefit their enterprises (Lusardi and Mitchell, 2014; Gallery et al., 2011).

The study conducted by Nonde and Handema (2021) further established that the level of financial literacy positively affected the uptake and use of debt financing through enhanced financial decision-making among enterprise owners in Zambia. Their findings indicate that shop owners with better financial skills are more likely to seek loans and utilize them effectively, leading to improved business performance. This aligns with the broader understanding that financial literacy equips individuals with the necessary skills to navigate financial challenges and seize opportunities for growth (Nonde and Handema, 2021).

However, Mandell and Klein (2009) highlight that many consumers lack the necessary financial literacy to make critical financial decisions that align with their best interests. This gap in knowledge can lead to poor financial choices, ultimately hindering business success and sustainability. The insights gleaned from these studies underscore the importance of financial management skills as inherently linked to adequate financial literacy, suggesting that improving financial literacy can lead to better management practices (Mandell and Klein, 2009).

Despite this established connection, it remains unclear whether financial management skills among Zambian youth entrepreneurs can be directly attributed to their level of financial literacy. Research focusing specifically on this demographic is essential to understand the nuances of financial literacy and its impact on financial management practices. Exploring this relationship can provide valuable insights into the factors influencing the entrepreneurial success of youths in Zambia (Lusardi and Mitchell, 2014; Nonde and Handema, 2021).

In addition, the challenges faced by youth entrepreneurs in Zambia are often compounded by a lack of access to quality financial education and resources. Many youth business owners may not have had the opportunity to develop essential financial skills, further exacerbating the financial management issues they encounter. As such, investigating how financial literacy can be improved among this group is crucial for fostering entrepreneurship and economic development in the region (Mandell and Klein, 2009; Nonde and Handema, 2021).

Moreover, addressing the financial literacy gap can lead to better financial management skills, ultimately contributing to the overall success of youth-led enterprises. Educational initiatives aimed at enhancing financial literacy should be tailored to the specific needs and contexts of Zambian youth entrepreneurs. By focusing on practical applications and real-world scenarios,

these initiatives can empower youth business owners to make informed financial decisions (Gallery et al., 2011; Lusardi and Mitchell, 2014).

The current study, therefore, aims to explore the extent to which financial literacy influences financial management skills among Zambian youth entrepreneurs. Understanding this relationship can help identify effective strategies for improving financial literacy and management practices within this demographic. Additionally, findings from the study may inform policymakers and educational institutions on how best to support youth entrepreneurs in developing the skills necessary for financial success (Nonde and Handema, 2021).

In the long run, enhancing financial literacy among Zambian youth entrepreneurs can have a profound impact on their ability to manage their businesses effectively, make informed financial decisions, and achieve long-term success. This study's insights will contribute to the broader discourse on financial literacy and entrepreneurship, highlighting the importance of equipping youth business owners with the skills and knowledge needed to thrive in a competitive economic landscape (Lusardi and Mitchell, 2014; Gallery et al., 2011).

## **2.5 Constraints of financial literacy practices.**

There is a general submission that a lack of financial literacy leaves people ill-equipped to make appropriate financial decisions, which could, in turn, have tremendous adverse effects on both personal and, ultimately, global financial resilience (OECD, 2009). As a result, financial literacy is now globally acknowledged as an essential life skill and targeted financial education policy is considered to be an important element of economic and financial stability and development. Due to the aforementioned importance of financial literacy, this concept could not go without constraints and the following are among others;

### **2.5.1 Lack of credit access to financial resources**

Lack of credit access, both local and foreign markets access, education and training, managerial skills, government regulations, business support, work experience and business information, infrastructure and not see it a secure means of labour market as Maia Sieverding (2012) in Egypt, Simon Ameyia et al., (2010) in Kenya, Danso Ansong et al., (2012) in Ghana and Chibueze Jerry Nwigwe (2010) in Nigeria. As per African Economic Outlooks, African youth entrepreneurs are

examined by the different challenges seriously. Facing the challenges may not be the surprising thing but, the high level and extent of challenges may surprise many researchers. Therefore, different researchers have proved that the level and extent of challenges of youth entrepreneurship is high, and that the challenge is very serious (Simon Amenity et al., 2010) in Kenya, (Danso Ansong et al., 2012) in Ghana and Chibueze Jerry Nwigwe (2010) in Nigeria. Another study in Nigeria showed majority of youth enterprises are seriously confronted by the various challenges including poor credit access, managerial skills, marketing access, Infrastructures, training and development, business support and bureaucracy of the government (Chibueze Jerry Nwigwe, 2010). As to whether or not similar trends of majority of African youth entrepreneurs facing the aforementioned challenges was the main key area of interest for the current study.

Gathungu and Sabana (2018) conducted a study aimed at establishing the relationship between entrepreneur financial literacy, financial access, transaction costs, and the performance of micro-enterprises in Nairobi City County, Kenya. Their findings indicated that financial literacy significantly influenced financial access, transaction costs, and overall performance of micro-enterprises. This underscores the critical role that financial literacy plays in enabling entrepreneurs to navigate financial landscapes effectively and make informed decisions that enhance their business outcomes (Gathungu and Sabana, 2018).

In a related study, Usama and Yusoff (2018) explored the relationship between financial literacy and business performance among entrepreneurs in Bauchi State, Nigeria. Utilizing a survey questionnaire sent to a random sample of 500 entrepreneurs, the study received 386 usable responses. The results revealed a statistically significant relationship between various dimensions of financial literacy and entrepreneurial business performance, further supporting the assertion that financial literacy is crucial for improving business performance (Usama and Yusoff, 2018).

However, various challenges have been highlighted in existing literature regarding barriers faced by entrepreneurs. Lack of credit access, managerial skills, marketing access, infrastructure, training and development, business support, transaction costs, bureaucracy, and work experience have all been reported as significant hurdles. These challenges have been documented in studies by Maia Sieverding (2012) in Egypt, Simon Amenity et al. (2010) in Kenya, Danso Ansong et al. (2012) in Ghana, and Chibueze Jerry Nwigwe (2010) in Nigeria. Understanding how these

obstacles impact youth entrepreneurs in Zambia is essential for contextualizing the findings of this current study (Maia Sieverding, 2012; Simon Amenity et al., 2010; Danso Ansong et al., 2012; Chibueze Jerry Nwigwe, 2010).

The juxtaposition of findings from Gathungu and Sabana (2018) and Usama and Yusoff (2018) raises pertinent questions regarding the specific challenges faced by youth entrepreneurs in Zambia. These studies highlight the significance of financial literacy, yet it remains to be seen whether the challenges identified in other contexts are similarly evident among the youth entrepreneurial demographic in Zambia. This inquiry provides a strong justification for undertaking the current study.

While the aforementioned studies provide valuable insights, they also reveal gaps in the understanding of the unique challenges faced by Zambian youth entrepreneurs. Investigating the local context is crucial for developing targeted interventions that can enhance financial literacy and address the specific needs of youth business owners. This study aims to fill that gap by examining the relationship between financial literacy and the challenges encountered by youth entrepreneurs in Zambia (Gathungu and Sabana, 2018; Usama and Yusoff, 2018).

The current study will not only build on the findings of previous research but will also explore the extent to which financial literacy can mitigate the challenges faced by youth entrepreneurs in Zambia. By identifying these challenges and examining the interplay between financial literacy and entrepreneurial success, the study aims to contribute to a deeper understanding of the factors influencing youth entrepreneurship in the region (Maia Sieverding, 2012; Simon Amenity et al., 2010; Danso Ansong et al., 2012; Chibueze Jerry Nwigwe, 2010)

### **2.5.2 Lack of financial educational knowledge**

Lack of financial educational knowledge is among the other constraints that people in business of entrepreneurship. This aspect is well addressed in the 2005 OECD's Principles and Good Practices for Financial Education and Awareness recommend that “*financial education should start at school. People should be educated about financial matters as early as possible in their lives.*” (OECD, 2005) providing financial education in school from an early age allows children to acquire the knowledge and skills to build responsible financial behaviour throughout each stage of their

education. This is especially important as parents may be ill-equipped to teach their children about money and levels of financial literacy are generally low around the world. The OECD PISA financial literacy assessments of students conducted in 2012, 2015 and 2018 explore student's experience with and knowledge about money and provide an overall picture of 15-year-olds' ability to apply their accumulated knowledge and skills to real-life situations involving financial issues and decisions (OECD, 2014; OECD, 2017). It is a valuable comparative tool for the participating economies and can help policy makers assess the progress they have made across time and against peers. Moreover, the PISA financial literacy assessment frameworks provide a discussion on the relevance of financial literacy for youths and an example of how the concept of financial literacy can be operationalized into an assessment for 15-year-old students (OECD, 2017). While the 2005 OECD's Principles and Good Practices for Financial Education and Awareness recommend that financial education should start at school so that people can be educated about financial matters as early as possible in their lives. In Zambia however, it was not clear on the financial policy whether or not the youth entrepreneurs have even bear minimum qualification in terms of education for them to venture into entrepreneurship activities hence, the current study.

A study by Maina (2011) contends that entrepreneurship studies have paid little attention to entrepreneurial attitudes, education knowledge, beliefs and values of the youth. Studies have shown that most consumers lack the financial literacy necessary to make important financial decisions in their own best interests (Braunstein and Welch, 2002; Perry, 2008). Further, it is generally agreed by experts that financial education knowledge appears to be directly correlated with self-beneficial financial behaviour (Hilgert et al., 2003).

Guiso and Viviano (2014) indicate that recent financial literacy discourse has revealed that individuals often lack fundamental knowledge of financial concepts that should ideally inform their financial decisions. This gap in understanding can lead to suboptimal financial behaviours and decisions that negatively impact individuals' financial well-being. Such findings underscore the necessity for targeted financial literacy education, particularly among vulnerable populations like youth entrepreneurs, who may lack access to essential financial resources and guidance.

In a related study, Alsemgeest (2015) argues that while financial literacy education is frequently touted as a solution to the global personal financial crisis, there are critics who question its effectiveness. These advocates express scepticism about whether financial literacy education translates into improved financial behaviours and outcomes. They suggest that simply providing knowledge may not suffice in changing behaviour, highlighting the need for a more nuanced approach to financial education that considers the complexities of individual decision-making processes.

Alsemgeest (2015)'s theoretical article articulates various arguments for and against financial literacy education while suggesting guidelines for interventions by governments and institutions aimed at enhancing financial well-being. The discussion emphasizes that financial illiteracy should not be solely blamed for poor financial outcomes, as multiple factors contribute to an individual's financial decision-making processes. A comprehensive understanding of these dynamics is essential for developing effective educational programmes that address the root causes of financial illiteracy.

The recommendation that financial literacy education should encompass cognitive, non-cognitive, and affective factors is particularly significant. This holistic approach recognizes that individuals often act based on emotions and psychological influences, which can override rational considerations when making financial decisions (Alsemgeest, 2015). Understanding these dynamics is crucial for creating educational interventions that resonate with the target audience, especially among youth who may face unique financial challenges.

This insight raises the question of whether the lack of foundational financial literacy knowledge among Zambian youth entrepreneurs is an issue that warrants further investigation. Tailoring financial literacy education to the specific needs and challenges faced by youths in Zambia could play a vital role in enhancing their financial management capabilities (Guiso and Viviano, 2014). Such targeted approaches could empower youth entrepreneurs to make informed financial decisions, ultimately improving their chances of success.

The current study aims to contribute empirical evidence to the discourse surrounding financial literacy among Zambian youth entrepreneurs, particularly in light of the concerns raised by Guiso and Viviano (2014) and Alsemgeest (2015). By understanding the specific barriers to financial

literacy within this demographic, the research can help develop effective educational interventions and support systems that cater to their unique circumstances, thereby fostering a generation that is better equipped to navigate the financial landscape.

Exploring these dynamics, the study seeks to shed light on the broader implications of financial literacy education and its role in promoting financial well-being among youth entrepreneurs in Zambia. The findings could inform policymakers and educators about the areas requiring more focus in financial literacy programmes, ultimately leading to better financial outcomes for youth entrepreneurs and contributing to the overall economic development of the country.

Addressing financial literacy among Zambian youth entrepreneurs is essential for fostering a generation that can successfully navigate the complexities of financial decision-making. The current study's findings will provide valuable insights into the effectiveness of financial literacy education and its potential to improve financial behaviours and outcomes, thereby contributing to the overall economic development of Zambia (Guiso and Viviano, 2014; Alsemgeest, 2015).

### **2.5.3 Barrier to market opportunities**

African Economic Outlook (2013) identifies a myriad of barriers that hinder youth entrepreneurs in Africa, including lack of access to sufficient capital, limited market opportunities, ineffective marketing and branding strategies, inadequate working spaces, excessive debt accumulation, and insufficient infrastructure. These challenges are exacerbated by the financial realities facing today's youth, who often navigate a landscape marked by significant debt levels. The implications of these findings are profound, indicating that the financial situations of youths are increasingly precarious, which may undermine their entrepreneurial aspirations and overall economic participation.

Data from Project on Student Debt (2008) highlights a troubling trend in student loan debt, noting that between 1997 and 2007, average undergraduate student loan debt surged from \$9,250 to \$19,200, marking a 58% increase after adjusting for inflation. This rising debt burden not only constrains the financial choices available to youths but also influences their long-term financial health. Further compounding the issue, average debt for college students graduating with loans rose six percent in just one year, illustrating the rapid escalation of financial pressures facing youth

graduates. These statistics underscore the urgent need for strategies to address the financial literacy gap among youth entrepreneurs in Zambia.

Additionally, Sallie Mae (2009) reports a significant rise in median credit card debt among college students, increasing from \$946 in 2004 to \$1,645 in 2009—a staggering 74% rise. This growing reliance on credit further entrenches youths in debt cycles, hindering their ability to invest in entrepreneurial ventures. The accumulation of debt can have far-reaching consequences, not just for individual financial stability but also for broader economic growth, as indebted youths may be less inclined to take risks associated with entrepreneurship. This scenario emphasizes the critical importance of equipping youth entrepreneurs with the knowledge and tools needed to manage their finances effectively.

Recent surveys indicate that high levels of debt are generating anxiety among youths, which can influence major life decisions, including career choices. A 2006 USA Today/National Endowment for Financial Education (NEFE) poll revealed that 30% of youths aged 22 to 29 worried frequently about their debt. Moreover, nearly 29% reported that they had postponed or declined furthering their education due to financial concerns, and 22% accepted jobs they otherwise would not have considered because of their debt burden. These findings suggest that financial anxiety can lead to significant compromises in youths' educational and career trajectories, potentially stifling their entrepreneurial ambitions.

The potentially detrimental consequences of accumulating excessive debt early in life, including the risk of bankruptcy, have been documented by Roberts and Jones (2001). Such risks highlight the urgency of addressing the financial literacy deficits among youth entrepreneurs, who may lack the necessary skills to navigate their financial challenges effectively. This lack of financial knowledge can perpetuate cycles of debt and limit opportunities for personal and professional growth, ultimately stifling innovation and economic development within communities.

Supporting this concern, the National Council on Economic Education (NCEE) found widespread ignorance of fundamental economic concepts among high school students and working-age adults (2005). This alarming trend is corroborated by findings from the Jump\$tart Coalition for Personal Financial Literacy, which revealed similar deficiencies in financial knowledge among youths (Mandell, 2004). The prevalence of such knowledge gaps indicates that without targeted financial

education initiatives, youth entrepreneurs may struggle to make informed financial decisions, further exacerbating their vulnerability to economic challenges.

Recognizing the implications of these findings, policymakers have expressed significant concern regarding the financial literacy of youth consumers. The Credit Card Accountability, Responsibility, and Disclosure (CARD) Act of 2009 was introduced to protect youth credit card consumers, including provisions that restrict credit card issuance to individuals under 21 unless they have an adult co-signer or can demonstrate repayment capability. Additional measures require parental permission for college students to increase credit limits on joint accounts and protect youth consumers from unsolicited credit card offers. These legislative efforts reflect a growing recognition of the importance of fostering financial literacy among youths.

Understanding financial literacy among youths is of critical importance for policymakers in various domains. Such knowledge can guide the development of effective financial education programmes specifically tailored to youth audiences and inform legislative efforts to protect youth consumers, including Zambian youth entrepreneurs. The integration of financial literacy education into revised curricula could equip youths with the skills necessary to navigate their financial landscapes successfully, ultimately empowering them to pursue entrepreneurial opportunities and contribute positively to their communities. Addressing financial literacy among youths is not merely an educational challenge but a vital step toward fostering economic resilience and sustainable

#### **2.5.4 Low levels of financial literacy**

A low level of financial literacy has been reported among youths globally. For instance, in the United States, as quoted by Mandell (2006), there is evidence that financial literacy of youths has been declining since 1997. Beal and Delpachitra (2003) also noted that low levels of financial literacy exist among Australian college students. Based on gender differences, the strength of financial knowledge between men and women indicated that women tend to score lower on measures of financial knowledge compared to men (Robb and Woodyard, 2011). The performance of financial numeracy and knowledge also shows that men have higher financial numeracy and knowledge than women (Refera et al., 2016). Chen and Volpe (2002) demonstrated that female college students have been shown to possess low knowledge and willingness to learn personal

finance subjects than male college students. It is instructive to note that social and biological characteristics such as religion, education, pregnancy, and childbirth, have been identified as the major challenges affecting female literacy in Africa (Ganiyu and Adeniyi, 2021). Lusardi, Mitchell, and Curto (2009) examined financial literacy among the youth using data from the 1997 National Longitudinal Survey of Youth. We showed that financial literacy is low among the youth; less than one-third of youths possess basic knowledge of interest rates, inflation, and risk diversification. Financial literacy is strongly related to sociodemographic characteristics and family financial sophistication. Specifically, a college-educated male whose parents had stocks and retirement savings is about 50 percentage points more likely to know about risk diversification than a female with less than a high school education whose parents were not wealthy and these findings have implications for consumer policy.

Lusardi and Mitchell (2007) highlight the concerning trend of low financial literacy levels in developing countries, emphasizing that this issue is not only prevalent but particularly acute in these regions. Their research indicates that while financial literacy levels are low on a global scale, developing countries face even greater challenges. This disparity underscores the need for targeted interventions to enhance financial knowledge and skills among populations that lack access to comprehensive financial education. The implications of low financial literacy extend beyond individual knowledge; they can significantly influence broader economic conditions and personal financial well-being (Lusardi and Mitchell, 2007).

Further supporting this notion, Xu and Zia (2012) conducted a global survey that measured financial literacy and found similarly low levels across various countries. Their findings confirm that financial literacy is notably lower in developing nations compared to their developed counterparts. This highlights a critical gap that needs to be addressed, particularly in regions like Africa, where financial systems and educational resources may not be as robust. The research suggests that without adequate financial education, individuals and businesses in developing countries may struggle to make informed financial decisions, ultimately affecting their economic stability and growth (Xu and Zia, 2012).

In the context of South Africa, Wentzel (2016) also reported low financial literacy levels, indicating that this issue is not confined to one geographical area but is a widespread concern throughout the continent. The lack of financial literacy can lead to detrimental decision-making

within business organizations, as noted by Bosma and Harding (2006). Poor financial management stemming from inadequate financial knowledge can hinder the growth and sustainability of businesses, particularly start-ups that rely heavily on effective financial planning and resource management to thrive (Bosma and Harding, 2006).

Despite the global focus on improving financial literacy, even developed countries experience challenges related to financial knowledge. Grinblatt, Keloharju, and Linnainmaa (2011) revealed that about 50% of wealth accumulation among American households is adversely affected by low financial literacy levels, particularly within African American communities. This finding underscores the fact that financial literacy is a universal issue that transcends borders, affecting individuals in both developed and developing nations. It serves as a reminder that the quest for financial literacy is ongoing and that disparities exist within even the most affluent societies (Grinblatt, Keloharju, and Linnainmaa, 2011).

The persistence of low financial literacy skills and knowledge continues to pose significant obstacles for many business start-ups. This issue has been highlighted in various studies, such as Egbo et al. (2020), which document the challenges faced by entrepreneurs in Nigeria due to inadequate financial literacy. Similar challenges have been reported in Zambia, as indicated by Siame (2020), where emerging entrepreneurs often struggle with essential financial management skills. This situation highlights the urgent need for initiatives aimed at improving financial literacy among youth business owners in these regions, as enhancing their financial knowledge could facilitate better decision-making and ultimately lead to economic empowerment (Egbo et al., 2020; Siame, 2020).

However, one notable limitation of the studies mentioned is their focus on specific demographics without providing a broader context. For instance, the work by Grinblatt et al. concentrated primarily on African Americans, which may overlook the complexities of financial literacy experiences across various groups in the United States. This narrow focus raises questions about the generalizability of the findings and whether they adequately represent the financial literacy landscape among all Americans (Grinblatt, Keloharju, and Linnainmaa, 2011). Expanding the scope of such studies to include diverse populations could provide more comprehensive insights into financial literacy trends and the underlying factors contributing to these disparities.

Understanding financial literacy in a global context is vital for addressing the challenges faced by individuals and businesses in both developed and developing nations. As evidenced by the research, low financial literacy levels are not only a barrier to personal financial management but also a significant impediment to economic growth and entrepreneurship (Lusardi and Mitchell, 2007; Xu and Zia, 2012). The need for comprehensive financial education programmes and targeted policy interventions is essential for equipping individuals with the skills necessary to navigate their financial futures successfully. By fostering financial literacy, societies can empower individuals to make informed decisions, thereby enhancing overall economic resilience.

### **2.5.5 Poor financial literacy and attitude**

Oseifuah (2010) explored the impact of financial literacy on youth entrepreneurship within the Vhembe District of South Africa, employing a structured questionnaire to gather data. This research highlighted several dimensions of financial literacy, including mathematical and computer literacy, financial attitude, financial knowledge, and financial behaviour among youth entrepreneurs. The results indicated that the overall level of financial literacy among these youths was above average, suggesting that educational initiatives may have had a positive impact on their financial capabilities. This finding underscores the importance of fostering financial literacy as a means to enhance entrepreneurial success, particularly in regions where youth unemployment and underemployment are prevalent.

In contrast, Mutengezanwa (2018) conducted a study on financial literacy practices among small and medium enterprises (SMEs) in Zimbabwe, employing a quantitative cross-sectional research design. Data were collected through questionnaires administered to a sample of 384 SMEs in Harare and Bindura districts. The findings revealed that financial knowledge was notably low, particularly among youth entrepreneurs, those who were single or divorced, and surprisingly, those with more extensive business experience. This suggests that financial literacy is not solely dependent on age or experience but may be influenced by various socio-economic factors. Furthermore, the study found significant differences in financial literacy levels across age groups, business sectors, and years of experience, indicating the need for tailored financial education programmes that address the unique needs of different demographic segments.

Despite SMEs demonstrating positive financial behaviour, a correlation analysis indicated a weak positive relationship between financial literacy and financial behaviour (Mutengezanwa, 2018). This highlights a critical gap in understanding how financial knowledge translates into practical financial management among business owners. Moreover, the study revealed that many SMEs were unaware of various financial products and did not utilize them effectively. However, an association between financial knowledge and awareness of financial products was established, suggesting that those with higher financial literacy levels were more likely to be aware of available financial resources (Oseifuah, 2010). This indicates the necessity for more comprehensive financial education and awareness campaigns aimed at increasing knowledge and utilization of financial products within the SME sector.

Additionally, the research explored debt behaviour among SMEs, finding that while these businesses were uncomfortable with their debt levels, they understood the importance of meeting their financial obligations (Mutengezanwa, 2018). The study revealed that in times of financial distress, entrepreneurs primarily relied on friends and relatives for funding, with loans becoming increasingly popular due to the proliferation of microfinance institutions. This highlights a significant reliance on informal sources of financing, which may not always be sustainable or sufficient for business growth (Mutengezanwa, 2018). The overall conclusion drawn from Mutengezanwa's research was that while there is low financial literacy and limited utilization of financial products among SMEs, there exists a positive debt management behaviour, indicating a degree of financial prudence among business owners.

In Zambia, however, it remains unclear whether youth entrepreneurs encounter the same constraints identified in the studies by Oseifuah (2010) and Mutengezanwa (2018). Given the socio-economic context and the unique challenges faced by entrepreneurs in Lusaka District, understanding the landscape of financial literacy and its impact on youth entrepreneurship is crucial. This necessitates further research to assess the current state of financial literacy among Zambian youth and to identify specific barriers they face in accessing financial products and resources (Siame, 2020).

Moreover, exploring these dynamics can provide insights into the effectiveness of existing financial education programmes and the need for more targeted interventions. If Zambian youth

entrepreneurs experience similar challenges, it may indicate a systemic issue that requires collaborative efforts from government, educational institutions, and financial organizations to enhance financial literacy and promote sustainable entrepreneurship (Siame, 2020). Ultimately, addressing these gaps could empower youths in Zambia to make informed financial decisions, thereby fostering economic growth and reducing unemployment in the region.

The importance of financial literacy in shaping entrepreneurial success cannot be overstated. As evidenced by the findings in both South Africa and Zimbabwe, a strong foundation in financial knowledge is essential for navigating the complexities of business management (Oseifuah, 2010; Mutengezanwa, 2018). Consequently, there is a pressing need for targeted educational initiatives that equip youth entrepreneurs with the skills necessary to succeed in today's competitive economic landscape. By investing in financial literacy, stakeholders can contribute to creating a more robust entrepreneurial ecosystem in Zambia, enabling youths to thrive and contribute positively to their communities (Siame, 2020).

Adewumi (2022) conducted a study on financial literacy and business risk-taking among business start-up students in Nigeria and found that low business outlook due to poor financial decisions among students has continued to attract interest of financial educators and professionals. Previous studies have interrogated financial literacy with sparse attention given to business risk-taking among students' start-ups in Nigeria. This research gap forms the basis of this study. The aim of this paper is the interrogation of financial knowledge and financial behaviour as a lever for business risk-taking among start-up students of the University of Lagos, Nigeria. The philosophical perspective drew insight from the positivist approach with a random sampling of 145 final-year students selected from the departments of Business Administration, Accounting and Employment, and Labour Relations of the Faculty of Management Sciences. Kaiser-Meyer-Olkin test and Bartlett's test were conducted to determine sample adequacy. Regression analysis was employed to test the hypotheses.

The results show that financial knowledge and behaviour of start-ups revealed a high propensity to be engaged in business risk-taking ( $\beta = .407$ ,  $t(511) = 7.556$ ,  $p < 0.05$ ;  $\beta = .412$ ,  $t(1511) = 7.525$ ,  $p < 0.05$ ) with males showing more financial literacy understanding for business risk than females ( $\beta = .591$ ,  $t(2;510) = 4.381$ ,  $p < 0.05$ ;  $\beta = .280$ ,  $t(2;510) = 2.217$ ,  $p = 0.262$ ) respectively.

The findings show the need for the continuous development of students' start-up behavioural and attitudinal disposition, especially females in becoming more financial literate for appropriate financial decision-making in business risk-taking and venture creation. The aforementioned study by Adewumi (2022) who conducted a study on financial literacy and business risk-taking among business start-up students in Nigeria is insightful to the current in that it has highlighted many aspects of financial literacy and the risks associated. However, the earlier study was a quantitative which reported more on business students using various quantitative package thereby ignoring the most sensitive group of the population which was that of the youth entrepreneurs, an area of interest that the current study sought to comprehensively exploit using a qualitative perspective.

### **2.5.6 Lack of digital and technological innovation in financial services**

On lack of digital and technological innovation in financial dispensation, has led to recent years seen a rapid increase in technological innovation and in the application of digital technology across a number of spheres, including to financial services. Youths are particularly active users of digital financial services. On average in 20 economies, 37% of 18-24-year-olds and 48% of 25-34-year-olds who are digitally active use FinTech services on a regular basis (EY, 2017). However, there are the main victims of fraud and scams with financial implications via social media, such as becoming prey to identity theft, following fraudulent offers to invest, or even, knowingly or unknowingly, allowing their personal bank accounts to be used for illicit purposes (Cifas, 2018; FCA, 2018; Startup, Cadywould and Laza, 2017). This entails that digital financial services offer great possibilities of lowering costs, offering faster and timely transactions, and potentially providing a seamless experience tailored to individual needs. At the same time, however, the spread of digital innovation in finance has created new sources of risk for consumers, including new types of fraud and risks related to the security and confidentiality of data. (OECD, 2017).

In the same vein, some risks associated with financial behaviours are particularly relevant for children and youths, who are often adept with digital technologies but may have low financial literacy and limited experience with financial services. Recent evidence from the United States indicates that millennials who utilize mobile phones for payments often demonstrate lower financial knowledge and engage in more problematic financial behaviours than their peers who do not use mobile payment methods. This includes behaviours such as overdrawing their current

accounts, using credit cards irresponsibly, or resorting to high-cost borrowing methods (Lusardi, de Bassa, Scheresberg, and Avery, 2018). Such findings highlight the need for a comprehensive approach to enhancing financial literacy among youths, particularly as they navigate a landscape increasingly dominated by digital financial tools.

With digital and technological advancements proliferating globally, there is a strong call for the general populace to acquire the knowledge and skills necessary for effective digital financial management. Digital financial literacy has thus emerged as a critical component of everyday life and work in the modern business environment. This skill is essential not only for personal financial management but also for professional development and job competitiveness. In today's job market, employers increasingly prioritize candidates with strong digital skills, making digital financial literacy a fundamental requirement for success (OECD, 2020).

For youths in developing countries, the urgency of fostering digital financial literacy cannot be overstated. As they compete for opportunities in an interconnected global economy, having a firm grasp of digital financial tools can empower them to navigate the complexities of modern financial services (Bounfour, 2016). In this context, digital financial literacy serves as a levelling force, enabling youth entrepreneurs to acquire essential skills needed to thrive in their respective fields. For the youth in Zambia, this is particularly pertinent, as they seek to engage in entrepreneurial ventures that require not only traditional financial knowledge but also proficiency in digital tools and platforms.

The growing emphasis on digital financial skills highlights the importance of integrating such literacy into educational curriculums and community programmes. By equipping youths with the tools they need to manage their finances effectively in a digital world, we can foster a generation of financially savvy individuals capable of making informed decisions (UNESCO, 2019). This will not only benefit the individuals themselves but also contribute to the broader economic development of communities and nations.

Furthermore, investing in digital financial literacy initiatives can help mitigate some of the risks associated with financial behaviours among youths. By providing education on responsible digital finance practices, youths can be better prepared to handle financial challenges and make sound decisions regarding spending, saving, and investing (PISA, 2020). This proactive approach can

help reduce the prevalence of problematic financial behaviours and foster a more resilient youth population.

## **2.6 The Identified Research Knowledge Gap**

While numerous studies globally have examined the importance of financial literacy, there is limited documentation specifically addressing the financial literacy practices of Zambian youth entrepreneurs. Existing research largely focuses on general financial literacy among adults or the broader population, leaving a gap in understanding how youth entrepreneurs navigate financial decision-making, manage risks, and apply financial knowledge in business operations.

Additionally, prior studies on financial literacy in Zambia have primarily centred on theoretical frameworks, policy perspectives, or adult financial behaviour. There is a lack of empirical evidence detailing the real-life financial literacy practices, challenges, and coping strategies of youth entrepreneurs. Furthermore, limited research has explored the role of financial innovation, digital financial tools, and access to financial education in shaping youth entrepreneurship.

This study fills these gaps by providing empirical insights into how youth entrepreneurs in Lusaka District engage with financial literacy, their sources of financial knowledge, and the barriers they face. It also examines the effectiveness of current financial literacy programmes and proposes practical recommendations for enhancing financial education tailored to youth entrepreneurs. By addressing these overlooked areas, this research contributes to developing targeted financial policies and educational interventions aimed at fostering sustainable youth entrepreneurship in Zambia.

## **CHAPTER THREE: RESEARCH METHODOLOGY**

### **3.1 Overview**

This chapter outlines the methodology that was used to capture data for this study. It constitutes the research paradigm, ontological assumption, epistemological assumption, methodological assumption and research design. The chapter also explains the study's location, target population, inclusion and exclusion criteria, sample size and sampling techniques that were used. Furthermore, the chapter presents the research instruments, data generation procedure and data analysis methods as well as ethical considerations that were undertaken in the study and ends with a summary of the chapter.

### **3.2 Research Paradigm**

Research paradigms are used to anchor and ground studies based on a philosophy, coupled with workable mechanisms that a similar problem related to the identified research knowledge gap could have been comprehensively addressed and resolved (Creswell, 2014; Antwi and Hamza, 2015). The major four (4) methodological and philosophical assumptions according to Cohen, Manion and Morrison (2018); include Advocacy/participatory, Social constructivists, Pragmatic and Post-positivists.

This study employed a social constructivist research paradigm, which was chosen based on the nature of the research problem that aimed to explore the subjective experiences of youth entrepreneurs regarding financial literacy. Social constructivism posits that individuals construct their own understanding and knowledge of the world through their experiences and interactions with others (Creswell, 2014). Since financial literacy is a personal and context-dependent experience, this paradigm facilitated the exploration of the varied and multiple meanings that youth entrepreneurs attach to financial literacy.

The adoption of a social constructivist paradigm informed the data collection and analysis process throughout the study. It guided the use of open-ended interview questions, allowing participants to express their views and experiences in their own terms, ensuring that their voices were authentically represented. Given that social constructivism accepts the subjectivity of knowledge construction, the study embraced a value-laden approach where the perspectives and lived

experiences of youth entrepreneurs were recognized as legitimate sources of knowledge. This approach also emphasized the importance of context in understanding participants' experiences, providing a flexible platform for them to construct meaning within a social framework (Antwi and Hamza, 2015).

The study recognizes that the experiences of youth entrepreneurs regarding financial literacy are not uniform, with each participant's understanding shaped by their unique context and background (Cohen, Manion and Morrison, 2018). As such, the research sought to elicit a deeper understanding of how youth entrepreneurs in Lusaka District perceive and apply financial literacy.

This approach was consistent with the philosophical assumptions of social constructivism, which emphasizes that knowledge is constructed through social processes, and that meaning-making is subjective and context-specific (Antwi and Hamza, 2015). It allowed the researcher to explore the complexities of financial literacy practices from the perspectives of the participants and to understand how their experiences are influenced by their social environment.

In terms of axiology, the researcher recognizes that the values and biases they bring to the study may influence the interpretation of data. However, the social constructivist paradigm supports the notion that these values should not be minimized but rather acknowledged and integrated into the research process (Guba and Lincoln, 1994). The researcher's role was not to impose their own values but to be mindful of how the participants' values shape their perceptions of financial literacy. By being transparent about their biases and assumptions, the researcher created a space for participants' values and lived experiences to take centre stage, thus enriching the data interpretation process. The study's design ensured that the subjective experiences of the participants were central to the analysis, providing insights into the broader socio-economic factors that influence their financial decision-making processes.

### **3.3 Research Ontology**

Ontology in research refers to the nature of the reality and how it is understood and perceived. In the social constructivist paradigm, the ontological assumption is that reality is subjective, constructed through social interactions and individual experiences (Creswell, 2014). The

researcher assumes that there are multiple, socially constructed realities, and these realities can vary from person to person, influenced by their background, culture, and experiences.

For this study, the nominalist ontological stance was adopted within the broader constructivist framework. This perspective suggests that reality is not something that exists independently of the individual but is instead constructed in the minds of participants, shaped by their social contexts and lived experiences (Berger, 1966). Therefore, the study recognizes that each youth entrepreneur's understanding of financial literacy is shaped by their unique experiences and social context.

The subjective realities of the participants were captured through qualitative methods, particularly in-depth, open-ended interviews. These interviews allowed the participants to share their perspectives and construct meaning from their own experiences regarding financial literacy. This aligns with the constructivist approach, which values participants' voices and emphasizes understanding the meaning they make of their social world (Cohen, Manion, and Morrison, 2018).

Thus, the ontology of this study is rooted in the belief that the realities of youth entrepreneurs are constructed through their experiences, and these realities are best understood by engaging directly with participants in a way that allows them to express their subjective truths.

### **3.4 Research Epistemology**

Epistemological assumptions are cardinal in as far underpinning studies are concerned (Cohen, Manion and Morrison (2018)). In view of this, epistemology is defined as the study of the nature of knowledge (Makombe, 2017). In other words, epistemology is that part of philosophy that asks what knowledge is and deals with the theory of knowledge which is concerned with the nature, sources and scope of knowledge (Creswell, 2014). Therefore, humanist epistemology was adopted and utilised in the study with the intentions to gather knowledge that surrounded the reactions in terms of experiences, opinions and views of the participant youth entrepreneurs as a result of being exposed to financial literacy in a business-oriented atmosphere. In this scenario, youth entrepreneurs in the study were mechanistic with the empowering opportunities in financial literacy in a business and productive environment. Implying that they were conditioned by external circumstances which are rich with probing the meaning and purpose of life in terms of knowledge

(Al-Ababneh, 2020). Therefore, a thorough understanding of knowledge from the youth entrepreneurs was cardinal as it helped the researcher to justify how knowledge was acquired especially in the realm of financial literacy in Lusaka District.

### **3.5 Phenomenology Research Approach**

Phenomenology research approach was used to inform the current study. Phenomenology approach is concerned with the rich qualitative description of first-person experiences and avoids speculation about underlying causes, and instead emphasizes direct descriptions of phenomena, whether by means of introspection or attentive observation of another person (Wertz, 2005). Additionally, it contends that phenomenology as a qualitative approach involves interpretation and description; it seeks to interpret, describe and analyse the culture and behaviour of humans by collecting verbatim statements from participants in view of the fact that open-ended questions allow participants to offer responses within their unique context, and the value of the information provided can be exceptionally high.

This research approach was selected because it was particularly suitable for gaining an in-depth understanding of underlying reasons and motivations behind financial literacy practices. It also provided insights into the setting of a problem and has been found to be the most suitable for this particular study because of detailed information about youth entrepreneurs' practices in financial literacy. This was so because the phenomenology approach has the strength to display and explain the scientific and subjective experiences from the point of view of the subject via the analysis of their written or spoken words (Husserl, 1962). A more reason for phenomenology approach was because it aided the undertaking of the current study which sought to explore the financial literacy practices of youth entrepreneurs by appreciating their experiences using phenomenological interviews to understand their lives by constructing a comprehensive narrative, putting their understanding of the participants' experiences into their own words.

### **3.6 Research Design**

Kumatongo (2021) defines research design as the "glue-like structure" that holds all elements of a research project together, while Shannon-Baker (2016) describes it as the scheme, outline, or plan used to generate answers to the research problem. In this study, an interpretive phenomenological

research design was utilized, which allowed for a direct exploration, analysis, and interpretation of a particular phenomenon, focusing on the richness, breadth, and depth of the participants' experiences (Creswell, 2009).

Heidegger (1962) views interpretive phenomenology as a design that seeks to uncover the subjective understanding that individuals attribute to their social situations. He argues that reality is not objective but exists in the minds of the participants themselves, making interpretive phenomenology (or hermeneutics) a key tool for understanding lived experiences.

By adopting this design, the researcher was able to explore youth entrepreneurs' financial literacy skills by using the principle of epoche (bracketing). This involved setting aside the researcher's own experiences and biases, allowing the information from the participants to emerge in its purest form, captured through verbatim reporting. Given the focus on financial literacy, this design was well-suited to generate rich, interpreted data from the participants' business experiences.

The interpretive phenomenological approach was selected because it effectively uncovers the subjective meanings that individuals attach to their experiences. This approach is deeply anchored in the concept of lived experiences, which are explored through the four fundamental life worlds: lived body, lived space, lived time, and lived relations (Van Manen, 1990). These four dimensions provide an understanding of how individuals experience and interpret their reality, making them integral to this study.

The lived body refers to the way individuals experience the world through their physical presence and bodily sensations (Van Manen, 1990). In the context of this study, it includes how youth entrepreneurs physically engage with the day-to-day aspects of running a business, from managing financial records to physically interacting with customers and partners. Their bodily experiences, including the challenges and stresses of entrepreneurship, shape their understanding of financial literacy and their approach to financial decision-making.

Lived space pertains to how individuals relate to the spaces and environments they inhabit, both physically and metaphorically (Van Manen, 1990). For youth entrepreneurs, this dimension encompasses the spaces they occupy in their business operations, such as marketplaces, or local communities, and how these spaces influence their financial practices. It also considers the broader

economic environment and socio-cultural space within which they operate, influencing their decisions and financial behaviours. These spatial dimensions provide context to their understanding and application of financial literacy.

Lived time is concerned with the temporal aspects of an individual's existence and how they experience time (Van Manen, 1990). For youth entrepreneurs, time is a crucial factor in managing their businesses, from the planning and execution of short-term financial decisions to long-term strategies for business sustainability. The way they perceive time, whether it is focused on immediate financial needs or long-term growth, profoundly impacts how they prioritize and engage with financial literacy. This temporal dimension highlights the dynamic nature of financial decision-making as it unfolds over time.

Finally, lived relations focuses on the social connections and relationships that shape individuals' experiences (Van Manen, 1990). In this study, the relationships that youth entrepreneurs maintain with others such as colleagues and customers play a critical role in how they understand and apply financial literacy. These relationships, whether supportive or challenging, influence their confidence in financial decision-making and shape their perceptions of financial practices.

By incorporating these four dimensions into the study, the researcher was able to gain a comprehensive understanding of how youth entrepreneurs in Lusaka District experience and apply financial literacy. This approach was particularly useful for investigating complex issues in real-world settings and provided the researcher with a profound and detailed understanding of the phenomenon (Selvam, 2017). This design aligns with the study's goal to explore the financial literacy practices of youth entrepreneurs by delving into their unique perceptions and experiences.

### **3.7 Location of the study**

Cohen et al. (2018) note that several factors influence a researcher's choice of study area, including the nature of the problem, research time frame, data accessibility, and available resources. This study was conducted in Lusaka, Zambia, the capital city, as it is centrally located and home to people from all 10 provinces. Lusaka was chosen because it has major business facilities and was cost-effective for the researcher, being close to the University of Zambia (UNZA) and various government and non-government organizations that address financial literacy needs.

### **3.8 Target Population**

Msabila and Nalaila (2013) define the target population as a group of individuals who share common characteristics, defined by the researcher's sampling criteria, for whom the study's findings can be generalized. The target population for this study consisted of youths in Lusaka District, along with institutions and organizations responsible for youth empowerment, such as the Ministry of Youths, Arts, Sports, and Child Development, Ministry of Entrepreneur and Small-Scale Business, Presidential Empowerment Scheme, TEVETA-National Skills Empowerment, Young Women Christian Association (YWCA), and Young Men Christian Association (YMCA).

This population was chosen because these institutions play a key role in supporting and empowering youth entrepreneurs in Lusaka District, making them directly relevant to the study's focus on financial literacy practices. The youths from these organizations are actively involved in entrepreneurial activities and are therefore well-positioned to provide valuable insights into the financial literacy competencies being assessed in the study.

### **3.9 Inclusion and exclusion criteria**

Both inclusion and exclusion criteria were used to decide the eligibility and non-eligibility of the participants in the study.

#### **3.9.1 Inclusion criterion**

The inclusion criteria for this study were as follows: participants had to be youths actively engaged in entrepreneurial activities and had access to formal education. They also needed to be familiar with everyday financial literacy practices. All participants were required to be residents of Lusaka District. In addition, officials and personnel from the Ministry of Youth, Sports and Child Development, as well as the Ministry of Entrepreneurs and Small-Scale Business, who were involved in youth empowerment ventures, were included.

#### **3.9.2 Exclusion criterion**

The exclusion criteria for this study were as follows: individuals who are not classified as youths were not eligible to participate. Youths who are not engaged in entrepreneurial activities were also excluded. Additionally, youths who are business-oriented but are not residents of Lusaka were not

eligible for the study. Officials and personnel from ministries other than the Ministry of Youth, Sports and Child Development, and the Ministry of Entrepreneurs and Small-Scale Business, specifically those not involved in youth empowerment ventures, were also excluded from participation.

### **3.10 Sample Size**

The sample size of the study refers to the number of items to be selected from the universe to constitute a sample (Msabila and Nalaila, 2013). According to Patton (2002), the number of participants in a qualitative study should be relevant to the purpose and goals of the study. Sample size depends on what you want to know, the purpose of the inquiry, what is at stake, what will be useful, what will have credibility and what can be done with available time and resources.

A sample size of 30 participants is often considered appropriate for a qualitative study because it generally allows researchers to reach theoretical saturation, meaning that further interviews are unlikely to yield significantly new themes or insights, with many studies citing a range of 20-30 participants as sufficient to achieve this point; this is supported by researchers like Morse (2000) who suggest 30 as a working number for semi structured interviews to reach saturation.

In this study, a total sample size of 30 participants were recruited in the study consisting of 20 selected youth entrepreneurs; 6 selected Government line ministries such as the Ministry of Youths, Arts, Sports and Child Development, Ministry of Entrepreneur and Small-Scale Business, TEVETA – National skills empowerment, 2 selected Young Women Christian Association (YWCA) and 2 selected Young Men Christian Association (YMCA) in Lusaka District.

### **3.11 Sampling Techniques**

According to Msabila and Nalaila (2013), sampling techniques are classified into non-probability and probability sampling. For the sake and purposes of the current study, only non-probability techniques such as purposive sampling technique were used in this study.

#### **3.11.1 Purposive Sampling Technique-Expert Sampling**

Expert sampling involves identifying key informants who can inform an inquiry through their knowledge, experience, and expertise (Selvam, 2017). It provides valuable insights into the root

causes of challenges, past interventions, their successes and failures, and anticipated future trends. For this study, a carefully selected group of well-informed individuals was identified using purposive sampling. The selection criteria included: Youth entrepreneurs actively engaged in business activities within Lusaka District, Officials from institutions responsible for youth entrepreneurial and empowerment ventures and Representatives from governmental agencies involved in financial literacy programmes for youths. The selection process involved consulting key stakeholders, reviewing reports on youth entrepreneurship programmes, and leveraging professional networks to identify suitable participants with relevant expertise.

Despite having a sample size of 20 participants, focus group discussions (FGDs) were not employed due to the need for in-depth, individualized insights on financial literacy practices and challenges. Additionally, confidentiality concerns and logistical limitations made one-on-one interviews a more suitable method.

### **3.12 Instruments for data collection**

Khaldi (2017) identifies several research instruments that researchers use to collect data from the respondents, including interview schedules, and non-participation observation. In this study however, semi structured interview guide, document analysis and an observation guide were utilised as instruments to elicit data from the participants in Lusaka District.

#### **3.12.1 Interview guide**

Interview guides consist of structured and semi-structured questions that allow for flexibility while ensuring key topics are covered (Mkandawire, 2019). According to Creswell and Creswell (2018), in-depth interview guides facilitate comprehensive data collection, as they combine both open and closed-ended questions. Semi-structured interviews were particularly useful in this study, as they allowed the researcher to probe further into participants' responses, leading to richer data and a holistic understanding of financial literacy among youth entrepreneurs in Lusaka District.

#### **3.12.2 Document analysis**

Document analysis is a qualitative research method that involves a systematic review of relevant documents to extract meaningful information on a research topic (Creswell and Creswell, 2018).

In this study, document analysis was used to review and interpret policy documents, reports, and studies related to youth entrepreneurship and financial literacy in Zambia. The secondary data sources included government policy documents on youth financial education, reports from the Ministry of Youth, Sports, and Child Development, studies and reports from institutions promoting youth entrepreneurship, and academic journal articles on financial literacy among youths in Africa. This method was essential in verifying participants' responses and providing a broader policy and institutional context for the findings.

### **3.12.3 Observation Guide**

An observation guide is a qualitative data collection instrument that involves systematically watching and recording behaviours, events, or phenomena as they naturally occur in their real-world context (Creswell and Creswell, 2018). The purpose of using an observation guide was to gain a deeper understanding of how youth entrepreneurs apply financial literacy in their day-to-day business operations, and to capture behaviours that may not be easily articulated through interviews or written responses (Creswell, 2016).

### **3.13 Data collection procedure**

In this study, data collection followed a structured process to ensure comprehensive and reliable findings. After obtaining consent from participants, data was collected using three research instruments: Semi structured interviews, Document analysis and an observation guide.

#### **3.13.1 Data Collection through interview guide**

One-on-one semi interviews were used in this study to collect data from youth entrepreneurs, as well as officials from line ministries and institutions involved in youth empowerment. This approach accommodated participants who might have had challenges with reading and writing while also allowing for in-depth exploration of their experiences and perspectives on financial literacy practices.

All interviews were conducted in a quiet, private room, either in a designated space or the researcher's office to ensure focus and privacy. The interviews took place in the morning and lasted approximately 45 to 50 minutes, following a scripted interview guide. The interviews were

completed on the day of expressing willingness to participate in the study, or rescheduled for a separate day depending on the guidance from the participants (Fischler, 2019). A scripted interview guide was used to maintain consistency, while allowing flexibility for follow up questions based on participants' responses. A voice recorder was used with the participants' consent to capture their opinions and views, aiding in data analysis. Each participant was scheduled for qualitative interviews on separate days, with at least one or two days between sessions to minimize interference and fatigue.

### **3.13.2 Data Collection through Document analysis**

Document analysis was conducted to supplement interview findings and provide additional context on youth financial literacy practices. This method involved reviewing relevant documents related to financial policies and programs in Zambia. Key sources included government policy documents, reports, academic journal articles and reports from institutions promoting youth entrepreneurship. The documents were systematically analysed to identify key themes, trends and gaps in financial literacy education for youth entrepreneurs. This method helped in contextualizing the findings within a broader policy and institutional framework.

### **3.13.3 Data Collection through Observation Guide**

In this study, the observation guide was used to observe the interactions and activities of youth entrepreneurs in their business environments. Observations were conducted to gain real time insights into how youth entrepreneurs practice financial literacy in their daily operations. An observation guide was used to systematically record observe behaviours and interactions related to financial literacy practices. Observations took place at the business locations of youth entrepreneurs to ensure an authentic representation of their financial practices. Key aspects as Record keeping, interaction with colleagues, budgeting and financial decision making were focused on, Nonverbal cues such as entrepreneurs' engagement with customers and suppliers were documented to provide additional context to interview responses. This method was useful in capturing real time financial practices and some challenges such as managing and allocating business resources.

### **3.14 Data Analysis and Interpretation**

The data analysis for this study was conducted systematically to ensure accuracy and rigor. The process began with the researcher thoroughly reviewing the interview transcripts multiple times to gain an initial understanding of the participants' experiences (Creswell, 2014). This initial reading allowed the researcher to be familiar with the data and to identify key themes related to financial literacy in entrepreneurship, as described by the youth entrepreneurs (Smith, Flowers, and Larkin, 2009).

Following this, the researcher organized and cleaned the data to eliminate irrelevant or repetitive information, ensuring that only the most relevant data was retained for analysis (Miles and Huberman, 1994). This step was crucial for maintaining focus on the data points that were most pertinent to the study's objectives and helped ensure the analysis was grounded in meaningful information (Creswell, 2014).

The next step involved sorting the data into relevant categories. This process allowed the researcher to group similar information under common themes, which aligned with the research objectives (Braun and Clarke, 2006). The categorization process focused on areas such as the participants' financial management practices, the challenges they faced, and the impact of financial education on their entrepreneurial activities (Creswell and Poth, 2018).

Once the data was organized into categories, the researcher applied open coding. Open coding involves identifying significant statements and assigning codes that represent key concepts (Charmaz, 2014). This method broke down the data into manageable segments, making it easier to identify recurring themes and connections. Open coding is a key technique in qualitative research, as it allows the researcher to systematically categorize data and generate insights from it (Corbin and Strauss, 2008).

After coding the data, the researcher examined it to identify broader patterns and themes that emerged. By grouping similar codes, the researcher was able to identify core themes, such as the relationship between financial literacy and business success. These themes provided a deeper understanding of the youth entrepreneurs' experiences and were crucial for interpreting the data (Braun and Clarke, 2006). Thematic analysis helped to organize the findings into meaningful categories that were relevant to the study's goals.

Finally, the researcher applied theoretical frameworks to interpret the findings. This step involved linking the identified themes to existing literature on financial literacy, entrepreneurship, and social systems. By connecting the study's findings to established theories, the researcher was able to provide a deeper context for the data and understand it within the broader academic discourse (Smith et al., 2009). Theoretical frameworks served as lenses through which the findings could be analysed and interpreted, revealing connections between individual experiences and broader social and economic factors (Creswell and Poth, 2018).

### **3.15 Ethical Consideration**

The following ethical consideration were ensured in this study.

i. **Institutional Approval Ethics Committee (HSSREC)**

The University of Zambia Ethics Research Committee approval was sought before meeting the study participants. Informed consent and permission were obtained in accordance with University of Zambia requirements.

ii. **Informed Consent**

Informed consent was sought and obtained from participants before engaging them in the study including verbally informing them how long it would take to conduct the interview. Further, issues surrounding the risks and beneficence in the study were thoroughly explained to the participants.

iii. **Confidentiality**

Participants were assured that all data collected from this research were to be used for academic purposes and that were to be treated with confidentiality and participants were assured that they would remain anonymous and untraceable.

iv. **Voluntary participation**

Participation in the study was voluntary in that participants were assured to be free to participate without any form of coercion and that they were free to withdraw from

participation if they deemed it fit to do so without any form of punishment.

**v. Rights of Respondents**

All participants were protected from all possible harm as a result of participating in the study. Participants were free to inform the researcher whether or not they wanted to participate in the study.

**3.16 Summary of the Chapter**

This chapter outlined the research methodology, including the research paradigm, ontological and epistemological assumptions, research design, study location, target population, sampling techniques, and data collection methods. It detailed data generation and analysis procedures while addressing ethical considerations to ensure credibility, reliability, and validity. Triangulation was employed through semi-structured interviews, document analysis, and observation guides to enhance the reliability of participants' financial literacy practices. Dependability was ensured via a detailed audit trail, while transferability was supported by rich contextual descriptions, allowing the study's findings to be applicable to similar settings.

## **CHAPTER FOUR: PRESENTATION OF RESEARCH FINDINGS**

### **4.1 Overview**

This chapter presents the findings of the study thematically, based on the research questions guiding the investigation. The thematic approach ensures that the analysis captures the key insights and patterns emerging from the participants' responses. This provides a comprehensive understanding of the financial literacy practices among youth entrepreneurs in Lusaka District.

The findings are organized into themes addressing the following research questions:

1. What financial literacy practices do selected youth entrepreneurs use in Lusaka District?
2. What factors affect financial literacy practices among selected youth entrepreneurs in Lusaka District?
3. What opportunities exist for improving financial literacy practices among selected youth entrepreneurs in Lusaka District?
4. What constraints do youth entrepreneurs encounter in applying financial literacy practices in Lusaka District?

Each theme reflects the core issues raised by participants and highlights the financial literacy practices, influencing factors, opportunities, and challenges. This approach ensures a structured and coherent presentation of the data, allowing for clear connections between the findings and the study objectives

### **4.2 Demographic characteristics of the participants**

To help the researcher present the findings systematically, Market places were 5 and pseudonymised as Clusters and Coded as A, B, C, D, and E. While Youth Entrepreneurs (YE) were 20 and coded as YE1-4 from Cluster A; YE5-8 from Cluster B; YE9-12 from Cluster C; YE13-16 from Cluster D; and YE 17-20 from Cluster E and officers from Ministry of Small and Medium Enterprises were 10 and Coded as Coded as MSME 1-5 from cluster X; and MSME 6-10 from cluster Y.

The table 4.1 below presents the demographic characteristics of participants in the study. It categorizes participants based on their gender, age group, education level, and years of

entrepreneurial experience. The table allows for a systematic understanding of participant distribution across different demographic variables.

**Table 4.1 Demographic characteristics of the participants**

<b>Characteristic</b>	<b>Category</b>	<b>Frequency (n=30)</b>
<b>Gender</b>	Male	16
	Female	14
<b>Age Group (Years)</b>	18 – 22	4
	23 – 28	11
	29 – 36	7
	37 – 60	8
<b>Educational Qualification</b>	Certificate	12
	Diploma	10
	Undergraduate	
	Degree	6
	Master’s Degree	2
<b>Years in Entrepreneurship</b>		
	1 – 5	5
	6 – 10	7
	11 – 15	9
	16 – 20	5
	21 – 30	4

*Source: Field data*

### **4.3 Financial literacy practices among selected youth entrepreneurs in Lusaka District**

The researcher took time to interact with the youth entrepreneurs through interviews and document analysis so as to appreciate their personal financial literacy practices. This research question presents both youth entrepreneurs and entrepreneurship officers' views on the financial literacy practices among youth entrepreneurs. In line with this, youth entrepreneurs' views were addressed first, followed by those of officers from Ministry of Small and Medium Enterprises.

#### **4.3.1 Views of Youth Entrepreneurs on financial literacy Practices**

Youth entrepreneurs, as the primary beneficiaries of financial literacy practices in Lusaka District, were a key focus of this study. Gathering their views was essential to understanding what financial literacy practices they use.

The findings show that the following financial practices were used:

##### **4.3.1.1 Setting Financial Goals**

The study explains 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 difficult undertaking ever. This is so because one has to line up a number of clear questions such as, do I want to be an entrepreneur? Am I planning to buy a house? My goals must be realistic, feasible, specific, and quantifiable, with a clear timeline to stay on course. The financial skills I develop now will shape my decisions in the future. That’s why it’s crucial to learn the basics early and build good habits. As a young adult, there are a number of financial skills that I need to be equipped with and one of them is; setting financial goals.” (Interview; YE1-4 from Cluster A; 2024).*

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

The study found that another financial literacy practice that was being applied by youth entrepreneurs was creating a plan for the future. This finding was reported in the manner that once youth entrepreneurs have established their financial goals, they could now 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;

*“I make a financial plan that covers at least one year. This helps me in knowing what to expect, what I need to save, and how much I can reinvest in my business.” (Interview, YE5-8 from Cluster B, 2024).*

#### **4.3.1.3 Budgeting**

The study further found that budgeting was also one among other financial literacy practices that were being used by youth entrepreneurs in Lusaka market areas. The study found and explained that one of the basic skills youth entrepreneurs needed to work on as a youth was budgeting. It was further added 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 a budget shows the inflow and outflow of funds and how they are allocated. 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. I have a notebook where I write every amount of money that comes in and goes out. This helps me control unnecessary expenses.”* (Interview, YE9-12 from Cluster C; 2024).

#### **4.3.1.4 Saving up for Emergencies**

Saving up for emergencies was another financial literacy practice that the study has excavated. This finding was appreciated on the basis that as youth 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 maximise 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. I always make sure I have some money set aside for emergencies. I don’t touch it unless it’s absolutely necessary.”* (Interview, YE13-16 from Cluster D, 2024).

#### **4.3.1.5 Separating Needs and Wants**

The study found that separating needs from wants was another financial literacy practice that was common among youth entrepreneurs. An explanation given on this finding was that if youth entrepreneurs are still living at home, it is natural for them to depend on their parents for the basic needs. However, once they start living independently, they need to separate their needs from wants.

This was emphasised such that there came a time when they would have no one to rely on but on themselves. As such, the youth entrepreneurs should learn the difference between the two to prevent themselves from being caught up in a poor financial position. Additionally, one youth entrepreneur from cluster B within Lusaka stated that:

*"At first, I used to spend my profits on personal luxuries, but I later realized my business was suffering. Now I only spend on what is necessary."* (Interview; YE5-8 from Cluster B; 2024).

#### **4.3.1.6 Life Insurance**

The study also found that life insurance was one of the financial literacy practices among youth entrepreneurs. This finding of investing in life insurance was included in youth entrepreneurs' financial plan. An emphasis was provided in that in order to make this stance a reality, youth entrepreneurs ought to protect themselves and ensure that their future family were well-protected if something unfortunate happened to them. Further, one youth entrepreneur from cluster C within Lusaka submitted that:

*"I took a life insurance policy so that in case of any misfortune, my family and business won't suffer financially."* (Interview, YE9-12 from Cluster C, 2024).

#### **4.3.2 Views of Officers from Ministry of Small and Medium Enterprise on financial literacy practices among youth entrepreneurs**

It was imperative to also interact with officers from the Ministry of Small and Medium Enterprises through interviews, given their key role in managing and facilitating SMEs by distributing soft loans and offering financial literacy training to youth entrepreneurs. With regards to financial literacy practices among youth entrepreneurs in Lusaka District, the study found a number of them and among others were as follows; budgeting; separating needs and wants; saving up for emergencies; creating financial plan for the future; setting financial goals; protecting oneself through life insurance and education levels. To further comment on education one officer from Ministry of Small and Medium Enterprises in cluster X within Lusaka stated that:

*“We all know that education is an equalizer, therefore, there cannot be better way flourishing in financial literacy without education. In other ways, education is one of the financial drivers that can boost and grow financial prowess”*  
(Interview; MSME 1-5 from cluster X; 2024).

While that was submitted, another officer from Ministry of Small and Medium Enterprises in cluster Y reported that:

*“Education entails learning how to make sound money decisions as result youth entrepreneurs tend to have confidence in making better financial decisions for tomorrow and demonstrate improved financial prowess for economic growth”*  
(Interview; MSME 6-10 from cluster Y; 2024).

## **Common Financial Literacy Practices Observed Among Youth Entrepreneurs**

### **4.3.2.1 Budgeting**

Budgeting was identified as a key practice among youth entrepreneurs. However, some struggled with discipline in adhering to their budgets. An MSME officer stated:

*“We have seen that most youth entrepreneurs understand the importance of budgeting, but some fail to stick to their budgets due to unforeseen expenses.”*  
(Interview, MSME 12, 2024).

### **4.3.2.2 Separating Needs from Wants**

Financial discipline was noted as an essential factor in business sustainability. An MSME officer observed:

*“Entrepreneurs who separate their business expenses from personal spending tend to perform better than those who mix the two.”* (Interview, MSME10, 2024).

#### **4.3.2.3 Saving for Emergencies to Cushion Financial Shocks**

Entrepreneurs who practiced saving were better prepared for financial uncertainties. However, MSME officers noted that many youth entrepreneurs struggled to save consistently. One officer explained:

*"Many youth business owners reinvest all their profits back into their businesses and fail to save for emergencies, which becomes a problem when unexpected financial needs arise." (Interview, MSME12, 2024).*

#### **4.3.2.4 Creating Financial Plans for Long-Term Sustainability**

Strategic financial planning was identified as a crucial determinant of business success. While some entrepreneurs had structured financial plans, others lacked a clear vision for long-term financial sustainability. An MSME officer stated:

*"Financial planning is critical for business growth, but unfortunately, many youth entrepreneurs do not take it seriously until they face financial challenges." (Interview, MSME8, 2024).*

#### **4.3.2.5 Setting Financial Goals to Guide Business Growth**

Entrepreneurs who set financial goals showed better business performance. One MSME officer emphasized:

*"We have seen that those who set clear financial targets are more focused and manage their finances better than those who do not have financial goals." (Interview, MSME7, 2024).*

#### **4.3.2.6 Investing in Life Insurance for Financial Security**

Awareness of life insurance was generally low among youth entrepreneurs. MSME officers reported that while some youth business owners saw the value in life insurance, most did not prioritize it. One officer noted:

*"Life insurance is not a common financial priority for youth entrepreneurs, but those who invest in it understand its long-term benefits." (Interview, MSME12, 2024).*

## **4.4 Factors affecting financial literacy practices among selected youth entrepreneurs**

### **4.4.1 Views of Youth Entrepreneurs on factors affecting financial literacy practices**

Considering that youth entrepreneurs are the direct beneficiaries of financial literacy practices in Lusaka, it was imperative to interact with them in this study gathering their views regarding factors acting as precursors for financial literacy practices among youth entrepreneurs which were highly expected in the visited clusters within Lusaka District. As such among other factors affecting financial literacy skills among youth entrepreneurs were themed as follows;

#### **4.4.1.1 Socioeconomic status**

The study found that socioeconomic status (SES) was one among other factors that affected financial literacy practices among youth entrepreneurs in Lusaka District. This was so because socioeconomic status (SES) described someone, family, or society's economic condition related to income, education, wealth, jobs, and position aspects. Implying that every individual or family desires a good socioeconomic status condition, but most are still in the lower condition. The socioeconomic conditions were explained as the condition that illustrates family financial ability and the sufficiency of their knowledge, financial attitude, and financial behaviour. Additionally, one youth entrepreneur from cluster B within Lusaka reported that:

*"I believe that socioeconomic status, including family net income, types of jobs, educational achievement, marital status, and the number of family members, plays a key role in predicting financial literacy. From my perspective, socioeconomic factors strongly influence youth financial literacy, with a clear correlation between financial knowledge, attitudes, and behaviour. In my experience, higher parental income increases the likelihood of children being financially literate compared to those with lower parental income. Additionally, I think family background positively impacts financial knowledge." (Interview; YE5-8 from Cluster B; 2024).*

On the contrary, another youth entrepreneur from cluster A within Lusaka stated that:

*“Socioeconomic condition can negatively influence students' financial literacy scores. These results are expected to make a real contribution in expanding the study of financial literacy by considering the macroeconomic aspects. Financial decisions are also not only based on financial aspects, but also economic aspects”* (Interview; YE1-4 from Cluster A; 2024).

#### **4.4.1.2. Youth Entrepreneurs' Gender**

Furthermore, the study found that gender is one of the most important determinants of financial literacy practices among youth entrepreneurs. This finding of the study was reported based on the assumption that both female and youth entrepreneurs had a higher level of financial literacy. However, other findings from the youth Entrepreneurs in this study illustrated a different view point and stated that male youth entrepreneurs had a higher level of financial literacy rather than female' youth entrepreneurs. This entails that there were some differences in financial literacy among female and male students. The study went further to excavate reasons for lower level of financial literacy in female youth entrepreneurs which was attributed to emotional control skills. In addition, commonly, male youth entrepreneurs had logic and mental thinking qualities as well more courageous and confident in making decisions. As if this submission was not adequate, one youth entrepreneur from cluster E stated that:

*"Issues surrounding gender are complex. While some might say that male youth entrepreneurs naturally excel in financial skills, I believe it's really a matter of financial discipline. In my experience, the stronger financial discipline often seen in males plays a key role, even though we see successful examples among both genders."(Interview; YE 17-20 from Cluster E; 2024)*

#### **4.4.1.3. Availability of Financial Training**

The study also found that the availability of financial training factor contributed positively and significantly to youth entrepreneurs' financial literacy practices. This entails that when youth entrepreneurs receive adequate financial training, they tend to be more knowledgeable in financial management and that in turn helped them to make good decision. For instance, most of the youth entrepreneurs got the additional training from private institutions such as ZCAS (Zambia Institute

of Chartered Accountants and Sciences) and nongovernmental institutions such as YWCA in order to improve their financial skills. As this was explained on the basis that there was a positive correlation between certain ways of providing financial education and developing youth entrepreneurs' financial literacy skills. However, a smaller number of youth entrepreneurs stated that education did not correlate with financial literacy skills. To further support this finding, one youth entrepreneur from cluster C within Lusaka contended that:

*“Availability of financial training facilities are milestones to the growth of financial skills especially among the youth entrepreneurs. These financial training facilities would act as boosters to the sluggish financial ideas and skills that need to be exploited among us youth entrepreneurs. So, the availability of these facilities is a positive move in the right direction in our environment”*  
(Interview; Y YE9-12 from Cluster C; 2024).

#### **4.4.1.4. Financial Attitude**

The study's findings further revealed that financial attitude was another factor that contributed to youth entrepreneur's financial literacy practices. However, what came out so prominent in this study was that the financial attitude portrayed by most of the youth entrepreneur was negative. This came to light when participants reported that most if not all of the youth entrepreneurs had a negative financial attitude in that most of the profits were diverted into illicit activities as opposed to banking for future use. Due to negative financial attitude from youth entrepreneurs most of the parents were not in support owing to the fact that they could not afford to spare any extra money to re-build or boost their child's financial credentials after careless spending. Hence, they failed to cooperate. This finding was supported by one youth entrepreneur from cluster B within Lusaka who stated that:

*“It is hard to help youth entrepreneurs especially those who are coming from families that are not rich. I am saying like this because the negative financial attitude demands a lot of financial resources that were seemingly lacking among the families where most of our youth entrepreneurs coming from. Lack of financial support coupled with negative attitude is still a huge challenge in our communities because it borders on one socioeconomic status and more sensitization campaigns are inevitable in order to minimize on this aspect as financial attitude depend on attitude towards the money, and the financial responsibility”* (Interview; YE5-8 from Cluster B; 2024).

#### **4.4.1.5 Psychological experience based on Age**

Further, the study found that psychological experience related to age significantly influenced financial literacy practices among youth entrepreneurs. Specifically, financial literacy levels varied with age, as youth entrepreneurs exhibited lower financial literacy, while older entrepreneurs demonstrated a stronger grasp of financial concepts. This trend can be attributed to various age-related factors, including financial knowledge, motivation for future financial stability, life expectations, and marital status. Older youth entrepreneurs were more likely to access financial opportunities such as investments, pension funds, long-term financial planning, higher income levels, and advanced occupational positions. They also showed greater interest in financial products such as pensions, insurance, capital market instruments, bonds, and stocks.

Supporting this finding, a youth entrepreneur from Cluster A in Lusaka stated:

*“When we talk about age, we are also referring to marital status, which brings increased financial responsibilities. People who are married tend to have greater motivation to build wealth through financial skills.”* (Interview; YE1-4 from Cluster A; 2024)

#### **4.4.1.6 Access to Financial Education**

Furthermore, the study found that access to financial education is another factor affecting financial literacy practices among the youth entrepreneurs. This implies that financial education is the indicator that was used by youth entrepreneurs to evaluate financial knowledge such as basic information of time value of money, inflation, interest, risk classification, the risk and return principle as shown basic knowledge of financial literacy. This also implies that knowledge about savings, investment, and money management is essential financial knowledge that influences youth entrepreneurs' financial literacy practices. This mainly hinged upon calculating and investing based on the risk of the product, balance the risk and return management which influenced the ability in financial literacy. The study participants confirmed that the provision of financial education in schools, colleges, workplaces, and the larger community has proven to be a solution to improve financial literacy appropriately. This is because the school has to develop an interest in financial education broadly that had improved most of youth entrepreneurs in financial literate level. Therefore, financial education was reported to have contributed to making a financial decision based on the daily information and encourage youth entrepreneurs to make savings for their future thereby becoming a variable and tool of important policy in improving the well-being of individual finances. To further substantiate this finding, one youth entrepreneur from cluster D within Lusaka stated that:

*"I think financial education serves as a tool to improve youth entrepreneurs' financial literacy. Financial knowledge shapes a person's perception and opinions, which ultimately determines their level of financial literacy, including how they view their occupation and family opinions." (Interview; YE13-16 from Cluster D; 2024).*

#### **4.4.1.7 Professional Financial Role Models**

The study also found that professional financial role models was one among other financial factors that should be used to revamp the financial literacy practices among youth entrepreneurs. This finding was so evident that vast majority of the youth entrepreneurs did not have professional financial role models to help them develop their financial prowess. This situation made it difficult

for youth entrepreneurs to excel and expand their financial capabilities due to lack of professional financial role models in the respective financial spheres. This implies that most youth entrepreneurs were found to have not received sufficient support and supervision from the identified financial role models. To authenticate this finding, one youth entrepreneur from cluster E within Lusaka stated that:

*“The issues of supervision process from the affluent financial role models in societies were seen as more on inspection than giving direct instructions and corrective financial feedback. This was true as financial supervisors or role models were not available to motivate the youth entrepreneurs as reported in the study”* (Interview; YE 17-20 from Cluster E; 2024).

On the other hand, another youth entrepreneur from cluster C within Lusaka added by stating that:

*“Even when all these issues of supporting and supervising were going on though on small scale, we were not aware of validated and effective financial development practices used to boost our financial skills. Due to all these discrepancies on our side, there is need for improvement in areas of professional financial role models to support and mentor youth entrepreneurs for personal and community development”* (Interview; YE9-12 from Cluster C; 2024).

#### **4.4.2 Views of Officers from Ministry of Small and Medium Enterprise on factors affecting financial literacy practices among youth entrepreneurs**

Officers from the Ministry of Small and Medium Enterprise, as major stakeholders in the implementation of financial literacy among youth entrepreneurs, necessitated interaction in order to gather and appreciate their views regarding factors acting as precursors for financial literacy practices among youth entrepreneurs in Lusaka District. As such among other factors affecting financial literacy practices among youth entrepreneurs were themed as follows in a table below;

**Table 1: Views of Officers from Ministry of Small and Medium Enterprise on factors that determine financial literacy practices among youth entrepreneurs**

<b>Factors for Financial Skills</b>	<b>Frequency (f)</b>	<b>Number (N)</b>
<b>Youth entrepreneurs' gender</b>	3	3
<b>Socioeconomic status</b>	3	3
<b>Access to financial education</b>	3	3
<b>Professional financial role models</b>	1	1
<b>Total</b>		<b>10</b>

**Source:** Field work (2024)

Table 1 shows views of officers from Ministry of Small and Medium Enterprise on factors affecting financial literacy practices among youth entrepreneurs. From the table, 3 officers from Ministry of Small and Medium Enterprise reported that financial literacy skills are determined by youth entrepreneurs gender; other 3 officers from Ministry of Small and Medium Enterprise stated that socioeconomic status was another factor that determined financial literacy skills and another group of 3 officers from Ministry of Small and Medium Enterprise settled for access to education as a factor that was attributed to financial literacy skills. Lastly 1 reported for professional financial role models as one among other factors that were used to determine financial literacy skills. Other factors that were reported in the study were; availability of financial training; financial attitude; psychological experience based on age and psychosocial services. In view of this, one officer from Ministry of Small and Medium Enterprise in cluster X within Lusaka stated that:

*“Financial literacy is synonymous with gender as the two are closely linked to each other. This is so because in our societies, there has been this notion that only men can own or venture into business. This has been interpreted as a discriminatory perception by many people. As such entrepreneurial skills are more inclined to male gender as opposed to females”* (Interview, MSME 1-5 from cluster X; 2024).

Furthermore, another officer from Ministry of Small and Medium Enterprise in cluster Y within Lusaka citing an example of financial literacy role models and reported that:

*“Issues of identifying a professional financial literacy role model are critical. This encompasses a total package of supervision coming from affluent and influential financial role models in societies who has a track record successful in economics. The opposite is true as financial supervisors or role models are not usually available to motivate our youth entrepreneurs to carry on with this huge milestone of financial literacy in the country”* (Interview; MSME 6-10 from cluster Y; 2024).

On the other hand, another officer from Ministry of Small and Medium Enterprise in cluster X within Lusaka stated that:

*“For me, my concern is about mentorship. You know that in our country we have many people who have achieved a lot and are known for financial prowess but they are never available to mentor our youth entrepreneurs on how financial literacy skills are supposed to be harnessed. That’s a huge problem that I find in most cases. So, what we need to do as a country is to have a mindset change so that we learn how to groom a youth entrepreneurial generation that would help carry on the mantle of economic dispensation in the country”* (Interview, MSME 1-5 from cluster X; 2024).

#### **4.5 Opportunities of financial literacy practices among selected youth entrepreneurs**

##### **4.5.1 Views of Youth Entrepreneurs on opportunities of financial literacy practices**

Opportunities of financial literacy practices among youth entrepreneurs were expected in the study because of the nature and scope of subject of financial literacy skills. In this case, youth entrepreneurs being the direct beneficiaries of financial literacy in Lusaka, it was imperative to interact with them in this study gathering their views regarding opportunities of financial literacy practices and among other factors financial opportunities were themed as follows;

#### **4.5.1.1 Developing a Habit of Saving and Accumulating Assets**

Regarding opportunities associated with financial literacy practices among youth entrepreneurs, the study revealed that financial literacy helped youth entrepreneurs to develop a habit of saving and accumulating assets. The study found that financial literacy skills for youth entrepreneurs boosted their entrepreneurial knowledge thereby widening the economic growth and stability, leading to increased wealth and financial security; developing a habit of saving and accumulating assets also enabled youth entrepreneurs to handle their finances better, understand the importance of saving, budgeting, insurance and pension plans. Financial literacy skills also aided youth entrepreneurs in making rational financial decisions, providing financial stability and contributing to economic development. Therefore, financial literacy was viewed crucial for youth entrepreneurs as it influenced their credit uptake and ability to engage in self-employment project, hence developing positive habit of saving and accumulating financial assets. Additionally, one youth entrepreneur from cluster A within Lusaka stated that:

*“Key in financial literacy skills is knowing how to develop oneself a habit of saving that would in turn accumulate into adequate financial assets. I know that the entire process of saving is marred with a lot of temptation but it takes a serious and proactive financial mind to overcome some of these risks of saving through banking and other financial facilities. But, once succeeded, one may enjoy the fruits of saving thereby boosting the financial capabilities”* (Interview; YE1-4 from Cluster A; 2024).

#### **4.5.1.2 Provision of Accurate Financial Information**

The study also found that one among the opportunities of financial literacy practices among youth entrepreneurs was that financial literacy provided and equipped them with accurate and timely financial information. The provision of timely and accurate financial information to youth entrepreneurs was important as not teaching and providing accurate financial information to youth entrepreneurs about money had repercussions along the way. This was explained on the assumption that while youth entrepreneurs are taught aspects of financial literacy at school or any training centre, they might also absorb incorrect information from friends, peers, or other adults in

their lives with poor money-management skills. This was so because youth entrepreneurs could not easily distinguish a need from a want. Therefore, teaching and providing them with accurate financial information would help them learn how to balance needs and wants without going into unnecessary debt. Furthermore, one youth entrepreneur from cluster B within Lusaka stated that:

*“Having provided with correct and accurate financial information is a blessing because it helps us weigh options and later on decide on the next step with an appropriate informed decision. This would minimise on making unnecessary financial mistakes that could led one into accumulating a huge financial debt which signifies poor habits to financial progress”* (Interview; YE5-8 from Cluster B; 2024).

#### **4.5.1.3 The Value of Money**

The study also found that one among the opportunities associated with financial literacy practices among youth entrepreneurs was that financial literacy taught them about the value of money. The study showed that the onus was on the parents and older youth entrepreneurs who have had time to interact and understand how money was created and the value of keeping and investing on valuable assets. This was so because there was a common interest and convergent point among the study participants that financial literacy was cardinal as a result of pertinent and insightful information about the value and the processes of generating money. Therefore, teaching financial literacy sets the stage for smart money decisions and lead to better decisions with bigger payouts. This entails that advanced financial literacy conversations could revolve around what different investment choices look like, such as lower-risk investments or higher-risk stocks. To further authenticate this finding, one youth entrepreneur from cluster D within Lusaka reported that:

*“One way your youth entrepreneurs can get practice in investing is first of all to understand the value of money. This can only be realised by tracking their holdings, and see how they are performing in real time and account for every coin that is realised through prudent utilisation”* (Interview; YE13-16 from Cluster D; 2024).

#### **4.5.1.4 Promotion of Financial Independence with a Safety Net**

Additionally, the study found that one among the opportunities associated with financial literacy skills among youth entrepreneurs was that financial literacy skill promoted financial independence with a safety net. The implication is that when youth entrepreneurs are allowed enough space with judicial supervision, they are likely to explore the financial credentials that would promote financial independence amongst themselves. The study also stated that one way youth entrepreneurs could be financially independent was to teach them practical money skills safely and securely with the Mydoh app, which comes with a Smart Cash Card designed to give youth entrepreneurs the real-world experience of making and spending their own money thereby promoting financial independence in making their own decisions on what to buy and how much to spend on it. For instance, one youth entrepreneur from cluster E within Lusaka submitted that:

*“Instead of giving youth entrepreneurs tickets to a game and then spending money on top of that, with Mydoh, parents can transfer a set amount of funds to their youth entrepreneurs’ Smart Cash Card. Then youth entrepreneurs could decide on their own on how to spend their money independently thereby creating a financial safety net. This so because talking about credit is vital in helping youth entrepreneurs understand the importance of money and the consequences of making poor financial decisions. If youth entrepreneurs asks for a credit card, instead of giving an automatic “no,” help them understand that it’s not free money. Stress that a credit card should be paid in full each month because otherwise they will have to pay interest, which can end up costing them much more than the original purchase price not to mention locking them into a cycle of debt”* (Interview; YE 17-20 from Cluster E; 2024).

#### **4.5.1.5. Awareness of Financial Scam**

The study found that one among the opportunities associated with financial literacy skills among youth entrepreneurs was that financial literacy skill taught them with issues of spotting financial scam. This finding was explained on the basis that youth entrepreneurs were constantly online, which meant that they were vulnerable to cybercriminals who target youth entrepreneurs in the

hope of accessing money. To avoid online and other financial scam platforms, youth entrepreneurs ought to be taught the importance of protecting their account information and password. To add on, there is need to be given financial information about the danger of opening strange and suspicious links, even if they looked like they came from a friend or any other close person. To further substantiate this finding, one youth entrepreneur from cluster C within Lusaka reported that:

*“Issues of financial scam are always complex and common especially where money is concerned. This act of financial scam has thrown a lot of people into depression upon losing huge amount of money to the unknown and deceitful individual. Therefore, fellow youth entrepreneurs should always be alert and mindful of such unprogressive individuals who are bent to retrogress whatever financial efforts one could put in debt”* (Interview; YE9-12 from Cluster C; 2024).

#### **4.5.2 Views of Officers from Ministry of Small and Medium Enterprise**

Officers from Ministry of Small and Medium Enterprise are major stakeholders in the implementation of financial literacy skills among youth entrepreneurs. In view of this, it was cardinal to engage with officers from Ministry of Small and Medium Enterprise in order to appreciate and triangulate their views with youth entrepreneurs regarding opportunities associated with financial literacy skills among youth entrepreneurs and among them were; developing a habit of saving; provision of accurate financial information; teaches about the value of money; promotion of financial independence and teaches issues of spotting financial scam. For instance, on the value of money, one officer from Ministry of Small and Medium Enterprise in cluster X within Lusaka stated that:

*“We all know that money is used as medium of exchange to buy and sell merchandise in a market place. One way we could encourage our youth entrepreneurs to get into investing is to understand the value of money and what we would want to use it for. This can only be realised and appreciated if we all agree that money can be sourced and lose value through careless spending. However, the most important aspect is to spend it prudently”* (Interview, MSME 1-5 from cluster X; 2024).

Another officer from the Ministry of Small and Medium Enterprise in cluster Y within Lusaka cited an example of promoting financial independence with a safety network that:

*“World over, there is a growing trend of using technology through entrepreneurship. As such, youth entrepreneurs should be taught and accustomed to the new technological means of venturing into business in order to avoid financial stress”* (Interview, MSME 6-10 from cluster Y; 2024).

Furthermore, another officer from Ministry of Small and Medium Enterprise in cluster X within Lusaka commented on the issue of spotting financial scam that:

*“Issues of financial scam are always complex and common especially where money is concerned in our communities. This act of financial scam has thrown a lot of people into high levels of desperation and depression upon losing huge amount of money to the unknown and deceitful individual who masquerade to be scammers. Therefore, a word of caution especially to those in entrepreneurship, is that they should be alert and vigilant of such barbaric acts which are retrogressive to financial efforts others are placing”* (Interview, MSME 1-5 from cluster X; 2024).

## **4.6 Constraints encountered by youth entrepreneurs**

### **4.6.1 Views of Youth Entrepreneurs on constraints encountered by youth entrepreneurs financial literacy practices.**

When asked to state the constraints associated with financial literacy practices among youth entrepreneurs, they had their own unique views as regarding to challenges pertaining to financial literacy practices. In view of this, youth entrepreneurs spelt out a number of constraints as themed below;

#### **4.6.1.1 Bankruptcy**

Regarding constraints associated with financial literacy among youth entrepreneurs, the study found that most of the youth entrepreneurs were bankrupt. This was mentioned and substantiated that it was very difficult to demonstrate financial literacy skills without enough financial resources. This was so because when youth entrepreneurs were bankrupt, all the necessary support disappears which include human, capital and natural resources which are prerequisite to financial literacy skills. This finding was supported by one youth entrepreneur from cluster B within Lusaka stated that:

*“Bankruptcy is one of the constraints that most of us youths face. And when this happens, it requires an immediate attention and skilful human resource to intervene without any hesitation. We need to rethink and reorganize the constraint before any mechanism could be suggested to control the financial situation. So, bankruptcy is a common constraint which poses a danger to most of us- youth entrepreneurs if not handled well”* (Interview; YE5-8 from Cluster B; 2024).

#### **4.6.1.2 Capital Inadequacy**

The study also found that among the constraints associated with financial literacy among youth entrepreneurs was inadequate capital. For every financial institution and youth entrepreneur capital injection is key for thriving in order to meet the high demand of the general populace and labour market. Capital in form of human and resources are the ingredients for the development of any

financial literacy skills among youth entrepreneurs. However, lack of this capital would make the financial literacy skills collapse because it would lack the backbone and engineer to help propel development and progress in that particular youth entrepreneur. Additionally, one youth entrepreneur from cluster A within Lusaka had this to say that:

*“Capital in any business venture is vital as it ignites the development and steady progress that is required for the accomplishment of the financial literacy skills. This so because without the much-needed capital injection, a youth entrepreneur cannot grow and meet its target and this would make that individual collapse without really achieving that which it intended to achieve. If this happens, then youth entrepreneur would lose his or her initial plan of acquiring financial literacy skills which is very cardinal in as far as youth entrepreneurs’ financial literacy skills are concerned well”* (Interview; YE1-4 from Cluster A; 2024).

#### **4.6.1.3 Lack of Financial Networking**

Another constraint associated with financial literacy among youth entrepreneurs that the study found was lack of financial networking. This was premised on the assumption that most if not all youth entrepreneurs were not linked to each other through a social network platform for channelling their business credentials and demands. This was further argued that world over, there is a strong call for the general populace and their businesses to be well vested with knowledge and skills of networking through the technological advancements. As such, networking in most youth entrepreneurs has become part and parcel of their lives and work in today’s world. As a skill-based business, networking is designed to meet the needs of this modern world. In this vein, the need for networking among youth entrepreneurs cannot be overemphasised especially for third world citizens who need to compete for jobs in the same market where would-be employers insist on essential skills for their employees. On this premise, it is imperative that most of youth entrepreneurs in order to achieve the much-desired financial literacy skills should come in as an equalizing force to foster the acquisition of the essential skills required by youth entrepreneurs. One youth entrepreneur from cluster E within Lusaka further stated that:

*“In my view, the lack of financial networking is a major barrier to the development of financial literacy. Without proper connections, youth entrepreneurs like myself struggle to engage in daily transactions with others in the networked business world. Financial networking, which includes systems for settling inter-bank and inter-corporate payments as well as handling smaller transactions, is essential for growth. These processes are made easier and faster when entrepreneurs are connected to the right stakeholders, yet this connection is often missing”* (Interview; YE 17-20 from Cluster E; 2024).

#### **4.6.1.4 Lack of Financial Supervisory**

The study further found that the constraints associated with financial literacy among youth entrepreneurs was lack of financial supervisory. This is because supervisory boards play an important role in making sure that funding and other financial literacy skills’ logistics are well monitored and accounted for in an appropriate financial manner. This therefore, means that without proper supervisory boards, youth entrepreneurs as it is noted that financial literacy skills are highly leveraged in youth entrepreneurs, funding their assets largely from customer deposits depend on qualified supervisory committee. Therefore, youth entrepreneurs must be accountable to their depositors and that any failure of a bank can therefore result in monetary loss for depositors. The interests of depositors must therefore be protected and a reason enough that financial literacy skills for youth entrepreneurs is crucial and therefore the boards of directors and management of banks have to pay particular attention to the interests of depositors and other creditors. This was so because one of the youth entrepreneurs from cluster D within Lusaka stated that;

*“The Basel Committee on Banking Supervision emphasizes that effective financial literacy practices are essential for developing, achieving, and maintaining youth entrepreneurs’ financial literacy and confidence in the banking system. This is critical for the proper functioning of the banking sector, which includes having a fully qualified and independent supervisory board to protect the interests of depositors and ensure the stability of the economy as a whole”* (Interview; YE13-16 from Cluster D; 2024).

#### **4.6.1.5 Lack of Financial Ethics**

Further, the study reported that lack of financial ethics was another constraint associated with financial literacy among youth entrepreneurs. Lack of financial ethics may contribute to youth entrepreneurs' financial literacy failures, which in turn could pose significant costs on the treasury and could have other macro-economic effects like contagion risks. Additionally, lack of financial ethics as they set standards for what is right or wrong for youth entrepreneurs at any market place if mishandled by youth entrepreneurs could lead to financial literacy skills to lose confidence in the ability of individual entrepreneurs to properly manage their assets and liabilities, including customer deposits, and this could in turn trigger a run on a bank or precipitate a liquidity crisis. In all instances, the study found that transparency and fairness in financial literacy's' lending and investment decisions, becomes a critical requirement especially when the financial ethics are upheld and followed strictly. This implies that youth entrepreneurs could also operate on the basis of trust and therefore reputation risk becomes a critical factor that can affect them seriously if not properly managed. This was further authenticated by one youth entrepreneur from cluster A within Lusaka who reported that;

*“Without strong financial ethics, we, youth entrepreneurs risk losing public confidence in our operations. When financial practices are mishandled, it becomes harder to maintain a stable financial literacy skill, and this can severely damage our credibility and trustworthiness in the market. We operate in a volatile environment, where poor ethical practices can trigger a collapse in our financial standing”* (Interview; YE1-4 from Cluster A; 2024).

#### **4.6.1.6 Financial Policy Inconsistencies**

Furthermore, the study reported that financial policy inconsistencies was another constraint associated with financial literacy practices among youth entrepreneurs. Financial policy consistency is vital in as far as developing financial literacy skills among youth entrepreneurs is concerned. This makes the financial environment conducive and predictable for business to attract other business stakeholders. Therefore, the financial inconsistencies in policy direction towards the development and acquisition of financial literacy skills in most youth entrepreneurs posed a

big challenge as it removed the much-required confidence from the investors. This finding was supported by one of the youth entrepreneurs from cluster B within Lusaka who reported that:

*“Most of us have lost customers and other important partners as a result of having financial policies that are not speaking to the goals of youth entrepreneurs and inconsistency in nature. Financial policy inconsistencies are not good at all for the purpose of attracting other business partners and investors as it tends to have unclear roadmap on what the business firm or cooperate tend to achieve at the end of the contract”* (Interview; YE5-8 from Cluster B; 2024).

#### **4.6.1.7 Lack of Financial Accountability and Transparency**

The study further found that the constraints associated with financial literacy among youth entrepreneurs was lack of accountability and transparency. This was explained on the premise that each and every youth entrepreneur needed to have a basis for accountability and transparency in order to maximize profit and capital growth in the cooperative. These two principles are cardinal and ingredients for openness and trustworthiness to customers and other stakeholders. However, problems arise when there is little or no accountability and transparency in youth entrepreneurs as it likely to breach the objectives of that particular cooperative in terms of growth and future prospects. This was backed by one youth entrepreneur from cluster D within Lusaka who stated that:

*“When there is a lack of accountability and transparency, it significantly hinders the potential for growth and profit. These are the key principles that drive the success and future of a company, and without them, the business risks failure. For us entrepreneurs, having these principles in place is crucial to building financial literacy skills, maintaining accurate records, and ensuring that proper auditing is conducted”* (Interview; YE13-16 from Cluster D; 2024).

#### **4.6.2 Views of Officers from Ministry of Small and Medium Enterprise on constraints in financial literacy practices among youth entrepreneurs**

When asked to state the constraints associated with financial literacy among youth entrepreneurs, they had their own unique views with regard to challenges associated with financial literacy. In view of this, youth entrepreneurs spelt out a number of constraints as themed in table 2 below;

**Table 2: Views of Officers from Ministry of Small and Medium Enterprise on constraints in financial literacy practices among youth entrepreneurs.**

<b>Constraints associated with Financial Skills</b>	<b>Frequency (f)</b>	<b>Number (N)</b>
<b>Lack of Financial Accountability and Transparency</b>	3	3
<b>Lack of Financial Ethics</b>	3	3
<b>Financial Capital Inadequacy</b>	3	3
<b>Financial Policy Inconsistencies</b>	1	1
<b>Total</b>		<b>10</b>

**Source:** Field work (2024)

Table 2 shows views of officers from Ministry of Small and Medium Enterprise on constraints associated with financial literacy among youth entrepreneurs. From the table, 3 officers from Ministry of Small and Medium Enterprise reported that lack of financial accountability and transparency were constraints encountered by youth entrepreneurs; another group of 3 officers from Ministry of Small and Medium Enterprise stated that lack of financial ethics was another constraint that youth entrepreneurs encountered in the study and yet another group of 3 officers from Ministry of Small and Medium Enterprise settled for financial capital inadequacy as a constraint that affected financial literacy practices among youth entrepreneurs. Lastly, officers from Ministry of Small and Medium Enterprise reported financial policy inconsistencies as one among other constraints that affected financial literacy practices among youth entrepreneurs and also accounted as 1. Other constraints reported in the study included; lack of financial supervisory;

lack of financial networking; bankruptcy and lack of financial education among others. In view of this, one officer from Ministry of Small and Medium Enterprise in cluster X within Lusaka triangulated the finding by stating that:

*‘Financial networking is very crucial and pivotal in as far as financial literacy skills development are concerned within us and our youth entrepreneurs. The networking aspects provides the means by which vast numbers of transactions are made each day in a networking fashion with other stakeholders. The financial networking involves many different components, including systems for settling large, inter-bank and inter-corporate payment transactions, and systems for handling a number of smaller transactions which are made easier and faster by networking with other entrepreneurial stakeholders’* (Interview, MSME 1-5 from cluster X; 2024).

Furthermore, another officer from Ministry of Small and Medium Enterprise in cluster Y within Lusaka cited an example of bankruptcy and reported that:

*“Mostly our banks run out of money and that is called bankruptcy. This is one of the constraints that most of us who are relevant stakeholders in banking and business sectors face. And when this happens, it requires an immediate attention and skilful human resource to intervene without any hesitation for the sake of continuity. We need to rethink and reorganize ourselves in order to alleviate the constraint. So, bankruptcy is a common constraint which is a danger if not handled well for progression in our economies”* (Interview; MSME 6-10 from cluster Y; 2024).

On the other hand, another officer from Ministry of Small and Medium Enterprise in cluster X within Lusaka commented on lack of financial education that:

*“Education is an equalizer to most people around the globe. So, does it with financial literacy skills. For instance, for any business to flourish, the owner for that business needs to have adequate education. This is so because without proper education prowess, everything that one would invest on might not be fruitful due to lack of financial education that could have helped such a one with the necessary skills of entrepreneurship”* (Interview, MSME 1-5 from cluster X; 2024).

#### **4.7 Summary of the Chapter**

This chapter presented the findings of the study in line with the study questions. The study found a number of financial literacy practices used and among others were the following; budgeting the money; separating needs and wants; saving up for emergencies; creating financial plan for the future; setting financial goals; protecting oneself through life insurance and education levels. As regards the factors affecting financial literacy practices among youth entrepreneurs, the study found youth entrepreneurs gender; socioeconomic status; access to education; professional financial role models; availability of financial training; financial attitude; psychological experience based on age and psychosocial services.

Additionally, regarding opportunities of financial literacy practices among youth entrepreneurs, the following were; developing a habit of saving; provision of accurate financial information; teaches about the value of money; promotion of financial independence and awareness of financial scam. Furthermore, the study also established the constraints encountered by youth entrepreneurs in financial literacy practices among youth entrepreneurs as; lack of financial accountability and transparency; lack of financial ethics; financial capital inadequacy; financial policy inconsistencies; lack of financial supervisory; lack of financial networking; bankruptcy and lack of financial education.

Overall, this chapter endeavoured to present the findings of the study in a more coherent manner through qualitative techniques. In the next chapter, the foregoing findings of the study will be discussed in relation to the reviewed relevant literature based on the research objectives.

## **CHAPTER FIVE: DISCUSSION OF RESEARCH FINDINGS**

### **5.1 Overview**

The previous chapter presented the findings of the study following sub-headings which included; demographical characteristics of the participants. The chapter further presented information on the financial literacy practices among youth entrepreneurs; factors affecting financial literacy practices among selected youth entrepreneurs; opportunities associated with financial literacy practices among youth entrepreneurs; and constraints associated with financial literacy practices among selected youth entrepreneurs. This chapter discusses the research findings based on research objectives outlined as follows;

1. To establish the financial literacy practices among selected youth entrepreneurs in Lusaka District.
2. To identify factors affecting financial literacy practices among selected youth entrepreneurs in Lusaka District.
3. To ascertain the opportunities of financial literacy practices among selected youth entrepreneurs in Lusaka District.
4. To establish the constraints encountered by youth entrepreneurs in financial literacy practices in Lusaka District.

### **5.2 Financial literacy practices among selected youth entrepreneurs**

Financial literacy skills are important and complex. As such, establishing them especially among youth entrepreneurs within the scope of the study was valuable. In this vein, the following were some of the financial literacy skills that were revealed and contextualised in the study;

#### **5.2.1 Setting Financial Goals**

The findings of this study highlight the critical role of setting financial goals among youth entrepreneurs in Lusaka as a foundational aspect of their financial literacy journey. Establishing clear financial goals not only serves as a motivational tool but also provides a structured approach to managing finances effectively. This aligns with the research of Alan and Ertac (2018), which underscores that established financial goals create a clear platform for developing financial literacy

skills. The absence of such goals can lead to impulsive spending, where youth entrepreneurs may expend their earnings on non-essential items rather than investing in opportunities that enhance their financial stability. Understanding the importance of goal setting is fundamental for youth entrepreneurs seeking to navigate their financial futures responsibly.

Furthermore, defining financial goals encourages youth entrepreneurs to reflect on their aspirations, both short- and long-term. This introspection is essential, as it influences their saving behaviours and investment decisions. For instance, a youth entrepreneur may need to distinguish whether their savings are intended for retirement or for launching a family business. Such clarity helps in prioritizing financial activities that align with their personal and professional ambitions. Research indicates that youths who actively set financial goals are more likely to adopt prudent financial behaviours, as they possess a clearer sense of direction (Baker et al., 2019). This proactive approach fosters not only financial stability but also personal accountability in managing their resources effectively.

The study further emphasizes the significance of early financial education in shaping the financial behaviours of youth entrepreneurs. Instilling essential financial concepts and practices during their formative years allows youths to cultivate habits that will benefit them throughout their lives. Financial literacy education should encompass topics such as budgeting, saving, investing, and understanding credit. Such foundational knowledge equips youth entrepreneurs with the necessary skills to make informed financial decisions, thereby enhancing their capacity for self-reliance and independence. Research by Lusardi and Mitchell (2014) highlights that individuals who receive financial education are better prepared to navigate financial challenges and seize opportunities that arise in their entrepreneurial journeys.

Moreover, developing sound financial habits extends beyond individual entrepreneurs to broader economic contexts. As youth entrepreneurs become more financially literate, they contribute to creating a financially savvy society, which can lead to increased economic growth and stability. A financially literate population is more likely to engage in responsible borrowing, saving, and investing, which are critical components for fostering economic resilience. The World Bank (2018) emphasizes that enhancing financial literacy practices among youths is vital for promoting

economic development and reducing poverty. Investing in financial education and goal-setting initiatives for youth entrepreneurs is not only beneficial for individuals but also for the economic health of communities and nations.

The study also emphasizes the need for targeted programmes that provide youth entrepreneurs with the tools and resources necessary for effective goal setting. Financial literacy programmes should address the unique challenges and circumstances faced by youths in Lusaka. Access to mentorship, workshops, and resources that focus on financial planning and management will enhance these programmes' effectiveness. Fostering a supportive environment that encourages goal setting and financial literacy empowers youth entrepreneurs to make sound financial decisions that will positively impact their futures (Lusardi et al, 2014).

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

The study revealed that creating a financial plan for the future is an essential financial literacy skill practised by youth entrepreneurs. According to Karpinski (2021), establishing financial goals is crucial for youth entrepreneurs as it sets a clear direction for their financial journey. Once these goals are in place, youth entrepreneurs can formulate actionable plans to achieve them. Envisioning their desired futures and aligning financial plans with life milestones allows them to navigate their financial journeys with clarity. This structured approach not only helps them stay focused but also enables them to prioritize their objectives, ensuring that they address the most pressing financial needs first.

Effective resource management emerges as a key benefit of creating a financial plan. This skill is vital, especially when faced with numerous financial challenges and uncertainties. Outlining goals and the necessary steps to achieve them mitigates the overwhelming nature of financial planning for youth entrepreneurs. Burns (2016) highlighted that a realistic financial plan can help prevent the misallocation of resources, allowing entrepreneurs to concentrate their efforts on relevant pursuits. Avoiding distractions and unnecessary expenditures maximizes their potential for success, ultimately leading to more sustainable business practices.

Accountability also flourishes through the practice of creating a financial plan. Documenting goals and outlining the steps required to achieve them cultivates a stronger commitment among youth

entrepreneurs. This heightened sense of accountability encourages better financial habits, as individuals are more likely to monitor their progress and make adjustments when necessary. Hagedorn (2022) emphasized that this proactive approach is crucial for building a culture of financial literacy, enabling youth entrepreneurs to make informed decisions that benefit their long-term financial health.

Clear communication with external support networks is another advantage of having a financial plan. Youth entrepreneurs can effectively articulate their goals and resource needs to mentors, financial advisors, and potential investors. Clarity in their plans facilitates access to guidance and resources that are critical for achieving financial objectives. According to Burns (2016), defining goals allows youth entrepreneurs to leverage their plans to attract the support necessary for success, ensuring they have the necessary backing to realize their ambitions.

The study underscores the need for targeted programmes that equip youth entrepreneurs with the tools to create effective financial plans. Programmes addressing the unique challenges faced by youths in Lusaka can significantly enhance financial literacy initiatives. Access to mentorship, workshops, and resources focused on financial planning and management empowers youth entrepreneurs to make sound financial decisions. Karpinski (2021) argued that support from these resources increases the likelihood that youths will embrace financial literacy as a vital component of their entrepreneurial journey.

### **5.2.3 Budgeting**

The study identified budgeting as a crucial financial literacy skill practised by youth entrepreneurs in Lusaka's market areas. Understanding the importance of budgeting is fundamental, especially given the scarcity of financial resources available to youths. According to the Consumer Financial Protection Bureau (CFPB, 2019), having a budgeting plan significantly alleviates the stress associated with managing money. Effective budgeting not only reduces financial anxiety but also fosters resilience, empowering youth entrepreneurs to make informed financial decisions. This aligns with the findings of the study, which emphasize the necessity for youth to develop strong budgeting skills early in their careers.

As individuals grow older, the complexities of budgeting tend to increase. This underscores the importance of establishing a solid foundation in budgeting principles during youth. Rose (2013) supports this notion by highlighting that financial literacy involves the ability to make informed judgments regarding the management of money, which begins with effective budgeting practices. Without this foundational knowledge, youth entrepreneurs may struggle to navigate more complicated financial situations as they age. The principles of budgeting serve as a critical framework that can guide youth entrepreneurs in making sound financial choices throughout their lives.

A well-structured budget serves multiple purposes for youth entrepreneurs. It provides a clear overview of income and expenditures, enabling individuals to track their cash flow effectively. By monitoring where money is coming from and how it is being spent, youth entrepreneurs can identify areas for improvement and determine whether they are living within their means. This practice is vital for making informed financial choices and avoiding detrimental financial habits. An effective budget can steer youth entrepreneurs away from unhealthy spending patterns, fostering better financial health and sustainability.

To facilitate the budgeting process, youth entrepreneurs have various tools at their disposal. They can utilize budgeting applications, maintain spreadsheets, or even opt for traditional pen-and-paper methods to track their finances. Each of these options offers a way to establish a structured budgeting practice that suits individual preferences and lifestyles. The versatility of these tools empowers youth entrepreneurs to engage in budgeting in a manner that is most effective for them, making it more likely that they will adhere to their budgeting plans over time.

Promoting budgeting practices among youth entrepreneurs is essential for fostering prudent financial management. Encouraging youths to practice budgeting principles enables them to channel their financial resources wisely, reducing the risk of wastefulness and promoting long-term financial health. According to the CFPB (2019), those who engage in regular budgeting are better positioned to achieve their financial goals, whether that involves saving for a future investment or managing day-to-day expenses. Consequently, embedding budgeting practices into the entrepreneurial journey can serve as a cornerstone for financial success.

#### **5.2.4 Saving up for Emergencies**

The study revealed that saving for emergencies is a significant financial literacy skill among youth entrepreneurs in Lusaka District. This finding aligns with Garman and Forgue's (2010) assertion that setting aside money for unforeseen circumstances is essential for reducing stress and anxiety related to financial uncertainty. Building an emergency fund is a proactive approach that can protect youth entrepreneurs from the pressures of unexpected expenses. Without such a safety net, they may find themselves overwhelmed by financial challenges, leading to negative mental health outcomes (Aprea, Schultheis, and Stolle, 2018). Therefore, cultivating the habit of saving for emergencies is not merely beneficial; it is crucial for maintaining both financial and emotional well-being.

The current study underscores the importance of establishing financial independence by advocating for the creation of emergency funds. By prioritizing saving, youth entrepreneurs can avoid using credit cards for emergency purchases, which often leads to increased debt and financial instability (Consumer Financial Protection Bureau [CFPB], 2019). Developing a savings plan empowers youth entrepreneurs to take control of their financial futures, enabling them to respond effectively to unexpected expenses.

A practical recommendation for youth entrepreneurs is to aim for saving at least three to six months' worth of living expenses. This target can be achieved by maintaining a separate bank account designated solely for emergency funds. Establishing such an account minimizes the temptation to withdraw money impulsively, allowing entrepreneurs to prioritize their savings goals (Rose, 2013). Research indicates that individuals who compartmentalize their savings are more successful in reaching their financial objectives (Thompson, 2018). For instance, using accounts like a "Sure Save Bank Account," which typically offers limited access to funds, can instill financial discipline among youth entrepreneurs and ensure that savings are reserved for genuine emergencies.

Developing high financial literacy skills among youth entrepreneurs is pivotal in fostering a culture of saving. Educating youths on the importance of emergency funds encourages them to identify their own financial needs and prioritize savings. This proactive approach can lead to a shift in

mindset, where saving becomes a fundamental part of their financial strategy rather than an afterthought (Alan and Ertac, 2018). Such a mindset shift can ultimately result in a generation of entrepreneurs who value financial security and responsibility.

As youth entrepreneurs embrace the practice of saving for emergencies, they are likely to experience a positive ripple effect on their communities and the broader economy. Financially stable individuals contribute to economic growth by investing in local businesses and services. The current study suggests that when youth entrepreneurs value and manage their money wisely, the benefits extend beyond their personal financial situations, fostering a more resilient and economically vibrant community (Aprea et al., 2018)

### **5.2.5 Separating Needs and Wants**

The study indicated that the ability to separate needs from wants is an essential financial skill practised among youth entrepreneurs in Lusaka. This finding aligns with the research by Ahmad and Sahar (2019), who emphasized the importance of financial literacy in discerning actual needs from mere wants. Many entrepreneurs face multifaceted challenges that require prioritization; understanding this distinction is crucial for effective financial management. Youth entrepreneurs, particularly those still living at home, may naturally rely on their parents for basic necessities. However, upon transitioning to independent living, they must learn to distinguish between what they truly need and what they desire. This distinction is vital, as reliance on others may no longer be an option, thereby necessitating self-sufficiency (Murugiah, 2016).

The significance of separating needs from wants cannot be overstated. This financial literacy skill provides youth entrepreneurs with the foundational knowledge necessary for effective budgeting and resource allocation. Early development of this skill is essential; if not cultivated in youths, it may lead to poor financial decision-making in adulthood. Previous literature highlights that maintaining a healthy credit score is directly tied to an individual's financial standing later in life (Maria, 2020). Therefore, youth entrepreneurs must focus on this separation to avoid falling into the trap of accumulating debt for non-essential purchases. They should prioritize spending on necessities such as housing, food, and transportation while being cautious about discretionary spending that may lead to financial strain.

In addition to the practical aspects of budgeting, separating needs from wants contributes to fostering a disciplined financial mindset. For instance, youth entrepreneurs should be encouraged to track their spending habits, ensuring that they prioritize essential expenses while minimizing unnecessary purchases. This habit not only aids in maintaining a balanced budget but also promotes a sense of financial responsibility. Moreover, avoiding impulsive purchases can help mitigate the risk of financial distress, particularly in the early stages of their entrepreneurial journey (Mehboob and Othman, 2020).

Understanding the difference between needs and wants also plays a significant role in managing credit effectively. Youth entrepreneurs should strive to keep their credit scores in good standing by paying bills on time and avoiding unnecessary loans or credit card debt that can arise from wanting rather than needing (Mehboob and Othman, 2020). Regularly reviewing credit reports and disputing discrepancies is an essential practice that safeguards their financial reputation and prevents identity theft. Such actions are critical in fostering a positive credit history, which is indispensable for future financial endeavours and investments.

Furthermore, the ability to separate needs from wants equips youth entrepreneurs with a long-term perspective on financial sustainability. As they navigate the complexities of entrepreneurship, this skill can empower them to make informed decisions that prioritize their financial well-being. Cultivating a mindset that differentiates between essential and non-essential expenses allows youth entrepreneurs to develop healthier financial habits that will benefit them throughout their lives (Khan et al., 2020). Instilling this financial literacy skill early on proves crucial for fostering a generation of responsible and financially savvy entrepreneurs.

#### **5.2.6 Life Insurance**

The study identified life insurance as a crucial financial literacy skill practised among youth entrepreneurs in Lusaka District. This finding aligns with the observations of Fatoki and Chindoga (2011), who emphasized that investing in life insurance serves as a protective measure against various financial risks. Life insurance policies help safeguard the financial well-being of youth entrepreneurs and their families in the event of unforeseen circumstances, such as accidents or serious illnesses. This proactive approach to financial planning ensures stability and security amid life's uncertainties.

Additionally, the age of youth entrepreneurs significantly influences the affordability of life insurance policies. Younger individuals generally benefit from lower premiums, making it financially advantageous to secure a life insurance policy early in their careers. Kumar et al. (2020) highlight that starting a life insurance policy at a younger age enables entrepreneurs to accumulate benefits over time, enhancing their overall financial security. Therefore, encouraging youth entrepreneurs to assess their needs and consider investing in life insurance as part of their long-term financial strategy is essential.

Informed decision-making regarding life insurance requires youth entrepreneurs to explore various options available in the market. This process involves evaluating the pros and cons of different policies, ensuring alignment with their financial goals and risk tolerance. The financial literacy gained through this exploration empowers youth entrepreneurs to make educated choices about their insurance coverage and other financial products. Engaging with financial advisors or attending workshops can enhance their understanding of life insurance and its benefits (Fatoki, 2014).

Understanding the connection between life insurance and financial management is vital for youth entrepreneurs. Integrating life insurance into their overall financial plans protects not only themselves but also their businesses and families. Garman and Forgue (2010) emphasize that having a comprehensive financial plan that includes life insurance coverage mitigates the financial impact of unexpected events. This strategic approach allows entrepreneurs to focus on their business ventures with greater peace of mind, knowing that safeguards are in place.

Furthermore, the responsible use of credit cards can significantly enhance the financial literacy of youth entrepreneurs. When managed effectively, credit cards serve as excellent tools for building credit history and improving financial skills. Encouraging youth entrepreneurs to use credit cards judiciously ensures that they pay off their balances each month, avoiding the accumulation of debt. This financial discipline, along with investments in life insurance, contributes to a robust financial foundation for youth business owners (Kumar et al., 2020).

### **5.3 Factors affecting financial literacy practices among selected youth entrepreneurs**

Factors affecting financial literacy practices are numerous and complex. As such, identifying them especially among youth entrepreneurs within the scope of the study was valued. In this vein, the following were some of the factors that affected financial literacy practices as revealed and discussed with literature in the study;

#### **5.3.1 Socioeconomic status**

The study identified socioeconomic status (SES) as a significant factor influencing financial literacy skills among youth entrepreneurs in Lusaka District. This finding aligns with previous research conducted by Chotimah, Ani, and Widodo (2017) and Radianto, Efrata, and Dewi (2019), which highlighted that parental occupation does not solely determine the financial literacy of youth entrepreneurs. Instead, SES serves as a critical precursor to the financial literacy skills that youth entrepreneurs acquire. Families with higher income levels often afford their children greater financial responsibilities, thereby contributing to the development of essential financial skills (Chotimah et al., 2017).

Understanding SES involves analyzing various elements, including income, education, wealth, job types, and social standing. These factors collectively illustrate the economic conditions of individuals or families (Radianto et al., 2019). While many aspire to improve their socioeconomic status, a significant number still grapple with lower economic conditions. The socioeconomic environment plays a crucial role in shaping financial attitudes, behaviours, and knowledge (Fatoki and Chindoga, 2011). A robust SES can empower youths with the financial acumen needed for effective entrepreneurship, whereas a lower SES may hinder access to financial education and resources (Nikkinen and Peltonen, 2020).

Moreover, the relationship between parental income and children's financial literacy is evident in the study's findings. Higher parental income often correlates with enhanced financial literacy practices among youths, as affluent families typically have greater access to financial resources and educational opportunities (Fatoki and Chindoga, 2011). As noted by Nikkinen and Peltonen (2020), families with better financial capabilities can provide their children with knowledge and experiences that foster sound financial practices. This correlation underscores the importance of

addressing socioeconomic disparities to promote equitable financial literacy practices among youth entrepreneurs.

However, it is essential to recognize that a challenging socioeconomic environment can also negatively impact youth financial literacy practices. Economic hardships, limited educational opportunities, and a lack of financial resources can create barriers to effective learning and application of financial concepts (Garman and Forgue, 2010). The current study supports the notion that students from lower socioeconomic backgrounds may experience difficulties in achieving higher financial literacy scores. This highlights the need for targeted interventions that support financial education for youths in less privileged circumstances (Ahmad and Sahar, 2019).

In addition to financial aspects, it is crucial to consider the broader economic context when addressing financial literacy. Financial decisions are influenced not only by individual knowledge but also by macroeconomic factors. A holistic approach to financial education must encompass both personal finance skills and an understanding of the economic environment (Rose, 2013). This perspective encourages youth entrepreneurs to navigate the complexities of financial decision-making effectively.

### **5.3.2. Youth Entrepreneurs' Gender**

The study identified gender as a crucial determinant of financial literacy practices among youth entrepreneurs, revealing significant disparities between male and female entrepreneurs in Lusaka District. While both genders exhibited a notable level of financial literacy, findings indicated that male youth entrepreneurs tended to have higher financial literacy levels than their female counterparts. This observation aligns with research conducted by Ramoni (2018), which highlighted that gender influences not only the capacity for financial literacy but also the interest levels in developing such skills. The nuances of these differences necessitate a deeper understanding of how gender roles and societal expectations shape financial behaviours among youth entrepreneurs.

In Ramoni (2018)'s study, various dimensions of financial literacy, including financial knowledge, influences, attitudes, and behaviours, were examined across genders. Results suggested that

females generally possessed greater financial knowledge, while males were more likely to develop and implement budget plans. This disparity indicates that although women may be knowledgeable about financial concepts, they may lack the confidence or opportunities to apply this knowledge effectively in real-world situations. The findings suggest that addressing these gaps is essential to ensure both male and female youth entrepreneurs can harness their financial literacy skills effectively (Nikkinen and Peltonen, 2020).

The study also explored the reasons behind the lower levels of financial literacy among female youth entrepreneurs, noting that emotional control skills played a significant role. Female entrepreneurs often face societal pressures and stereotypes that can hinder their financial decision-making abilities. In contrast, male youth entrepreneurs are frequently perceived as more logical and confident in their financial choices, leading to a bias in the financial landscape. This gender-based perception reinforces existing inequalities, suggesting the need for targeted interventions to build financial confidence among female entrepreneurs (Fatoki and Chindoga, 2011).

Addressing the complexities of gender and financial literacy requires a multifaceted approach. Empowering female youth entrepreneurs through financial education programmes that focus on building confidence, emotional control, and practical skills is crucial. Such initiatives can help level the playing field and promote equitable opportunities for both genders in the entrepreneurial space (Garman and Forgue, 2010). Encouraging collaborative learning environments where male and female entrepreneurs can share experiences and strategies may also enhance financial literacy across the board.

Moreover, the perception of financial literacy as a gendered issue must be addressed. Creating awareness about the capabilities of female entrepreneurs in financial management can shift societal attitudes and foster a more inclusive financial environment. Policymakers and educators should focus on dismantling stereotypes that associate financial acumen primarily with males. This shift in perception will not only empower female entrepreneurs but also enrich the entrepreneurial ecosystem by diversifying perspectives and approaches to financial decision-making (Ahmad and Sahar, 2019).

### **5.3.3 Availability of Financial Training skills**

The study revealed that the availability of financial training significantly enhances the financial literacy skills of youth entrepreneurs. This finding aligns with previous research conducted by Stewart (2010), Solheim et al. (2011), Maia and Sieverding (2012), and Atkinson and Messy (2012), who emphasized the role of financial training centers as crucial catalysts for developing financial literacy within communities. Access to effective financial training equips youth entrepreneurs with the knowledge and skills necessary for making informed financial decisions, thereby fostering a greater understanding of financial concepts.

Most youth entrepreneurs reported gaining additional financial training through private institutions such as ZCAS and non-governmental organizations like YMCA and YWCA. These avenues provided essential resources and support, contributing to a noticeable increase in financial literacy among participants. The positive correlation between targeted financial education and improved financial skills suggests that structured training programmes are vital for empowering youth entrepreneurs in their financial journeys. Conversely, a minority of respondents felt that education did not correlate with financial literacy skills, indicating potential gaps in the effectiveness of certain training programmes or the delivery methods employed (Fatoki and Chindoga, 2011).

Furthermore, training programmes often address various aspects of financial literacy practices, including budgeting, saving, and investment strategies. These practices are fundamental for youth entrepreneurs seeking to establish and grow their businesses. For instance, programmes that include practical exercises on creating budgets and managing cash flow can greatly enhance participants' financial decision-making capabilities (Garman and Fogue, 2010). Such hands-on training encourages youth entrepreneurs to actively engage with financial concepts, making them more likely to implement what they learn in their daily financial practices.

The presence of financial training facilities serves as a catalyst for developing essential financial skills among youth entrepreneurs. Access to such resources enables youths to explore financial concepts in depth, transforming their understanding and fostering better financial habits. This supportive environment encourages youth entrepreneurs to navigate the complexities of financial management with confidence, ultimately leading to more sustainable business practices (Ahmad

and Sahar, 2019). Therefore, financial training should be considered a foundational element in enhancing financial literacy among youth entrepreneurs.

Despite the benefits of financial training, some youth entrepreneurs reported challenges in accessing these resources. Geographic barriers, limited availability of programmes, and high costs can hinder participation. To address these issues, community partnerships and government initiatives can play a pivotal role in increasing access to financial education. Collaborations between financial institutions, educational bodies, and non-profit organizations can help create more accessible and affordable training programmes for youth entrepreneurs (Nikkinen and Peltonen, 2020).

In light of these findings, it becomes imperative for the Ministry of Small Scale and Medium Enterprises to prioritize the establishment of financial training facilities nationwide. Enhancing the accessibility of these resources would not only support the development of financial literacy among youth entrepreneurs but also contribute to broader economic growth. Improved financial education infrastructure would empower youth entrepreneurs to harness their potential and navigate the challenges of entrepreneurship effectively, leading to a more vibrant and sustainable economic landscape.

The impact of financial training extends beyond individual entrepreneurs; it also contributes to the overall economic health of communities. Financially literate entrepreneurs are better equipped to make sound business decisions, manage risks, and foster innovation. As these entrepreneurs succeed, they create jobs and stimulate local economies, leading to a positive ripple effect within their communities. Thus, investing in financial training for youth entrepreneurs can have far-reaching benefits, supporting not only individual growth but also community resilience (Stewart, 2010).

#### **5.3.4 Financial Attitude**

The study's findings highlighted financial attitude as a crucial factor influencing the financial skills of youth entrepreneurs. Previous research by Hung et al. (2009), as cited in Saber (2020), and Changwasha (2019) indicated that financial attitudes significantly shape entrepreneurs' perspectives on spending, saving, and investing. This aligns with Rosa's (2013) theory, which

posits that financial literacy encompasses not only knowledge but also attitudes, behaviours, and skills. The current study revealed that many youth entrepreneurs exhibited a predominantly negative financial attitude, which adversely impacted their financial decision-making processes.

Participants noted that profits were often diverted into illicit activities rather than being saved or reinvested. This troubling behaviour reflects a broader issue: a negative financial attitude among youth entrepreneurs can deter parental support, as parents often struggle to provide additional financial resources after witnessing their children's reckless spending habits. Consequently, this lack of financial backing hinders the ability of these entrepreneurs to improve their financial literacy and skills. As highlighted in previous studies, a supportive family environment is essential for fostering positive financial behaviours (Fatoki and Chindoga, 2011).

Moreover, the challenges faced by youth entrepreneurs from low-income families are exacerbated by their negative financial attitudes. This situation emphasizes the need for targeted interventions to address negative financial attitudes and encourage responsible financial behaviours among youth entrepreneurs. Without such interventions, the cycle of poor financial management is likely to persist (Garman and Forgue, 2010).

The implications of these findings extend beyond individual entrepreneurs; they reflect broader societal issues related to socioeconomic status. Negative financial attitudes can lead to a lack of financial resources and opportunities for growth, perpetuating cycles of poverty within communities (Chotimah, Ani, and Widodo, 2017). Thus, implementing sensitization campaigns aimed at promoting positive financial responsibility among youth entrepreneurs becomes imperative. Such initiatives could significantly enhance financial literacy and empower youths to make informed financial decisions.

Additionally, financial education programmes should incorporate elements that specifically address the importance of cultivating a positive financial attitude. Educating youth entrepreneurs about the long-term benefits of responsible spending, saving, and investing can foster a mindset conducive to financial success. Implementing workshops and community engagement activities focused on developing positive financial attitudes may help bridge the gap between knowledge and practice (Solheim et al., 2011).

Addressing negative financial attitudes among youth entrepreneurs is essential for fostering a generation of financially responsible individuals. Encouraging a shift in mindset requires a collaborative effort among educators, parents, and community leaders to create an environment that values financial literacy and promotes healthy financial behaviours (Atkinson and Messy, 2012).

### **5.3.5 Psychological Experience based on Age**

The study identified psychological experience, particularly related to age, as a significant factor influencing financial skills among youth entrepreneurs in Lusaka District. This observation aligns with findings from Ramoni (2018), which emphasized that different age groups hold varying perspectives on financial literacy. Specifically, Ramoni's study indicated that psychological age plays a crucial role in determining financial literacy skills. The research revealed that lower financial literacy was prevalent among youth entrepreneurs, while older individuals exhibited a higher level of financial literacy.

This difference in financial acumen can be attributed to several closely related factors, including ownership of financial resources, knowledge, motivation for the future, life expectations, and marital status. Older entrepreneurs often enjoy greater access to various financial opportunities, such as investments, pension funds, and long-term objectives. They also tend to have higher incomes, more advanced occupational positions, and greater wealth, which increases their interest in financial products such as pensions, insurance, and capital market options (Fatoki and Chindoga, 2011). In contrast, youth entrepreneurs may lack the same level of financial discipline and management skills.

The responsibility that comes with age significantly influences financial literacy. As individuals age, they often face increased financial obligations that necessitate better financial management practices. This responsibility is closely linked to marital status; married individuals typically exhibit higher motivation to acquire wealth and improve their financial literacy skills, as they seek to provide stability for their families (Rosa, 2013). Consequently, youth entrepreneurs, who may lack these responsibilities, often display less commitment to developing robust financial skills.

Moreover, the findings suggest that age-related experiences can enhance financial decision-making capabilities. Older entrepreneurs often benefit from years of experience, allowing them to navigate complex financial landscapes more effectively than their younger counterparts. This experience can lead to improved investment strategies and a more profound understanding of the implications of financial choices (Chotimah, Ani, and Widodo, 2017).

Recognizing the influence of age on financial literacy underscores the importance of tailored financial education programmes. Initiatives targeting youth entrepreneurs should emphasize the value of financial discipline, responsible spending, and long-term planning. These programmes can help bridge the knowledge gap and cultivate a more robust financial foundation among youths (Solheim et al., 2011).

### **5.3.6 Access to Financial Education**

Furthermore, the study found that access to financial education is another critical factor determining financial skills among youth entrepreneurs. This finding aligns with the results of Stewart (2010), Wagner (2015), and Gustman et al. (2010), as cited in Saber (2020), who stated that education acts as a catalyst for many developmental milestones, including the acquisition of financial skills. Financial education serves as an essential indicator for youth entrepreneurs to assess their financial knowledge, which encompasses fundamental concepts such as the time value of money, inflation, interest rates, risk classification, and the risk-return principle (Lusardi and Mitchell, 2014). A robust understanding of these concepts is crucial for developing sound financial literacy.

The study highlighted that knowledge regarding savings, investments, and money management is fundamental to financial literacy (Oseifuah, 2010). This understanding influences how effectively a youth entrepreneur can navigate financial challenges and opportunities. For instance, calculating returns on investments based on the associated risks and balancing risk management is vital for sound financial decision-making (Pipreka, 2009). Participants in the study underscored that comprehensive financial education provided in schools, colleges, workplaces, and the broader community has proven to be an effective strategy for enhancing financial literacy (Nonde and Handema, 2021).

Schools play a pivotal role in fostering interest in financial education. The findings indicated that institutions that emphasize financial education significantly improve the financial literacy levels of their students (Wise, 2013). In particular, programmes that integrate financial literacy into the curriculum can equip youth entrepreneurs with the necessary skills to manage their finances effectively. By engaging with financial concepts early in their education, youths are better prepared to make informed decisions about savings and investments, which is crucial for their future financial well-being (Lusardi et al., 2007).

Financial education not only enhances knowledge but also influences behaviour (Cox, Brounen, and Neuteboom, 2014). The study revealed that when youth entrepreneurs receive relevant financial education, they are more likely to make prudent financial decisions based on daily information. This proactive approach encourages them to save for the future, reinforcing the idea that financial education serves as a valuable tool in improving individual financial well-being (Gustman et al., 2010). As participants noted, understanding the principles of budgeting, saving, and investing can significantly impact their ability to achieve financial independence.

The implications of these findings extend beyond individual entrepreneurs; financial education has broader societal benefits. Access to financial education is essential for fostering a generation of financially literate individuals who can contribute positively to the economy (Lusardi et al., 2007). According to Lusardi and Mitchell (2014), a well-informed population is better equipped to make sound financial decisions, leading to increased economic stability and growth. This underscores the need for educational institutions and policymakers to prioritize financial literacy initiatives within the educational framework.

Moreover, financial education serves as a vehicle for improving financial literacy among youth entrepreneurs. By providing youths with the tools and knowledge needed to navigate financial landscapes, education can help reshape perceptions and opinions regarding money management (Oseifuah, 2010). The study indicated that occupational background and family influence play a significant role in shaping financial behaviours. Thus, comprehensive financial education can bridge the gap for those from disadvantaged backgrounds who may lack access to financial knowledge at home (Pipreka, 2009).

Furthermore, the study revealed that collaborative efforts between educational institutions and financial organizations could enhance the quality and accessibility of financial education (Wise, 2013). Workshops, seminars, and community outreach programmes can be instrumental in reaching a wider audience, ensuring that financial literacy resources are available to all youth entrepreneurs, regardless of their educational background. Such initiatives can create a supportive environment where youths feel empowered to seek financial guidance and learn from experienced professionals (Cox et al., 2014).

Incorporating practical applications of financial education is also vital. For example, simulations and real-world scenarios can provide youth entrepreneurs with hands-on experience in managing finances (Gustman et al., 2010). Programmes that allow participants to engage in budgeting exercises, investment games, and savings challenges can reinforce theoretical knowledge and build confidence in financial decision-making.

Moreover, the role of technology in enhancing access to financial education cannot be overlooked. Digital platforms and online resources can provide youth entrepreneurs with flexible and accessible learning opportunities (Lusardi et al., 2007). E-learning modules, webinars, and mobile applications dedicated to financial education can bridge geographical gaps and reach underserved communities. This approach aligns with the current trend of integrating technology into education, making financial literacy more accessible to youths (Nonde and Handema, 2021).

In the end, the study emphasizes the necessity of prioritizing access to financial education as a means to empower youth entrepreneurs. As they develop their financial skills and knowledge, they are better positioned to navigate the complexities of the financial landscape (Oseifuah, 2010). By fostering a culture of financial literacy, society can support the growth of confident and capable entrepreneurs who contribute positively to economic development (Pipreka, 2009). Consequently, financial education is not merely an academic subject; it is a vital component in shaping the financial futures of youths and their communities.

### **5.3.7 Professional Financial Role Models**

The study identified professional financial role models as a crucial factor in enhancing the financial skills of youth entrepreneurs. This finding aligns with Mtonga (2019), who emphasizes that

financial role models play a significant role in mentoring and motivating the next generation of entrepreneurs to develop essential financial literacy skills. A considerable number of youth entrepreneurs lack access to such role models, which significantly hinders their ability to excel and expand their financial capabilities. As noted by Wise (2013), mentorship and support from experienced professionals can provide youths with the guidance needed to navigate the complexities of financial management effectively.

The absence of professional financial role models implies that many youth entrepreneurs do not receive adequate support and supervision in their financial endeavours. Many youth entrepreneurs reported that the supervision they receive from affluent financial role models often resembles an inspection process rather than a source of direct instruction and constructive feedback (Nonde and Handema, 2021). This observation highlights a gap in mentorship, where financial supervisors may not actively engage with youth entrepreneurs to motivate and guide them effectively. The lack of proactive involvement from these role models can leave youth entrepreneurs feeling unsupported and unsure about validated financial development practices that could enhance their skills (Oseifuah, 2010).

Moreover, the study found that most youth entrepreneurs are unaware of effective financial practices that could boost their financial skills. The lack of exposure to proven methods and strategies can lead to repeated mistakes and missed opportunities for growth (Pipreka, 2009). Without access to professional role models who can share their experiences and insights, youth entrepreneurs may struggle to adopt best practices that facilitate their financial success. This is particularly troubling given the fast-paced and often volatile nature of today's business environment, where financial literacy can make the difference between success and failure (Lusardi et al., 2007).

In light of these findings, improving the presence and involvement of professional financial role models is essential for the personal and community development of youth entrepreneurs. Initiatives aimed at connecting youth entrepreneurs with experienced professionals can foster a supportive network that enhances financial literacy and entrepreneurship (Lusardi et al., 2007). For example, mentorship programmes that pair youth entrepreneurs with seasoned professionals can provide guidance on various aspects of financial management, such as budgeting, investment strategies,

and credit management. Workshops and networking events can create opportunities for youth entrepreneurs to learn from those who have successfully navigated similar challenges, equipping them with the knowledge needed to make informed financial decisions.

The impact of mentorship extends beyond just individual entrepreneurs; fostering relationships between youths and established financial professionals can create a culture of knowledge sharing within the entrepreneurial community. Encouraging successful entrepreneurs to take on mentorship roles can inspire youths and provide them with valuable insights into financial management and decision-making (Cox, Brounen, and Neuteboom, 2014). This collaborative approach not only enhances individual skills but also strengthens the entrepreneurial ecosystem as a whole. For instance, when experienced entrepreneurs share their challenges and successes, they provide youth entrepreneurs with realistic perspectives on what to expect in their financial journeys, thereby preparing them for the ups and downs of entrepreneurship.

In addition to direct mentorship, creating platforms for peer-to-peer learning can also be beneficial. Youth entrepreneurs can form networks where they share experiences, challenges, and solutions, further enhancing their collective financial literacy. These networks can serve as informal support systems, allowing youth entrepreneurs to discuss financial issues openly and seek advice from their peers who may have faced similar situations (Wise, 2013). This communal approach fosters resilience, encourages collaboration, and helps build a strong foundation for future entrepreneurial endeavours.

Furthermore, financial literacy programmes must incorporate modules specifically addressing the importance of mentorship and the role of professional financial role models. Educational institutions and organizations supporting youth entrepreneurship should prioritize teaching practical skills for recognizing effective mentors and leveraging their expertise. Providing real-life examples of successful mentor-mentee relationships can inspire youth entrepreneurs and illustrate the value of guidance in their financial journeys.

Ultimately, the necessity for financial literacy programmes to include mentorship components cannot be overstated. Educational initiatives that emphasize the importance of financial role models can empower youth entrepreneurs to seek guidance and support as they navigate their

financial paths. As they learn to identify and connect with appropriate mentors, they can enhance their financial acumen and improve their chances of entrepreneurial success (Oseifuah, 2010).

#### **5.4 Opportunities of financial literacy practices among selected youth entrepreneurs.**

Opportunities of financial literacy skills were expected. Therefore, ascertaining them especially among youth entrepreneurs within the scope of the study was evident. As such, the following were some of the opportunities associated with financial literacy skills as revealed and discussed with other available and relevant literature in the study;

##### **5.4.1 Developing a Habit of Saving and Accumulating Assets**

The study revealed that financial literacy skills play a critical role in helping youth entrepreneurs develop a habit of saving and accumulating assets. This observation is consistent with the findings of Pipreka (2009), who contends that increased financial literacy levels positively influence access to credit through the accumulation of financial assets. Financial literacy equips youth entrepreneurs with the knowledge and skills necessary to manage their finances effectively, allowing them to prioritize savings as a crucial component of their financial strategy. The ability to save and accumulate assets is not only essential for individual financial stability but also serves as a foundation for future investments and growth opportunities in their entrepreneurial ventures.

Research by Lusardi et al. (2007) underscores the correlation between financial literacy and critical financial behaviours, such as planning for retirement, savings, and wealth accumulation. Financially literate individuals are more likely to engage in proactive financial planning, which includes setting savings goals and understanding the importance of investing for the future. For youth entrepreneurs, this proactive approach to financial management is particularly vital, as they often face a range of financial challenges that can impact their long-term success. Understanding the significance of saving and asset accumulation enables youth entrepreneurs to navigate the uncertainties of entrepreneurship more effectively, positioning them for greater financial security.

Developing a habit of saving is especially relevant for youth entrepreneurs who may begin their ventures with limited financial resources. Establishing a savings routine enables them to mitigate risks associated with entrepreneurship, allowing for reliance on their savings during unforeseen

circumstances or economic downturns. Financial literacy skills empower youth entrepreneurs to create budgets, monitor their expenses, and assess their financial situations regularly. According to the OECD (2017), fostering a habit of saving enhances individual financial well-being and contributes to overall economic stability by encouraging responsible financial behaviours among youth entrepreneurs.

In addition to the immediate benefits of saving, financial literacy provides youth entrepreneurs with the tools necessary to make rational financial decisions. This includes understanding essential financial concepts such as budgeting, insurance, and retirement planning. A solid foundation in these areas equips youth entrepreneurs to avoid common pitfalls associated with poor financial decision-making. They can leverage their financial literacy to secure better financing options, manage debt effectively, and make informed investments in their businesses (Oseifuah, 2010). Cultivating a mindset that prioritizes savings and informed financial choices enhances the likelihood of achieving long-term goals and sustaining business growth.

Changing mindsets among youth entrepreneurs is crucial for fostering a culture that values financial literacy and saving. Encouraging youths to view saving as an integral part of their financial strategies can significantly impact their long-term success. Initiatives aimed at promoting saving behaviours, such as workshops, seminars, or mentorship programmes, reinforce the idea that financial literacy is not just a skill but a pathway to financial independence and entrepreneurial success (Nonde and Handema, 2021). Such programmes can also address common misconceptions surrounding money management, helping youth entrepreneurs recognize the value of making informed financial decisions.

Furthermore, developing a habit of saving and accumulating assets enhances credit uptake among youth entrepreneurs. When individuals maintain savings, they present a more favorable profile to lenders, increasing their chances of securing credit to expand their businesses. Access to financing is often a critical factor in the success of entrepreneurial ventures, enabling youth entrepreneurs to invest in their operations, purchase necessary equipment, and hire staff. Fostering financial literacy and a saving culture allows financial institutions to unlock the potential of youth entrepreneurs, driving economic growth within their communities (Cox et al., 2014).

Additionally, financial literacy encourages youth entrepreneurs to engage in self-assessment regarding their financial habits and behaviours. Through this self-assessment, youths can identify areas for improvement and set realistic financial goals. For instance, evaluating current spending habits helps determine how much can be allocated toward savings each month. This process of reflection strengthens their financial literacy and instills accountability in managing financial resources (Nonde and Handema, 2021). In the long run, financially literate youth entrepreneurs are more likely to develop sustainable businesses that contribute positively to their local economies.

#### **5.4.2 Provision of Accurate Financial Information**

The study found that one significant opportunity associated with financial literacy skills among youth entrepreneurs is the provision of accurate and timely financial information. This finding underscores the importance of educating youths about financial management, as failing to provide accurate financial knowledge can lead to long-term repercussions. Wise (2013) also supports this perspective, emphasizing that timely and precise financial information is crucial, particularly for novices in the entrepreneurship sector. This is particularly relevant as youth entrepreneurs are often at the beginning of their financial journeys, where foundational knowledge can significantly influence their future success.

Accurate financial information enables youth entrepreneurs to differentiate between needs and wants, a critical skill in managing their finances effectively. The potential for misinformation is high, especially since youths may absorb incorrect financial advice from peers or adults with poor money-management skills. This can create confusion and lead to poor financial decisions, such as accumulating unnecessary debt. For instance, if a youth entrepreneur believes that a non-essential item is a priority, they may allocate funds towards it, neglecting more pressing financial obligations. Thus, providing accurate financial information can guide them in making informed decisions that prioritize their financial well-being (Wise, 2013).

Additionally, the dissemination of correct financial information empowers youth entrepreneurs to weigh their options carefully before making financial commitments. When youths are educated on budgeting, saving, and investing, they are better equipped to evaluate the potential consequences

of their decisions. This knowledge serves as a safeguard against impulsive spending, which can lead to financial distress. A well-informed youth entrepreneur is more likely to seek out resources, compare prices, and engage in prudent financial practices, minimizing the risk of incurring substantial debt (OECD, 2017).

Moreover, access to accurate financial information can enhance the overall financial literacy landscape among youth entrepreneurs. This not only benefits individual entrepreneurs but also contributes to a more financially literate community. When youths share knowledge and experiences, they create an environment conducive to collective learning and growth. As highlighted by Oseifuah (2010), fostering a culture of sharing accurate financial information can amplify the positive impact of financial literacy education, helping youth entrepreneurs navigate the complexities of financial management.

The importance of providing timely and accurate financial information cannot be overstated, especially in a rapidly changing economic environment. Youth entrepreneurs must be aware of the latest financial trends, market dynamics, and available resources to make informed decisions. Educational programmes should prioritize keeping youth entrepreneurs updated with relevant information and practical tools that enable them to adapt to new challenges effectively (Cox et al., 2014). For example, workshops, seminars, and online resources can serve as platforms for disseminating accurate financial knowledge.

#### **5.4.3 Knowledge about the Value of Money**

The study identified that one of the significant opportunities associated with financial literacy skills among youth entrepreneurs is their understanding of the value of money. This finding aligns with the results reported by Njoroge (2013) and Chen (2014), who emphasized that comprehending the value of money is a crucial component that arises from acquiring financial literacy skills. Understanding this value is vital, as it allows youth entrepreneurs to make informed financial decisions that can significantly impact their financial futures.

A common thread among the study participants was the recognition that the responsibility of imparting knowledge about the value of money largely falls on parents and older youth

entrepreneurs. These individuals, who have had the opportunity to interact with and understand financial systems, play a pivotal role in teaching youths about the origins of money and the importance of saving and investing in valuable assets (Lusardi and Mitchell, 2014). The insights shared by experienced individuals highlight the necessity of nurturing a culture that values financial education from an early age.

Financial literacy not only provides fundamental knowledge but also sets the stage for making smart financial decisions. The study indicated that youth entrepreneurs who receive proper financial education are better equipped to make choices that lead to larger financial returns in the long run (Wise, 2013). For instance, advanced financial literacy discussions can include an examination of various investment options, such as lower-risk bonds compared to higher-risk stocks. This understanding is essential for youth entrepreneurs as they begin to navigate the complexities of investment strategies and asset allocation (Gustman et al., 2010).

To further substantiate this finding, many youth entrepreneurs in the study indicated that the first step toward effective investing is grasping the true value of money. A practical method for achieving this understanding involves tracking their financial holdings and monitoring performance in real-time (Pipeka, 2009). This approach encourages youths to account for every coin they earn and spend, promoting prudent financial utilization. Such practices not only enhance their understanding of money management but also foster responsible spending habits and investment practices.

The ability to track financial performance enables youth entrepreneurs to develop a deeper appreciation for the impact of their financial decisions. By keeping a close eye on their financial activities, they learn the importance of accountability and discipline in managing their finances. As noted by Oseifuah (2010), this hands-on approach can instill valuable habits that contribute to long-term financial stability. The study participants emphasized that tracking financial activities provides a sense of control and empowers them to make better decisions regarding savings and investments.

Moreover, the findings underscore the necessity for educational programmes to incorporate lessons on the value of money. Financial education curricula should focus not only on theoretical

aspects but also on practical applications that help youth entrepreneurs recognize the importance of financial management (Cox, Brounen, and Neuteboom, 2014). Workshops, seminars, and community initiatives can serve as platforms for imparting this knowledge, thereby equipping youths with the skills needed to navigate financial landscapes effectively.

Creating a culture of financial literacy among youth entrepreneurs can also facilitate discussions around the importance of asset accumulation and long-term financial planning. By understanding the value of money, youth entrepreneurs are more likely to prioritize saving and investing over impulsive spending. This shift in mindset can lead to improved financial health and increased economic stability for future generations (Lusardi et al., 2007).

Furthermore, peer influence can play a significant role in reinforcing the understanding of money's value. Youth entrepreneurs who engage with peers committed to financial literacy can learn from each other's experiences and strategies (Njoroge, 2013). This collaborative approach can enhance their collective knowledge and foster a community of financially savvy individuals who are better equipped to face financial challenges.

Ultimately, the knowledge about the value of money is fundamental to the development of financial literacy skills among youth entrepreneurs. As they gain a deeper understanding of money management and investment strategies, they are more likely to make informed decisions that contribute to their financial success. The study highlights the importance of integrating financial education into the entrepreneurial journey, ensuring that youths are not only equipped with theoretical knowledge but also practical skills that will serve them throughout their financial lives (Wise, 2013).

#### **5.4.4 Promotion of Financial Independence with a Safety Net**

The study found that one significant opportunity associated with financial literacy skills among youth entrepreneurs is the promotion of financial independence with a safety net. This observation aligns with research conducted by Oseifuah (2010) and Nonde and Handema (2021), which indicates that the success and survival of businesses heavily depend on the availability of high levels of financial literacy skills. Such skills empower individuals to lead independent lives and

make self-reliant decisions as enterprise owners. The implication is that when youth entrepreneurs are provided with adequate space and judicial supervision, they are more likely to explore financial opportunities that promote their financial independence.

Additionally, teaching youth entrepreneurs practical money management skills can enhance their financial independence. For instance, the Mydoh app, which includes a Smart Cash Card, offers a valuable platform for youths to gain real-world experience in managing their finances. This app allows youth entrepreneurs to make independent decisions about their spending, thus fostering a sense of responsibility and ownership over their financial choices. As indicated in the study, rather than simply giving youths tickets to an event and additional funds to spend, parents can transfer a predetermined amount to the Mydoh Smart Cash Card. This approach enables youth entrepreneurs to decide how to allocate their funds, ultimately creating a financial safety net for their expenditures (Nonde and Handema, 2021).

Moreover, discussing credit with youth entrepreneurs is crucial in helping them understand the nuances of money management and the consequences of poor financial decisions. When youth express interest in obtaining a credit card, it is essential to shift the conversation from a simple “no” to a more informative dialogue. Educating them about credit cards as not being “free money” is vital. Emphasizing that credit card balances should be paid in full each month can prevent them from accruing interest, which may ultimately cost significantly more than the original purchase price. This kind of education can be instrumental in preventing youths from falling into a cycle of debt (Oseifuah, 2010).

The study also highlights the role of financial education in promoting a culture of savings and financial planning among youth entrepreneurs. When youths are equipped with knowledge about budgeting, savings, and investment strategies, they are more likely to establish a solid financial foundation. This foundation can serve as a safety net, allowing them to navigate unforeseen circumstances without jeopardizing their financial stability (Nonde and Handema, 2021). For example, encouraging youths to set aside a portion of their earnings for emergencies can instill a sense of financial discipline and preparedness.

Furthermore, creating a supportive environment where youths can discuss their financial experiences and challenges can enhance their financial literacy. Peer mentorship programmes can facilitate knowledge sharing and foster a sense of community among youth entrepreneurs. When they have access to a network of individuals who share similar goals and challenges, they can collectively develop strategies to achieve financial independence while providing support to one another (Cox et al., 2014). This collaborative approach reinforces the idea that financial literacy is not only about individual knowledge but also about building a community of financially savvy entrepreneurs.

#### **5.4.5 Knowledge of Financial Scam**

The study revealed that knowledge of financial scams is a significant opportunity associated with financial literacy skills among youth entrepreneurs. This observation aligns with findings from Cox, Brounen, and Neuteboom (2014) and the OECD (2017), which emphasize the importance of financial literacy in identifying and combating financial criminality. Youth entrepreneurs, often active online, are particularly vulnerable to cybercriminals aiming to exploit their financial naivety (Usama and Yusoff, 2018). As such, understanding the landscape of financial scams equips these youth business owners with the necessary tools to safeguard their assets and make informed decisions.

Youth entrepreneurs face various threats, especially in the digital realm, where cybercriminals often employ sophisticated tactics to lure unsuspecting victims (Gathungu and Sabana, 2018). A crucial aspect of financial literacy involves educating these entrepreneurs about the importance of protecting their account information and passwords. Awareness of potential risks associated with opening unfamiliar links, even those appearing to originate from trusted sources, is vital (OECD, 2017). As noted by the OECD (2017), proactive measures to educate youths about these risks can significantly reduce their likelihood of falling victim to scams. This proactive stance can empower youth entrepreneurs to exercise caution and vigilance in their online dealings.

Moreover, the complexity of financial scams can exacerbate the challenges faced by youth entrepreneurs. Many reported that the deceptive nature of these scams makes them increasingly difficult to identify, resulting in significant financial losses and emotional distress (Cox et al., 2014). The mental toll of losing substantial amounts of money to fraudulent schemes can lead to

depression and anxiety among those affected. Educating youth entrepreneurs about the warning signs of scams, alongside providing them with resources for reporting such activities, can enhance their ability to navigate these treacherous waters (Usama and Yusoff, 2018). This knowledge can serve as a buffer against the emotional and financial repercussions of being scammed.

Additionally, fostering a community of informed youth entrepreneurs can create a supportive environment where individuals can share their experiences and strategies for avoiding financial scams (Gathungu and Sabana, 2018). Peer networks and mentorship programmes can facilitate the exchange of knowledge about best practices for online safety and financial literacy. When youth entrepreneurs are empowered to learn from one another, they can develop a collective resilience against scams and financial criminality. This collaborative approach not only enhances individual skills but also strengthens the entrepreneurial ecosystem as a whole (Cox et al., 2014).

The necessity for financial literacy programmes to incorporate modules specifically addressing financial scams cannot be overstated. Educational institutions and organizations supporting youth entrepreneurship should prioritize teaching practical skills for recognizing and avoiding scams (OECD, 2017). Providing real-life examples of scams, case studies, and interactive training can effectively engage youth entrepreneurs and solidify their understanding of the risks involved. Such educational initiatives can ultimately contribute to a more financially literate generation of entrepreneurs, better equipped to protect themselves from financial threats.

Furthermore, partnerships between financial institutions and educational organizations can facilitate the dissemination of knowledge regarding financial scams. Workshops, webinars, and informational campaigns can help raise awareness about prevalent scams targeting youth entrepreneurs (Gathungu and Sabana, 2018). Such initiatives can provide practical insights into the tools and resources available to safeguard personal and business finances. Collaborative efforts can ensure that youth entrepreneurs have access to the latest information and strategies to combat financial scams effectively (Usama and Yusoff, 2018).

## **5.5 Constraints of financial literacy practices among selected youth entrepreneurs**

Constraints of financial literacy skills among youth entrepreneurs were expected. Therefore, establishing them was a positive move as reported and discussed in the study below;

### **5.5.1 Bankruptcy**

The study revealed that bankruptcy is a significant constraint affecting financial literacy practices among youth entrepreneurs. This observation aligns with the findings of Roberts and Jones (2001), who reported that bankruptcy is prevalent among youth entrepreneurs in various communities. The challenge of bankruptcy highlights the difficulty of demonstrating financial literacy skills without sufficient financial resources. When youth entrepreneurs face bankruptcy, essential supports such as human capital, financial backing, and natural resources diminish, severely impeding their ability to develop financial literacy skills necessary for business success. The connection between bankruptcy and limited financial resources underscores the critical need for youth entrepreneurs to establish a stable financial foundation to avoid falling into this detrimental cycle (Xu and Zia, 2012).

Many youth entrepreneurs in the study echoed the sentiment that bankruptcy was one of the primary obstacles they encountered in their pursuit of financial literacy. This situation not only halts business progress but also affects the confidence and motivation of youth entrepreneurs striving to improve their financial knowledge. When entrepreneurs find themselves in financial distress, immediate intervention becomes crucial. Skilled human resources, including financial advisors or mentors, can play a vital role in guiding youth entrepreneurs through the complexities of bankruptcy and helping them devise effective strategies for recovery. Without such support, the risk of continued financial failure remains high, emphasizing the need for structured assistance in navigating financial crises (Mandell, 2004).

To mitigate the risks associated with bankruptcy, youth entrepreneurs must adopt a proactive approach to financial management. This includes rethinking their business strategies, analyzing their financial situations, and seeking opportunities for financial education and mentorship. A focus on improving financial literacy skills can empower youth entrepreneurs to make informed

decisions regarding budgeting, resource allocation, and risk management. Developing a comprehensive understanding of financial principles is essential for avoiding bankruptcy and fostering a more sustainable business model in the long term (Rose, 2013).

Furthermore, addressing the issue of bankruptcy requires systemic changes within the financial ecosystem that supports youth entrepreneurs. Government initiatives aimed at providing financial education and resources can help equip youth entrepreneurs with the necessary skills to navigate potential pitfalls. For instance, workshops, training sessions, and access to financial planning tools can enhance their ability to manage their finances effectively. Such initiatives are vital in reducing the incidence of bankruptcy and fostering a culture of financial literacy among youth entrepreneurs (Mae, 2009).

The study also highlights the importance of building a support network for youth entrepreneurs facing bankruptcy. Connecting youth entrepreneurs with established business owners, financial mentors, and community resources can provide them with valuable insights and guidance. These networks can facilitate knowledge sharing, helping youth entrepreneurs learn from the experiences of others who have successfully overcome similar challenges. Creating a robust support system can significantly improve the chances of recovery and foster resilience in the face of financial adversity (Sichone, 2011). In addition, the financial literacy curriculum within educational institutions should incorporate modules addressing the realities of bankruptcy and financial management. Teaching youth entrepreneurs about risk assessment, debt management, and the implications of bankruptcy can empower them to make informed choices. Such education can provide them with the tools to evaluate their financial situations critically, ensuring they are better prepared to avoid bankruptcy in their entrepreneurial journeys (Gathungu and Sabana, 2018).

### **5.5.2 Capital Inadequacy**

The study identified capital inadequacy as a significant constraint impacting financial literacy among youth entrepreneurs. Access to sufficient capital is crucial for both financial institutions and youth entrepreneurs, enabling them to meet the high demands of the general populace and the labor market. This finding aligns with previous research, including studies by Mae (2009) and Equity Bank (2013), which highlight that the lack of access to adequate financial resources is a

widespread challenge for youths seeking to establish and grow their businesses. Insufficient capital often hampers youth entrepreneurs' ability to develop the necessary financial literacy skills that can drive their success in a competitive market (Xu and Zia, 2012).

Capital, in the form of financial resources and human capital, serves as the backbone for developing financial literacy skills among youth entrepreneurs. Financial literacy requires not only knowledge of financial concepts but also the resources to implement and practice these skills effectively. When capital inadequacy prevails, the ability to learn and apply financial principles diminishes significantly. As reported in the study, the lack of capital can lead to stagnation or even failure in business ventures, preventing entrepreneurs from achieving their financial literacy objectives. Such scenarios illustrate the critical role that financial resources play in empowering youth entrepreneurs to gain the necessary skills and confidence to manage their finances effectively (Rose, 2013).

Moreover, youth entrepreneurs emphasized the importance of capital in driving the development and steady progress required to enhance their financial literacy skills. Capital injection serves as a catalyst for growth, enabling them to invest in training, mentorship, and other resources that can improve their financial knowledge and decision-making abilities. The inability to secure needed capital creates a vicious cycle where the lack of financial resources inhibits learning opportunities, resulting in continued deficiencies in financial literacy. This cycle can lead to broader economic impacts, as a generation of entrepreneurs fails to develop the skills necessary to contribute effectively to the economy (Mandell, 2004).

To address the challenges posed by capital inadequacy, stakeholders must implement strategies that improve access to funding for youth entrepreneurs. Government initiatives, such as those from the Ministry of Small Scale and Medium Enterprises, can play a vital role in creating a supportive environment for youth entrepreneurs. programmes aimed at providing grants, low-interest loans, or financial literacy training can significantly enhance their ability to secure the necessary capital to launch and sustain their businesses. Furthermore, partnerships with financial institutions can facilitate access to microfinancing options specifically tailored for youth entrepreneurs, thereby addressing their unique financial needs (CARD Act, 2009).

In addition to government support, fostering a culture of entrepreneurship within communities can contribute to capital adequacy. Local investors engaging with youth entrepreneurs through mentorship and investment can help bridge the funding gap. Community-based initiatives that connect aspiring entrepreneurs with resources, including financial education and networking opportunities, empower them to overcome capital inadequacies and enhance their financial literacy. Such collaborative efforts create a more robust ecosystem that supports the growth of youth-led enterprises, ultimately contributing to economic development and job creation (Gathungu and Sabana, 2018).

Furthermore, educational institutions play a significant role in equipping youth entrepreneurs with the knowledge and skills needed to navigate financial challenges effectively. Integrating financial literacy programmes into curricula provides youths with a solid foundation in financial concepts, budgeting, and investment strategies. Fostering a strong understanding of financial management principles empowers youth entrepreneurs to make informed decisions regarding capital allocation and investment, thereby enhancing their overall financial literacy and business acumen ( , 2011).

### **5.5.3 Lack of Financial Networking**

The study identified a lack of financial networking as a significant constraint affecting financial literacy among youth entrepreneurs. Many youth entrepreneurs struggle to connect with one another through social networks that could facilitate the sharing of business credentials and requirements. In today's interconnected world, effective networking has become vital for business success, enabling entrepreneurs to access resources, information, and opportunities essential for growth. The absence of these connections can limit their ability to learn from one another, thereby hindering their financial literacy development. Research indicates that building a robust professional network can significantly enhance an entrepreneur's ability to navigate the complexities of the business environment, particularly for those operating in developing countries (MoE, 2013).

Networking fosters collaboration and knowledge sharing among entrepreneurs, making it an invaluable tool for enhancing financial literacy. Engaging in networking allows youth entrepreneurs to gain insights regarding market trends, best practices, and innovative strategies that can improve their financial literacy and overall business acumen. For instance, shared

experiences among peers help youth entrepreneurs understand common financial challenges and solutions, thereby strengthening their ability to make informed decisions. Moreover, networking often leads to potential partnerships and collaborations that amplify their reach and impact in the marketplace, highlighting the critical nature of these connections in a competitive business landscape (MoE, 2011).

Technological advancements of the 21st century have transformed the landscape of business networking, offering new avenues for entrepreneurs to connect. Social media platforms and online communities present opportunities for entrepreneurs to share knowledge and seek mentorship. However, many youth entrepreneurs remain unaware of these resources or lack the skills to utilize digital networking tools effectively. This gap underscores the necessity for targeted training and education that equip youth entrepreneurs with the skills to navigate digital networking spaces. As Sichone (2011) emphasizes, the ability to network is increasingly regarded as a critical skill for competing in today's job market, particularly in developing countries where job opportunities may be scarce.

In addition to providing access to resources, networking can serve as a powerful equalizing force in the pursuit of financial literacy. Facilitating connections among youth entrepreneurs helps level the playing field, allowing individuals from diverse backgrounds to share resources, knowledge, and experiences. This collective approach fosters a sense of community and mutual support, essential for personal and professional development. Structured networking opportunities—such as workshops, seminars, and networking events contribute significantly to building a culture of collaboration and shared learning among youth entrepreneurs. Creating environments where youths can connect and collaborate enhances the overall financial literacy landscape.

Furthermore, establishing a strong financial network enhances access to funding and investment opportunities for youth entrepreneurs. Investors often seek to engage with entrepreneurs who have a robust support system and can demonstrate credibility within their networks. This is particularly relevant for youth entrepreneurs, who may face challenges in securing financing due to a lack of established relationships with financial institutions or potential investors. A well-connected network facilitates introductions and endorsements that enhance the entrepreneur's credibility, increasing their chances of obtaining the necessary financial resources to grow their businesses

(Xu and Zia, 2012). Access to capital is crucial for youth entrepreneurs aiming to scale their operations and achieve long-term success.

To address the constraints posed by a lack of financial networking, stakeholders including government agencies, educational institutions, and industry organizations must prioritize initiatives that foster networking among youth entrepreneurs. Creating platforms for knowledge exchange, mentorship programmes, and tailored networking events can significantly contribute to building a supportive and collaborative environment. Such initiatives provide valuable opportunities for youth business owners to connect with established professionals, learn from their experiences, and develop the confidence to navigate the financial landscape effectively (Gathungu and Sabana, 2018). Emphasizing collaboration allows stakeholders to facilitate an ecosystem that nurtures financial literacy.

#### **5.5.4 Lack of Financial Supervisory**

The study identified a lack of financial supervisory as a significant constraint affecting financial literacy among youth entrepreneurs. Supervisory boards play a crucial role in ensuring that funding and logistics related to financial literacy skills are monitored and accounted for appropriately. Without proper supervisory oversight, youth entrepreneurs may struggle to leverage financial literacy skills effectively, as their financial success often relies on qualified supervisory committees to manage their funding, which is frequently derived from customer deposits. Gathungu and Sabana (2018) found that the absence of financial supervisory can demotivate individuals wishing to engage in financial literacy initiatives, highlighting the need for robust oversight mechanisms to support youth entrepreneurs in their financial endeavours.

Accountability to depositors is paramount for youth entrepreneurs, as any failure within a banking institution can lead to significant monetary losses for those who deposit their funds. This reality underscores the importance of protecting the interests of depositors, making financial literacy skills vital for youth entrepreneurs. Banks' boards of directors and management must prioritize the interests of depositors and other creditors to maintain trust and confidence in the financial system. As noted by youth entrepreneurs, effective financial literacy practices are essential for developing, achieving, and sustaining their financial literacy and confidence in the banking system (CARD

Act, 2009). This trust is critical for the proper functioning of the banking sector and the economy as a whole.

The establishment of fully qualified and independent supervisory boards is necessary to enhance the effectiveness of financial literacy initiatives for youth entrepreneurs. These boards are responsible for overseeing financial operations and ensuring compliance with relevant regulations, which can ultimately bolster the financial stability of youth-led enterprises. Furthermore, having a dedicated supervisory board fosters an environment of transparency and accountability, crucial elements for instilling confidence in both depositors and entrepreneurs (Xu and Zia, 2012).

In light of these findings, there is a pressing need to initiate banking supervision committees across the country. Such committees would serve to ensure that financial literacy skills are supervised judiciously and implemented diligently among youth entrepreneurs. By enhancing the supervisory framework, stakeholders can promote a culture of accountability and responsibility that supports financial literacy development among youth entrepreneurs (Rose, 2013). Additionally, these committees can provide valuable resources and guidance to youth entrepreneurs, helping them navigate the complexities of the financial landscape while fostering trust in financial institutions.

Training and capacity-building initiatives should also be incorporated into the supervisory framework to ensure that supervisory boards are well-equipped to oversee financial literacy programmes effectively. Providing training on best practices in financial management and literacy can empower supervisory committee members to fulfill their roles more effectively and support youth entrepreneurs in their financial journeys (Usama and Yusoff, 2018). This investment in training will ultimately contribute to a more resilient financial ecosystem for youth entrepreneurs, enabling them to make informed decisions and manage their financial resources efficiently.

Furthermore, collaboration between financial institutions, government agencies, and educational organizations is crucial in addressing the lack of financial supervisory for youth entrepreneurs. These stakeholders can work together to establish policies and frameworks that promote effective supervisory practices and enhance financial literacy initiatives. Such collaborations can help create a supportive environment for youth entrepreneurs, ensuring they have access to the necessary resources and guidance to succeed (Startup, Cadywould, and Laza, 2017).

### **5.5.5 Lack of Financial Ethics**

The study revealed that a lack of financial ethics was another significant constraint associated with financial literacy among youth entrepreneurs. This deficiency in financial ethics contributed to failures in financial literacy, which could pose substantial costs to the treasury and lead to broader macroeconomic effects, such as contagion risks. Without a strong ethical foundation, youth entrepreneurs may struggle to establish trust within the marketplace, ultimately affecting their ability to manage assets and liabilities effectively, including customer deposits. This mismanagement can trigger adverse outcomes, such as a bank run or precipitate a liquidity crisis. The findings align with Usama and Yusoff (2018), who argue that a lack of financial ethics is not limited to the financial sector but permeates various industries, emphasizing its widespread implications.

Transparency and fairness in lending and investment decisions are critical components of financial literacy, particularly when financial ethics are upheld and strictly followed. This requirement highlights the importance of ethical standards in fostering a stable financial environment for youth entrepreneurs. When youth entrepreneurs operate under ethical guidelines, they are more likely to build trust with customers and stakeholders, which is essential for long-term success (Mandell, 2004). However, when ethical standards are compromised, reputation risk becomes a critical factor that can significantly impact their operations. A damaged reputation can lead to diminished customer confidence and lost business opportunities, further hindering their financial literacy development (Rose, 2013).

Financial ethics play a vital role in the working environment for youth entrepreneurs. By adopting good financial practices and customer service standards, these entrepreneurs can enhance public confidence in the credibility of their operations (Xu and Zia, 2012). Such practices are especially important given that many youth entrepreneurs operate in volatile environments where perceptions of their dealings can have a profound impact on their financial success. Upholding ethical standards not only strengthens their reputations but also contributes to the overall stability of the financial ecosystem in which they operate (Startup, Cadywould, and Laza, 2017).

Furthermore, fostering a culture of financial ethics can empower youth entrepreneurs to make informed and responsible financial decisions. When youth entrepreneurs prioritize ethical

behaviour, they are more likely to engage in practices that promote financial literacy, such as accurate record-keeping, transparent communication with stakeholders, and adherence to regulatory requirements (Rosa, 2013). These actions not only improve their financial management skills but also enhance their ability to navigate complex financial landscapes.

Education and training on financial ethics should be integrated into financial literacy programmes for youth entrepreneurs. This education can provide them with the necessary tools to recognize and address ethical dilemmas in their business operations (CARD Act, 2009). Moreover, mentorship programmes that emphasize the importance of financial ethics can help youth entrepreneurs develop a strong ethical framework that guides their decision-making processes. Such initiatives are crucial for cultivating a new generation of entrepreneurs who prioritize integrity and transparency in their financial dealings (Usama and Yusoff, 2018).

The implications of a lack of financial ethics extend beyond individual entrepreneurs, affecting the broader economic landscape. As youth entrepreneurs struggle with ethical challenges, the overall trust in the financial system may erode, leading to a decline in economic activity and investment (Mandell, 2004). Therefore, promoting financial ethics is not just an individual responsibility but a collective one that involves various stakeholders, including educational institutions, government agencies, and industry organizations (Xu and Zia, 2012).

### **5.5.6 Financial Policy Inconsistencies**

The study identified financial policy inconsistencies as a significant constraint affecting financial literacy among youth entrepreneurs. This observation aligns with the findings of Startup, Cadywould, and Laza (2017), who highlighted that inconsistencies in policies governing sensitive financial transactions can severely impede the development of financial literacy skills. Xu and Zia (2012) support this perspective by emphasizing that a consistent financial policy framework plays a crucial role in cultivating an environment conducive to business, allowing youth entrepreneurs to thrive. When policies are unpredictable or contradictory, they create uncertainty that can deter potential investors and stakeholders from engaging with youth-led enterprises. Such uncertainty can erode the confidence needed for business growth and development, ultimately impacting the

financial literacy of entrepreneurs striving to navigate the complexities of their financial landscapes (CARD Act, 2009).

Inconsistencies in financial policy not only affect the operational capacity of youth entrepreneurs but also have broader implications for their relationships with customers and business partners. Many youth entrepreneurs reported losing valuable customers and partnerships due to vague or inconsistent financial policies that failed to align with their business objectives. This situation underscores the importance of establishing clear and consistent financial policies that resonate with the goals and aspirations of youth entrepreneurs. Financial policy inconsistencies hinder the establishment of trust and credibility within the market, making it challenging for youth-led businesses to attract and retain customers. Mandell (2004) points out that unclear financial policies can lead to misinterpretations, resulting in disputes that can adversely affect business operations and relationships.

The challenges posed by financial policy inconsistencies are compounded by the lack of a coherent framework for financial literacy development among youth entrepreneurs. A well-defined and consistently applied financial policy can serve as a guiding principle for youth entrepreneurs, providing them with the necessary tools and frameworks to enhance their financial literacy skills. Clear guidelines on financial management, reporting, and accountability empower youth entrepreneurs to make informed decisions, ultimately fostering an environment of confidence and trust (Rosa, 2013). However, without such consistency, youth entrepreneurs may find themselves navigating a fragmented financial landscape, struggling to acquire the skills and knowledge needed for effective financial management.

According to Rose (2013), financial literacy, especially among youth entrepreneurs, is key as it equips them with the necessary knowledge of financial concepts and how this knowledge is used to make informed financial decisions, considering available resources and unique situations. Each youth entrepreneur requires a foundation for accountability and transparency to maximize profit and capital growth. These principles are essential ingredients for openness and trustworthiness to customers and other stakeholders. When there is little or no accountability and transparency, the objectives of youth-led businesses are at risk, leading to potential breaches in trust and integrity (Changwasha, 2019).

Addressing financial policy inconsistencies requires concerted efforts from various stakeholders, including government agencies, financial institutions, and educational organizations. Engaging youth entrepreneurs in the policy formulation process can provide valuable insights into their needs and challenges, resulting in more effective and relevant policies. Consistent and transparent financial policies enable youth entrepreneurs to build financial literacy skills that contribute to their long-term success. Moreover, fostering collaboration among stakeholders can lead to the development of a supportive network that enhances financial literacy and empowers youth entrepreneurs (Stewart, 2010).

The implications of financial policy inconsistencies extend beyond individual businesses to the broader economic landscape. Inconsistent financial policies can stifle innovation and hinder the growth of the entrepreneurial ecosystem, limiting the potential contributions of youth entrepreneurs to the economy. Therefore, stakeholders must prioritize the development and implementation of sustainable financial policies that foster financial literacy (Maia and Sieverding, 2012). This collaborative effort can help create a unified approach to financial management, ensuring that youth entrepreneurs have access to the resources and support necessary for their success.

Establishing consistent financial policies is paramount for the growth and success of youth entrepreneurs. A reliable policy framework fosters an environment of trust and accountability, encouraging youth-led enterprises to engage confidently with investors and customers. Addressing financial policy inconsistencies contributes to the development of a thriving entrepreneurial ecosystem where youth entrepreneurs are equipped with the financial literacy skills required to navigate the complexities of the business landscape. Through collective action and commitment to consistency, the financial future of youth entrepreneurs can be significantly enhanced, promoting economic growth and innovation in the region.

### **5.5.7 Lack of Financial Accountability and Transparency**

The study identified a significant constraint associated with financial literacy among youth entrepreneurs: the lack of financial accountability and transparency. This finding aligns with the assertions of the Financial Accountability and Transparency Act (CARD) (2009), Xu and Zia

(2012), and Mandell (2004), who all reported that the absence of these principles is prevalent among business leaders. A lack of accountability can lead to mismanagement of funds, resulting in poor financial performance and a decline in trust among stakeholders. Furthermore, without transparency, youth entrepreneurs may struggle to attract investors or customers, as potential partners often seek assurance that their finances are managed responsibly. Consequently, the need for youth entrepreneurs to embrace accountability and transparency becomes crucial in establishing a solid foundation for their businesses.

In contrast, Rose (2013) emphasizes that financial literacy is essential for youth entrepreneurs, as it provides them with the necessary understanding of financial concepts and how to utilize that knowledge for informed decision-making. Understanding one's financial position is vital, as it allows youth entrepreneurs to evaluate available resources, assess risks, and make decisions that enhance their financial standing. Financial literacy fosters a culture of transparency, where entrepreneurs are more likely to disclose their financial information, engage in open communication with stakeholders, and create an environment of trust. Such transparency not only builds credibility but also ensures that youth entrepreneurs can better navigate the complexities of financial management.

The principles of accountability and transparency are foundational for maximizing profit and capital growth within cooperatives. For youth entrepreneurs, these principles represent not just ethical standards but practical necessities for sustaining growth and ensuring long-term success. When youth entrepreneurs commit to accountability, they are likely to track their expenses, maintain accurate records, and regularly review their financial performance. This disciplined approach can lead to improved financial outcomes, as it enables entrepreneurs to identify areas for cost savings and investment opportunities. Additionally, transparency allows stakeholders to assess the financial health of the cooperative, thereby fostering a collaborative environment where members are encouraged to contribute to collective goals (Saber, 2020).

However, challenges arise when youth entrepreneurs exhibit little or no accountability or transparency. Such lapses can compromise the objectives of cooperatives and hinder future growth prospects. A lack of accountability often leads to a culture of complacency, where financial mismanagement goes unchecked, resulting in wasted resources and lost opportunities. In this

context, youth entrepreneurs may find themselves unable to secure necessary funding or support, as investors and stakeholders become wary of their financial practices (Fatoki and Chindoga, 2011). Moreover, a deficiency in transparency can create a disconnect between entrepreneurs and their customer base, eroding trust and damaging the cooperative's reputation.

To enhance financial literacy skills and foster a profit-making venture, establishing a strong commitment to accountability and transparency among youth entrepreneurs is essential (Rosa, 2013). Creating a robust framework for auditing and record-keeping not only supports sound financial management but also builds trust with stakeholders. Regular financial reporting, performance assessments, and audits can instill confidence in members and external partners alike, demonstrating that the cooperative operates with integrity. Such practices ensure that youth entrepreneurs are held accountable for their financial decisions, promoting a culture of responsible entrepreneurship.

Educational programmes that focus on financial literacy should include components that emphasize the importance of accountability and transparency. Training youth entrepreneurs on best practices for financial management can equip them with the skills needed to maintain accurate records, prepare financial statements, and communicate openly about their financial health (Stewart, 2010). Incorporating real-world examples of successful cooperatives that prioritize transparency can serve as motivational case studies for youth entrepreneurs. By understanding the benefits of accountability, youth entrepreneurs can be encouraged to adopt these principles in their operations, leading to improved financial literacy and overall business performance.

Establishing accountability and transparency as core values among youth entrepreneurs can significantly enhance their financial literacy skills. As they develop a deeper understanding of financial concepts and the importance of ethical financial practices, they will be better equipped to make sound financial decisions. This commitment will not only benefit their individual businesses but also contribute to the broader economic landscape in Zambia, fostering a generation of responsible entrepreneurs who prioritize ethical practices and transparency in their financial dealings (Changwasha, 2019).

### **5.5.8 Novel Knowledge of the thesis**

The originality of this study emerged during the data collection phase, where youth entrepreneurs provided extensive insights and suggestions. Their contributions informed the development of an innovative framework that introduces a new dimension of financial literacy skills tailored to the Zambian context. This originality is evident at both operational and strategic levels.

At the operational level, the study identified ways to enhance existing financial literacy practices by incorporating new implementation approaches. These improvements aimed at increasing efficiency, refining delivery methods, and ensuring higher-quality outcomes through a more skilled workforce. By addressing specific challenges faced by youth entrepreneurs in Zambia, the study provides practical recommendations to strengthen financial literacy initiatives, making them more relevant and impactful for this demographic.

At the strategic level, the study introduced groundbreaking ideas designed to drive innovation in financial literacy. This includes the development of new financial literacy programs, training centers, and service models, as well as the potential expansion of retail locations and institutional branches dedicated to entrepreneurial education. By integrating contemporary methods and emerging technologies, the study ensures that financial literacy programs remain relevant and adaptable to modern economic challenges.

These insights reinforce the need for a dynamic and responsive approach to financial literacy, contributing both to academic discourse and practical solutions for youth entrepreneurs. By equipping them with enhanced financial knowledge and skills, this study supports sustainable economic development in Zambia.

### **5.6 Summary of the Chapter**

This chapter discussed the findings of the study in line with the objectives. In this regard, the study found a number of financial literacy practices and among others were the following; budgeting; separating needs and wants; saving up for emergencies; creating financial plan for the future; setting financial goals; protecting oneself through life insurance and education levels.

As regards the factors affecting financial literacy practices among youth entrepreneurs, the study found youth entrepreneurs gender; socioeconomic status; access to education; professional financial role models; availability of financial training; financial attitude; psychological experience based on age and psychosocial services. Further, regarding opportunities associated with financial literacy skills among youth entrepreneurs, the following were; developing a habit of saving; provision of accurate financial information; teaches about the value of money; promotion of financial independence and teaches issues of spotting financial scam.

Furthermore, the study also established the constraints that affected financial literacy skills among youth entrepreneurs as; lack of financial accountability and transparency; lack of financial ethics; financial capital inadequacy; financial policy inconsistencies; lack of financial supervisory; lack of financial networking; bankruptcy and lack financial education. This chapter endeavoured to discuss the findings of the study in a more coherent manner through qualitative techniques. In the next chapter, the foregoing findings of the study will be concluded in relation to major findings and recommendation will be drawn relevant findings based on the study's limitations.

## **CHAPTER SIX: CONCLUSION AND RECOMMENDATIONS**

### **6.1 Overview**

The content of this chapter include the conclusion and recommendation of the study. The objectives of the study were to; establish the financial literacy practices among selected youth entrepreneurs in Lusaka District; identify factors affecting financial literacy practices among youth entrepreneurs in Lusaka District; ascertaining opportunities of financial literacy practices among youth entrepreneurs in Lusaka District and to establish constraints encountered by youth entrepreneurs in financial literacy practices in Lusaka District.

### **6.2 CONCLUSION**

The study was a comprehensive exploration of financial literacy practices among selected youth entrepreneurs in Lusaka District. It concluded that there were a number of financial literacy practices available for youth entrepreneurs in Lusaka District. These included budgeting; separating needs and wants; saving up for emergencies; creating financial plan for the future; setting financial goals; life insurance and education levels.

Based on literature reviewed, saving and budgeting are two most prominent financial literacy practices that Zambian youth entrepreneurs could be encouraged to enhance. This is because firstly, saving is a crucial factor that enables youth entrepreneurs to develop financial security and secure their business growth. Some aspects of saving include; Emergency fund initiatives that involve setting money aside for unforeseen expense, like breakdowns and supply shortage. Secondly, expansion of business. This financial literacy practice allows for reinvestment without incurring debt. Budgeting on the other hand, helps entrepreneurs to manage their income and expenditure. This involves making a structured budget for the purpose of resource allocation. Budgeting can further be broken down information priority of expenses; where expenses are separated into essential and non essential and thus funds allocated accordingly. Lastly, income and expenses monitoring. This involves keeping a well kept record of earnings and expenditures for the purpose of tracking areas where cost can be limited or reduced.

To add on, the social cultural theory of learning, formed a foundation for the study. The theory stated that learning was mostly a social process where as development occurred through interactions with people who possessed more knowledge or skill than the learner. Additionally, a co- theory of Entrepreneurship stated that financial literacy helps in understanding financial concepts. As mentioned earlier in this section, through financial literacy, knowledge on practices such as budgeting, saving and investment is vast ensuring unlimited possibilities toward financial independence. Also, the available interactions between the youth entrepreneurs and bodies such as CEEC further conform with these theories. These entities ensure to provide education or sensitization concerning financial literacy practices. These two theories helped to give an academic prediction as well as explain data meaning.

It is also worth noting that even though financial literacy programmes are available, most youths are not able to participate in the same programmes.

With regards to factors affecting financial literacy practices among youth entrepreneurs in Lusaka District, the study found the following; gender; socioeconomic status; access to education; professional financial role models; availability of financial training; financial attitude; psychological experience based on age and psychosocial services available. In view of this, the participation of youth entrepreneurs in Lusaka District was keenly determined by the aforementioned factors as they played a crucial role in the growth of financial literacy practices. However, the study found that most youths would be willing to join financial literacy programmes given the opportunity.

Further, regarding opportunities of financial literacy practices among youth entrepreneurs, the following were; developing a habit of saving; provision of accurate financial information; the value of money; promotion of financial independence and awareness of financial scam. However, to some extent, youth entrepreneurs were not able take advantages of the financial literacy opportunities due to lack of awareness and financial facilities.

Furthermore, the study also established the constraints that affected financial literacy practices among youth entrepreneurs as; lack of financial accountability and transparency; lack of financial ethics; financial capital inadequacy; financial policy inconsistencies; lack of financial supervisory;

lack of financial networking; bankruptcy and lack of financial education. Based on the foregoing, youth entrepreneurs demonstrated some levels of knowledge concerning their limitations and therefore, suggest that interventions in terms of financial empowerment could be escalated in order to improve their financial literacy levels.

A point was further stressed that in the process of starting-up the business, one of the important elements is the ability in financial management and their understanding of financial aspects of a business such as savings, loans, insurance, and investment. Therefore, youth entrepreneurs must have financial skills, which would hereinafter be referred to as good financial literacy. Through good financial literacy, they would be able to find appropriate funding, manage existing funds effectively and efficiently, bear expenses appropriately, and even make the right investments. There are two roles that need to be carried out by youth entrepreneurs, which are the role as a novice who must complete his study and the role of a youth entrepreneur who must run his business. Therefore, youth entrepreneurs must carry out these two things at once to succeed as a novice and as an entrepreneur. This chapter endeavoured to discuss the findings of the study in a more coherent manner through qualitative techniques based on relevant literature. In the next chapter, the foregoing findings of the study will be concluded in relation to major findings and recommendation will be drawn based on the study's limitations.

Furthermore, the study managed to contribute to the novel pool of knowledge immensely at both operational and strategical levels. Operational in the sense that there were suggestions that aimed at improving current financial literacy operations with novel inclusions in terms of how the financial literacy ought to be practised in Zambia and strategical by the suggesting a financial literacy model more suitable with innovative methods of application as opposed to a traditional method.

## **6.3 RECOMMENDATIONS**

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

### **6.3.1 Government**

The government through the Ministry of Small and Medium Enterprises should increase the number of financial literacy programmes and beneficiaries to encourage more youths to participate by facilitating for other life skills training in adult such as evening classes to capture a wider range of skills among youths with well supported and adequate marketing facilities through modern infrastructure.

It is therefore, necessary to incorporate financial literacy innovation skills and step up more technological literacy services in communities that will enable them to have access to low interest rates in banks, financial loans create awareness on the available funding mechanisms, an initiative that was not evident witnessed by many youth entrepreneurs in the sampled market areas in the study.

### **6.3.2 Private Sector**

Non-Governmental Organizations should come up with better and efficient ways of reaching out to youths and make their programmes attractive so as to encourage high participation. This can be done by encouraging the media to devote more time to addressing issues affecting youth entrepreneurs and providing them with useful information which was lacking at a point of data collection in the study.

### **6.3.3 Educational Institutions**

The academic institutions should focus on education and development of programmes aimed at encompassing financial literacy of entrepreneurs. This course of financial literacy should be presented to everyone from an early age as soon as possible to stimulate them across all levels of the education systems.

#### **6.3.4 Youth Entrepreneurs**

Youth entrepreneurs themselves also need to improve their financial management knowledge through training and development. SMEs should establish networks within their industries in order to share knowledge, best practices and skills in terms of financial management. These would allow youths to cover all aspects not only for establishment and running of enterprises but also for development of their entrepreneurial, managerial and competency supported by attractive financial literacy policies that touch on the youth entrepreneurs.

#### **6.4 Implications for Future Research Practice**

- I. The study explored financial literacy practices among youth entrepreneurs in Lusaka District, Zambia with an urban bias perspective. Therefore, there is need to replicate this study in the rural parts of Zambia.
- II. The study has successfully explored financial literacy practices among youth entrepreneurs in Lusaka District based on a qualitative approach. Therefore, there is also need to conduct a similar study either in Lusaka or other urban parts of the country using a mixed or pure quantitative research approach.
- III. The study explored financial literacy practices using a sample of youth entrepreneurs in Lusaka District, Zambia. Therefore, there is need to replicate this study in Lusaka but using a sample of women and other categories of entrepreneurs as they fall under the bracket of the most vulnerable in society.

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## APPENDICES

### Appendix 1: Interview Guide for Youth Entrepreneurs

Dear Participants,

I am a postgraduate student pursuing a PhD programme at the University of Zambia, School of Education, Department of Community Education and Lifelong Learning. I am pleased to inform you that you have been purposively selected to participate in this study titled *Exploring financial literacy practices among selected youth entrepreneurs in Lusaka District, Zambia: a phenomenological perspective*'. I would like to guarantee you that participation in this study is voluntary and that you could withdraw your participation at any time and stage of the study without any form of implication. Also, feel free to participate and be assured that the data being solicited will be purely for academic purposes and will be treated with utmost level of confidentiality.

1. Age
2. Gender
3. Education background
4. Are you able to read and write?
5. Do you understand the concepts of numbers?
6. What kind of entrepreneurial business are you engaged in?
7. Where do you carry out your entrepreneurial business from?
8. What motivated you to engage in this kind of entrepreneurial business?
9. Are you aware of Government empowerment initiatives that are given to the youth entrepreneurs?
10. What type of Government empowerment initiatives are you familiar with?
11. Are you one of the recipients of youth entrepreneur's empowerment initiative from the Government?
12. What other institutions or organisations do you think help the youth entrepreneurs to receive business support?
13. What youth's entrepreneurial empowerment programmes are you currently involved in?
14. Do you have the necessary knowledge and skills to operate and manage your entrepreneurial business?

15. What type of training have you received to help you operate and manage your entrepreneurial business?
16. How many in your family have the same skill of running this kind of entrepreneurial business?
17. What factors do you think militate against the acquisition of financial skills in you and other youths' entrepreneurs around this locality?
18. What other obstacles do you encounter in the management of your entrepreneurial business?
19. Other than obstacles, what are the associated benefits of opportunities in possessing financial literacy skills in entrepreneurial business?
20. What challenges do you encounter in your entrepreneurial business as they relate to financial literacy programmes?
21. What workable strategies do you propose should be put in place to ameliorate the challenges encountered by youth entrepreneurs?

**END OF INTERVIEW SESSION!**

**THANK YOU SO MUCH FOR YOUR TIME AND PARTICIPATION!**

## **Appendix 2: Interview Guide for Officers from Small and Medium Enterprises and Related Institutions**

Dear Participants,

I am a postgraduate student pursuing a PhD programme at the University of Zambia, school of Education, Department of Adult education. I am pleased to inform you that you have been purposively selected to participate in this titled *Exploring financial literacy practices among selected youth entrepreneurs in Lusaka District, Zambia: a phenomenological perspective*. I would like to guarantee you that participation in this study is voluntary and that you could withdraw your participation at any time and stage of the study without any form of implication. Also, feel free to participate and be assured that the data being solicited will be purely for academic purposes and will be treated with utmost level of confidentiality.

1. Age
2. Gender
3. Qualification
4. Position held
5. Years of experience
6. What do you understand by term financial literacy?
7. Which organization/institutions offer financial literacy to the youth entrepreneurs in Lusaka District?
8. Do you have a partnership with the Government of the Republic of Zambia in promoting financial literacy among the youth entrepreneurs in Lusaka District?
9. What youth entrepreneurial empowerment initiatives does the Government offer?
10. What youth entrepreneurial financial empowerment programmes does your organization/institutions operate in Lusaka District?
11. What financial literacy programmes are available for youth entrepreneurs in your organization/institution in Lusaka District?
12. Do you offer some kind of training to these youth entrepreneurs in order to help them acquire the financial literacy skills in Lusaka District?

13. What type of training do you offer to them in Lusaka District?
14. To what extent are youth entrepreneurs aware of financial literacy programmes offered in your organization/institution in Lusaka District?
15. To what extent do youth entrepreneurs participate in the financial literacy programmes as packaged by your organization/institution in Lusaka District?
16. What factors do you think prevent the youth entrepreneurs from acquiring the financial literacy skills in Lusaka District?
17. What are some of the associated benefits/opportunities do youth entrepreneurs for having in financial literacy skills in Lusaka District?
18. What are the associated financial literacy challenges that youth entrepreneurs encounter face in your organization/institution in Lusaka District?
19. What strategies do you think should be put in place to mitigate challenges encounter by youth entrepreneurs in Lusaka District?

**END OF INTERVIEW SESSION!**

**THANK YOU SO MUCH FOR YOUR TIME AND ATTENTION!**

### **Appendix 3: Observation checklist for youth entrepreneurs**

The following were the items or activities that were observed:

1. Nature of business
2. Type of environment
3. Record keeping
4. Interaction with colleagues
5. Communication skills
6. Appearance and organization of business premises
7. Selling space
8. The rate at which customers bought products
9. Supporting materials
10. Attendance during training
11. Participation levels



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

Agatha Kasonde<sup>1</sup>, Dr. N. Sichula<sup>2</sup>, Dr. K. Kalimaposo<sup>3</sup>

<sup>1</sup>PhD Candidate, University of Zambia, School of Education

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DOI: <https://dx.doi.org/10.47772/IJRISS.2025.9010038>

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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.



## Views of Officers from Ministry of Small and Medium Enterprise on Factors Affecting Financial Literacy Practices among Youth Entrepreneurs in Lusaka Province, Zambia: A Phenomenological Perspective

Agatha Kasonde<sup>1</sup>, and Dr. K. Kalimaposo<sup>2</sup>, Dr. Noah Sichula

<sup>1</sup>PhD Student, The University of Zambia, Zambia

<sup>2</sup>Lecturer, the University of Zambia, Zambia,

DOI: <https://dx.doi.org/10.47772/IJRISS.2025.9010129>

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### ABSTRACT

This study explored views of officers from Ministry of Small and Medium Enterprise on financial literacy practices among selected youth entrepreneurs. The objective of the study was to: identify views of Officers from Ministry of Small and Medium Enterprise on factors affecting financial literacy practices among youth entrepreneurs. A total of 10 participants who were 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 employed. The study elicited qualitative data strand which was analyzed using Interpretive Phenomenology Analysis. The study found that socioeconomic status, Youth entrepreneurs' gender, availability of financial training skills, financial attitude, psychological experience based on age, access to financial education and professional financial role models as main factors that determine financial literacy practices among youth entrepreneurs. The study recommends that Youth entrepreneurs themselves also need to improve their financial management knowledge through training and development. SMEs should establish networks within their industries in order to share knowledge, best practices and skills in terms of financial management. These would allow youths to cover all aspects not only for establishment and running of enterprises but also for development of their entrepreneurial, managerial and competency supported by attractive financial literacy policies that touch on the youth entrepreneurs.

**Keywords:** Youth; Entrepreneurs; Financial; Literacy; Ministry of small and medium enterprise.

Appendix 5



UNIVERSITY OF ZAMBIA  
SCHOOL OF EDUCATION  
DEPARTMENT OF COMMUNITY EDUCATION AND LIFELONG LEARNING

Telephone: 260-1-292702  
Telegrams: UNZA Lusaka  
Telex: UNZA LU ZA 44370

P.O. Box 32379  
Lusaka, Zambia

Date: 20 - 09 - 2023

Name: KASONDE ACUMIHA

Computer #: ED 21000673

TO WHOM IT MAY CONCERN

RE: RESEARCH UNDERTAKING POSTGRADUATE STUDY

The bearer of this letter is a student pursuing Doctorate in Adult Education. She has been requested to undertake research in your organization as part of her learning experience. Your help and cooperation in this regard will be highly appreciated by the department as this will enable the student to link theory work, which is offered in the class and practical work, which can only be obtained from organizations like yours.

Thanking you in anticipation.

A handwritten signature in black ink, appearing to read 'N.K. Sichula', written over a faint circular stamp.

N.K Sichula (PhD)  
HEAD, CELL

**APPENDIX 6**

University of Zambia  
P.O. box 32379  
Lusaka, Zambia

21<sup>st</sup> September 2023

The Director General  
Citizen Economic  
Empowerment Commission  
P.o.Box 35068  
Lusaka,



Dear Sir / Madam

**TO WHO IT MAY CONCERN**

**REF: RESEARCH UNDERTAKING POSTGRADUATE STUDY**

I refer to above subject.

I am a postgraduate student doing my final research study at the University of Zambia entitled, exploring financial literacy among selection youth entrepreneurs in Lusaka Province –Zambia.

I request to undertake research in your organisation as part of my learning experience

Your help in this regard will be highly appreciated.

Yours faithfully

*Adl*

**Kasonde Agatha.**

**+26097 5462906**

*ABDD*  
*FIA*  
*le*  
*27/09/23*

## Appendix 7: Ethical Approval



# THE UNIVERSITY OF ZAMBIA

## DIRECTORATE OF RESEARCH AND GRADUATE STUDIES

Great East Road Campus | P.O. Box 32379 | Lusaka 10101 | Tel: +260-290 258/291 777  
Fax: (+260) 211 290 258/253 952 | Email: director.drgrs@unza.zm | Website: www.unza.zm /directorates/drgrs

### APPROVAL OF STUDY

**IORG No. 0005376**  
**HSSREC- IRB No. 00006465**

4<sup>th</sup> August, 2023

**REF NO. HSSREC-2023 – JUN- 048**

Ms. Agatha Kasonde,  
The University of Zambia,  
School of Education,  
P.O. Box 32379,  
LUSAKA.

Dear, Ms. Kasonde,

**RE: “EXPLORING FINANCIAL LITERACY AMONG SELECTED YOUTH ENTREPRENEURS IN LUSAKA PROVINCE, ZAMBIA: A PHENOMOLOGICAL PERSPECTIVE”**

Reference is made to your protocol dated as captioned above. NASREC resolved to approve this study and your participation as Principal Investigator for a period of one year.

REVIEW TYPE	ORDINARY REVIEW	APPROVAL NO.
Approval and Expiry Date	Approval Date: 4 <sup>th</sup> August, 2023	<b>HSSREC-2023 – JUN- 039</b> Expiry Date: 3 <sup>rd</sup> August, 2024
Protocol Version and Date	Version - Nil.	3 <sup>rd</sup> August, 2024
Information Sheet, Consent Forms and Dates	• English.	To be provided
Consent form ID and Date	Version - Nil	To be provided
Recruitment Materials	Nil	Nil
Other Study Documents	Questionnaire.	

***Towards Improving Service and Excellence in High Education Beyond Fifty Years***

Specific conditions will apply to this approval. As Principal Investigator it is your responsibility to ensure that the contents of this letter are adhered to. If these are not adhered to, the approval may be suspended. Should the study be suspended, study sponsors and other regulatory authorities will be informed.

#### **CONDITIONS OF APPROVAL**

- No participant may be involved in any study procedure prior to the study approval or after the expiration date.
- All unanticipated or Serious Adverse Events (SAEs) must be reported to HSSREC within 5 days.
- All protocol modifications must be approved by HSSREC prior to implementation unless they are intended to reduce risk (but must still be reported for approval). Modifications will include any change of investigator/s or site address.
- All protocol deviations must be reported to HSSREC within 5 working days.
- All recruitment materials must be approved by HSSREC prior to being used.
- Principal investigators are responsible for initiating Continuing Review proceedings. HSSREC will only approve a study for a period of 12 months.
- It is the responsibility of the PI to renew his/her ethics approval through a renewal application to HSSREC.
- Where the PI desires to extend the study after expiry of the study period, documents for study extension must be received by HSSREC at least 30 days before the expiry date. This is for the purpose of facilitating the review process. Documents received within 30 days after expiry will be labelled "late submissions" and will incur a penalty fee of K500.00. No study shall be renewed whose documents are submitted for renewal 30 days after expiry of the certificate.
- Every 6 (six) months a progress report form supplied by The University of Zambia Humanities and Social Sciences Research Ethics Committee as an IRB must be filled in and submitted to us. There is a penalty of K500.00 for failure to submit the report.
- When closing a project, the PI is responsible for notifying, in writing or using the Research Ethics and Management Online (REMO), both HSSREC and the National Health Research Authority (NHRA) when ethics certification is no longer required for a project.
- In order to close an approved study, a Closing Report must be submitted in writing or through the REMO system. A Closing Report should be filed when data collection has ended and the study team will no longer be using human participants or animals or secondary data or have any direct or indirect contact with the research participants or animals for the study.
- Filing a closing report (rather than just letting your approval lapse) is important as it assists HSSREC in efficiently tracking and reporting on projects. Note that some funding agencies and sponsors require a notice of closure from the IRB which had approved the study and can only be generated after the Closing Report has been filed.

- A reprint of this letter shall be done at a fee.
- All protocol modifications must be approved by HSSREC by way of an application for an amendment prior to implementation unless they are intended to reduce risk (but must still be reported for approval). Modifications will include any change of investigator/s or site address or methodology and methods. Many modifications entail minimal risk adjustments to a protocol and/or consent form and can be made on an Expedited basis (via the IRB Chair). Some examples are: format changes, correcting spelling errors, adding key personnel, minor changes to questionnaires, recruiting and changes, and so forth. Other, more substantive changes, especially those that may alter the risk-benefit ratio, may require Full Board review. In all cases, except where noted above regarding subject safety, any changes to any protocol document or procedure must first be approved by HSSREC before they can be implemented.

Should you have any questions regarding anything indicated in this letter, please do not hesitate to get in touch with us at the above indicated address.

On behalf of HSSREC, we would like to wish you all the success as you carry out your study.

Yours faithfully,



*Dr. J. I. Ziwa*

DR. J. I. Ziwa

**ACTING CHAIRPERSON  
THE UNIVERSITY OF ZAMBIA HUMANITIES AND  
SOCIAL SCIENCES RESEARCH ETHICS COMMITTEE - IRB**

CC: Director, Directorate of Research and Graduate Studies  
Assistant Director (Research), Directorate of Research and Graduate Studies  
Assistant Registrar (Research), Directorate of Research and Graduate Studies