
Financial Attitude and Financial Literacy in Relation to Financial Management Behaviour among Youth Owned Enterprises in Nairobi Central Business District Kenya

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Abstract:

Purpose: Financial management behaviour is essential for organising business resources, meeting payment obligations and preparing for future financial needs. This study examined the relationship between financial attitude and financial management behaviour and the moderating role of financial literacy among youth-owned enterprises in Nairobi Central Business District, Kenya.

Methodology: Guided by the Theory of Planned Behaviour and the Behavioural Life Cycle perspective, the study adopted a descriptive cross-sectional survey design. The sampling plan targeted 185 enterprises from a provisional population of 344 using Yamane's formula at a 5% margin of error, with simple random selection of enterprises and purposive identification of owners or managers responsible for financial decisions. Structured questionnaires provided 106 usable responses, measuring financial attitude, self-reported financial literacy and enterprise financial management practices. Data were analyzed using descriptive statistics, Pearson correlation and hierarchical multiple regression.

Findings: Financial attitude had a negative and statistically significant association with financial management behaviour. The financial attitude–financial literacy interaction was positive and statistically significant. The positive interaction indicated that the attitude–behaviour relationship became more positive as financial literacy increased.

Conclusion: The study concluded that financial attitudes should be interpreted alongside financial understanding when explaining enterprise financial practices.

Value: It recommends that the State Department for Micro, Small and Medium Enterprises (MSME) Development integrate practical financial education, mentoring and regular assessment of financial management practices into youth enterprise-support programmes.

Keywords: Financial attitude; financial literacy; financial management behaviour; youth-owned enterprises.

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1. Introduction

Financial management behavior is important for enterprise continuity because budgeting, monitoring cash flows, managing financial obligations and planning for future expenditure help owners organise their business resources (Organisation for Economic Co-operation and Development [OECD], 2020). Its importance is supported by Kenyan research showing that financial behaviour partly explains the relationship between financial literacy and the performance of women-owned enterprises (Tarus & Tarus, 2024). However, maintaining adequate financial resources remains a challenge for many young business owners, with national evidence indicating limited capacity among enterprise owners aged 18–25 to

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mobilise emergency funds (Central Bank of Kenya et al., 2023). These challenges make it necessary to examine the factors associated with financial management practices among youth-owned enterprises.

One possible determinant of financial management behaviour is financial attitude, which concerns an owner's beliefs, values and evaluations regarding the management of money and business resources (Widjayanti et al., 2025). A favourable financial attitude includes valuing financial planning, careful borrowing, saving and the allocation of resources towards future business needs (Widjayanti et al., 2025). These orientations may encourage owners to consider the financial consequences of their decisions and balance immediate expenditure against longer-term business priorities (Ratnawati et al., 2023; Widjayanti et al., 2025). In the present study, financial attitude will therefore concern the value that youth enterprise owners place on budgeting, saving, investment appraisal and responsible borrowing.

Recent empirical evidence supports examining financial attitude as a possible determinant of financial management behaviour. Ratnawati et al. (2023) found a positive and statistically significant relationship between financial attitude and financial management behaviour among culinary micro-enterprises in East Jakarta, Indonesia. Similarly, Hutapea et al. (2023) reported that favourable financial attitudes were positively associated with financial management behaviour among micro, small and medium enterprises in Medan, Indonesia. Widjayanti et al. (2025) further found that financial attitude mediated the relationship between financial literacy and financial behaviour among enterprises in Banyumas, Indonesia. Together, these findings suggest that owners' financial orientations deserve attention when explaining business financial practices, although their relevance to youth-owned enterprises in Nairobi CBD requires investigation.

Financial literacy provides a possible condition under which financial attitude may translate into financial management behavior, since financial knowledge equips decision-makers to understand borrowing costs, investment risks and the consequences of financial choices (Lusardi & Mitchell, 2023). In this study, financial literacy was operationalized as financial knowledge and the ability to apply that knowledge to business decisions, and it will be examined as a moderator. The proposed argument is that owners who value financial discipline may differ in their ability to practice it depending on their understanding of financial concepts. Supporting this possibility, Djou and Lukiasuti (2021) found that financial literacy moderated the relationship between financial attitude and credit decision-making intensity among SMEs in Indonesia. However, Hutapea et al. (2023) found no significant moderating effect of financial literacy on the relationship between financial attitude and financial management behaviour. The moderating role will therefore be tested rather than assumed.

Kenyan statistics illustrate financial pressures relevant to the proposed study. The 2023 FinAccess MSE Tracker Survey reported loan repayment problems, including late, missed or reduced payments, among 60.7% of MSE borrowers, compared with 42.8% in October 2022 (Central Bank of Kenya et al., 2023). Only 28.4% of business owners aged 18–25 could raise KSh 11,000 within three days, indicating limited capacity to respond quickly to financial needs (Central Bank of Kenya et al., 2023). The survey also reported that 44.8% of MSE borrowers borrowed to meet general household expenses, showing that borrowing supported household needs alongside business activities (Central Bank of Kenya et al., 2023). Nationally, the proportion of adults saving declined to 68.1% in 2024, while only 18.3% were classified as financially healthy (Financial Sector Deepening Kenya [FSD Kenya], 2024). These indicators suggest concerns about repayment discipline, financial buffers and competing spending demands; they do not establish the prevalence of

overspending specifically among youth-owned enterprises in Nairobi CBD. The proposed study will therefore examine spending control, saving practices and debt management directly within this population.

Despite these concerns, the studies reviewed leave contextual, conceptual and empirical gaps. Charles and Musau (2024) examined financial literacy and financial inclusion among youths in Nairobi City County, while Tarus and Tarus (2024) investigated financial behavior as a mediator between financial literacy and the performance of women-owned enterprises in Nandi County. Their reported models do not establish whether financial literacy moderates the relationship between financial attitude and financial management behavior among youth-owned enterprises in Nairobi CBD (Charles & Musau, 2024; Tarus & Tarus, 2024). Moreover, the contrasting moderation findings reported for SME credit decisions and financial management behavior indicate that the proposed moderating relationship remains unresolved across business contexts and outcomes (Djou & Lukiasuti, 2021; Hutapea et al., 2023). These gaps justify examining enterprise financial management behavior as the outcome, financial attitude as the predictor and financial literacy as the moderator within the Nairobi CBD setting. Thus, the general objective of the study was to examine the relationship between financial attitude and financial management behavior among youth-owned enterprises in Nairobi CBD, Kenya, and establish the moderating role of financial literacy. Specifically, the study determined the relationship between financial attitude and financial management behavior and assess whether financial literacy changes the strength or direction of this relationship. Moderation was assessed through the interaction between financial attitude and financial literacy.

2. Theoretical and Conceptual Framework

Ajzen (1991) developed the Theory of Planned Behaviour to explain how attitudes, subjective norms and perceived behavioral control shape intentions, while intentions and perceived control help explain behaviour. Ajzen (2020) further emphasizes that attitudes should be defined consistently with the specific behavior being investigated. In the present study, the theory will guide examination of the association between financial attitude and financial management behavior among youth-owned enterprises, particularly whether owners who value budgeting, financial planning and responsible borrowing report corresponding business practices. However, the study will provide a partial application of the theory because subjective norms, intentions and perceived behavioural control will not be measured, while financial literacy will be assessed independently through financial knowledge and its application. Complementing this approach, Shefrin and Thaler's (1988) Behavioural Life Cycle hypothesis incorporates self-control, mental accounting and framing into explanations of saving decisions. Applied to enterprise finance, this perspective will help interpret the separation of business and personal funds, allocation of reserves, saving and expenditure control, although it was not originally developed specifically for youth-owned businesses. It also recognizes that favorable attitudes towards future financial security may not translate into saving when immediate payment obligations and limited resources constrain owners' decisions. Consequently, the study will interpret financial practices alongside business resources and operating conditions, without assuming that limited saving necessarily reflects an unfavorable financial attitude. Since mental accounting and self-control will not be measured as separate constructs, they will provide interpretive insights rather than independently tested mechanisms, while the cross-sectional findings will establish associations rather than causal relationship.

Thus, Figure 1 illustrated the proposed relationship between financial attitude and financial management behaviour, with financial literacy as the moderating variable. Financial attitude was assessed through respondents' evaluations of budgeting, saving, investment

and responsible borrowing. Financial literacy covered financial knowledge and the ability to apply that knowledge to business decisions, while financial management behaviour reflected the enterprise's reported practices, including cash record keeping, budget review, payment discipline and maintenance of financial reserves. The framework proposed that the relationship between financial attitude and financial management behaviour could vary according to the respondent's level of financial literacy. Consistent with Hayes PROCESS Model 1, the analysis examined the main effects of financial attitude and financial literacy and their interaction within the same enterprise sample. Respondents' attitudes and literacy represented the financial decision-making attributes of the enterprise owner or manager, while reported financial behaviours reflected the enterprise's financial practices

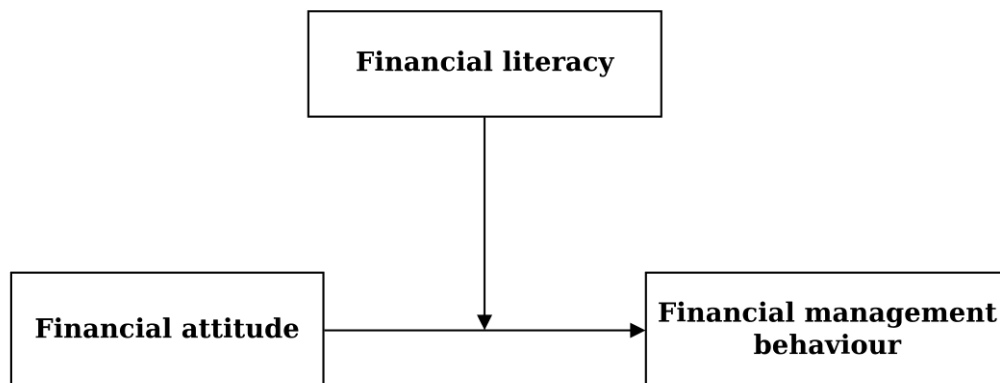


Figure 1. Conceptual Framework

3. Empirical Literature and Hypothesis Development

Ratnawati et al. (2023) examined financial literacy and financial attitude among 50 culinary micro-enterprise operators in Rawamangun, East Jakarta. The study used explanatory research, probability area sampling, questionnaire data and multiple regression. Both literacy and attitude had positive, statistically significant associations with financial management behaviour. This is directly relevant to the proposed predictor structure. However, the small culinary-sector sample differs from youth-owned enterprises across sectors in Nairobi CBD. The present study will also separate knowledge assessment from the agreement items used to assess attitudes.

Aziz and Zoraya (2024) studied financial literacy, financial attitudes and personality among 101 micro, small and medium enterprise entrepreneurs in Bengkulu, Indonesia. They reported random sampling and a model examining the three constructs in relation to financial management behaviour. The study supports considering financial attributes of enterprise decision-makers, while its additional personality variable and Indonesian setting differ from the proposed model. The Nairobi study will concentrate on attitude and literacy, with clearly documented scoring and enterprise-level descriptions. Reported estimates from Bengkulu will not be treated as expected values for the Nairobi sample.

Bapat (2020) examined responsible financial management among young adults aged 18–35 using structural modelling and ordinary least squares regression. Financial attitude fully mediated the relationship between self-reported knowledge and responsible financial management in that study. The findings support a possible connection between knowledge and attitudes, but they concern a different population and analytical model. The proposed enterprise study will test two direct associations without assuming mediation. A future

study could examine whether attitudes explain part of the knowledge–behaviour relationship after measuring and estimating an appropriate mediation model.

Tarus and Tarus (2024) examined financial literacy, financial behaviour and the performance of women-owned enterprises in Nandi County, Kenya. They sampled 219 respondents from 488 enterprises, used five-point questionnaire measures and analysed mediation through Hayes Model 4. Financial behaviour partially mediated the relationships of investment and budgeting literacy with enterprise performance. The study indicates that financial behaviour merits direct investigation within business populations. Its focus on women-owned rural enterprises and performance differs from youth-owned enterprises in Nairobi CBD, where financial management behaviour will be the outcome.

Charles and Musau (2024) investigated financial literacy and financial inclusion among youths in Nairobi City County using a sample of 400 respondents and structured questionnaires. Saving, debt management, financial planning and investment practices were associated with financial inclusion. This provides a recent Nairobi-based reference for youth financial decision-making. However, its outcome was inclusion and its unit was the youth respondent, rather than the enterprise. The proposed study will distinguish the knowledge required for business decisions from the financial actions through which an enterprise manages its resources.

Njoroge et al. (2025) studied financial literacy and financial performance among licensed hardware stores in Kasarani Sub-County. Their descriptive study selected a sample of 334 stores from a population of 2,036 using simple random sampling. Savings were positively associated with financial performance. The research provides a Kenyan enterprise example, but its sector, location and performance outcome differ from the present study. The proposed Nairobi CBD research will examine financial management behaviour across eligible youth-owned enterprises and will measure attitude and literacy separately.

Kaiser et al. (2022) synthesised 76 randomised experiments involving more than 160,000 participants and identified positive average effects of financial education on knowledge and subsequent financial behaviour. The findings support evaluating financial education, but they do not establish the effectiveness of a programme for Nairobi CBD enterprise owners. The proposed survey will describe associations. Any later training recommendation will need to specify the knowledge and practices to be improved and evaluate change in those outcomes.

The reviewed studies supported examining financial attitude and financial literacy while highlighting the importance of the study population, outcome measures and analytical models. The study tested the relationships between these variables and financial management behaviour using a joint regression model. Positive coefficients were theoretically anticipated, but the null hypotheses were subjected to empirical testing. Financial management behaviour was defined in terms of reported enterprise financial practices rather than profitability, financial inclusion or general financial wellbeing. The following null hypotheses were tested:

H₀₁: Financial attitude had no statistically effect on financial management behaviour among youth-owned enterprises in Nairobi CBD.

H₀₂: Financial literacy had no statistically significant moderating effect on relationship with between financial attituded and financial management behaviour among youth-owned enterprises in Nairobi CBD.

4. Methodology

The study adopted a descriptive cross-sectional survey design with correlational analysis. Structured data were collected at one point in time to describe the financial attributes and practices of the sampled enterprises and examine their relationships. A quantitative approach enabled consistent measurement and statistical comparison across respondents. The design supported estimates of association but did not establish that financial attitude or financial literacy caused financial management behaviour (Creswell & Creswell, 2018).

Sampling

The study targeted a provisional population of 344 registered youth-owned enterprises operating within Nairobi Central Business District in Nairobi City County, Kenya. A youth-owned enterprise was operationally defined as a registered business in which persons aged 18–34 collectively held more than half of the ownership. The age criterion followed the definition of youth in Article 260 of the Constitution of Kenya (Government of Kenya, 2010), while majority ownership constituted the study's eligibility criterion. The population figure remained subject to verification against the Nairobi CBD enterprise register. The sampling frame was intended to include each eligible enterprise once, with checks covering location, ownership eligibility and current operation. The enterprise was the unit of analysis. Simple random sampling was adopted to select enterprises, giving each eligible business an equal chance of inclusion. Enterprises were assigned unique identification codes, and a reproducible random-number procedure was used to select the sample without replacement. Within each selected enterprise, one informed owner or manager was purposively identified based on direct involvement in financial decisions and knowledge of the enterprise's practices. This approach distinguished the random selection of enterprises from the purposive identification of respondents and did not involve population stratification. Repeat visits and agreed follow-up appointments were used to encourage participation, while nonresponse was documented and additional recruitment followed a predetermined random procedure. Using the sample-size approach commonly attributed to Yamane (1967), the provisional population of 344 enterprises and a five per cent margin of error produced a target sample of 185 enterprises. One respondent was sought from each selected enterprise. The sample-size estimate supported survey planning but did not guarantee sufficient regression power or eliminate the effects of nonresponse; therefore, the targeted sample was distinguished from the achieved number of usable questionnaires.

Data Collection and Variable Measurement

Primary data were collected using a structured questionnaire administered to the selected enterprise owners or managers. The questionnaire captured respondents' roles and enterprise characteristics, while separate sections measured financial attitude, financial literacy and financial management behavior. Financial attitude was assessed through agreement statements concerning budgeting, saving, investment appraisal and responsible borrowing, consistent with the attitudinal assessment approach in the OECD/INFE instrument for MSMEs (OECD, 2020). Financial management behavior was assessed through frequency-based questions concerning cash record keeping, budget review, payment discipline and financial reserves, consistent with the measurement approach developed by Dew and Xiao (2011). Financial literacy was measured through knowledge and application questions covering interest, borrowing costs, inflation, diversification, cash flow and interpretation of business financial information (Huston, 2010; OECD, 2020, 2022). Locally relevant scenarios and answer keys were reviewed before fieldwork, and respondents were instructed to refer to the sampled enterprise when answering business-related questions. Internal consistency of the financial attitude and financial management behavior scales was assessed using Cronbach's alpha, with 0.70 adopted as a screening

benchmark and interpreted alongside item content and dimensionality rather than as sufficient evidence of validity (Cheung et al., 2024). Springer Nature Link Exploratory factor analysis was used to examine the underlying structure of these scales and assess whether their items represented distinguishable constructs (Watkins, 2021). Suitability for factor analysis was assessed using the Kaiser–Meyer–Olkin measure of sampling adequacy and Bartlett’s test of sphericity. A KMO value of at least 0.60 and a statistically significant Bartlett’s test at the five per cent level were adopted as screening criteria. Factor loadings, cross-loadings and conceptual relevance informed item-retention decisions. The objective financial literacy questions were scored against their answer keys and assessed separately from the agreement and frequency-based scales.

Data Analysis and Model Specification

Data was coded, checked for missing values and analysed using SPSS. Frequencies and percentages will describe respondents and enterprises. Means and standard deviations will summarise attitude and behaviour scores, while the literacy section will report correct-response percentages and the distribution of knowledge scores. Item-level information will accompany composite results where it helps explain the patterns. Rules for missing responses and composite construction will be specified before the main analysis.

Pearson correlation will examine the bivariate relationships between the composite measures where their distribution and linearity support its use. Multiple linear regression will then assess financial attitude and financial literacy jointly. The proposed model will be:

$$Y = \beta_0 + \beta_1 A + \beta_2 L + \varepsilon$$

In this model, Y is financial management behaviour, A is financial attitude, L is financial literacy, β_0 is the intercept, β_1 and β_2 are regression coefficients and ε is the error term. The model will be estimated on the same eligible cases for both predictors and the outcome. Regression diagnostics will examine linearity, multicollinearity, residual behaviour and influential observations. Alternative estimation or sensitivity analysis will be considered if the diagnostics show material problems (Field, 2018).

The analysis will report unstandardised coefficients, standard errors, standardised coefficients, t statistics, exact p values and 95% confidence intervals. Model reporting will include R^2 , adjusted R^2 , the F statistic, degrees of freedom and the number of analysed cases. H_{01} will concern β_1 and H_{02} will concern β_2 . A null hypothesis will be rejected when its coefficient’s p value is below .05. The direction and precision of the estimate will be discussed alongside significance, and the results will be interpreted as associations rather than causal effects.

The final findings section will be completed after data collection and analysis. It will report the achieved response rate, respondent and enterprise characteristics, measurement evidence, descriptive statistics, correlations and the joint regression model. Hypothesis decisions and discussion will follow the observed estimates. The analysis plan in Table 4 specifies the information required for interpreting the Nairobi CBD survey.

5. Findings

This section presented and discussed the findings on financial attitude, financial literacy and financial management behavior among youth-owned enterprises in Nairobi Central Business District. The findings covered 106 enterprises and were organized around the study objectives. Enterprise characteristics were presented first to provide context for interpreting the findings on the study variables.

Enterprise Characteristics

Table 1 presented the age and size of the surveyed enterprises. Regarding enterprise age, the largest proportion, comprising 38 enterprises (35.8%), had operated for over 15 years, followed by 28 (26.4%) that had operated for 11–15 years. Another 26 enterprises (24.5%) had operated for 6–10 years, while 14 (13.2%) had operated for 1–5 years. These findings showed that most surveyed enterprises had operated for more than 10 years. Regarding enterprise size, 43 enterprises (40.6%) employed more than 10 people, followed by 41 (38.7%) with 6–10 employees and 22 (20.8%) with 1–5 employees. Thus, enterprises employing at least six people accounted for most of the sample. The distribution provided context for examining financial management behaviour across enterprises with different operating durations and employee numbers. Enterprise age described the length of business operation, while enterprise size reflected staffing levels. Including these characteristics was consistent with the OECD (2020) assessment approach, which recorded employee numbers and the year businesses began operations alongside measures of financial knowledge, attitudes and behavior. In the present study, these characteristics helped describe the enterprises within which respondents made financial decisions, while financial attitude, literacy and management behaviour were assessed through their respective questionnaire section

Table 1. Enterprise Characteristics

		Frequency	Percent
Enterprise age	1-5years	14	13.2
	6-10 years	26	24.5
	11- 15 years	28	26.4
	over 15 years	38	35.8
	Total	106	100
Enterprise size	1-5 employee	22	20.8
	6-10 employee	41	38.7
	Above 10 employee	43	40.6
	Total	106	100

Descriptive statistics

This section presented descriptive statistics for the study variables. Means and standard deviations were used to summarize the responses and their variation, beginning with financial attitude. Table 2 presented financial attitude statistics for the 106 respondents. Maintaining control over business expenses recorded the highest mean ($M = 4.13$, $SD = 1.21$), indicating the strongest endorsement among the five statements. This was followed by the importance of careful financial planning ($M = 3.89$, $SD = 1.28$) and saving business income for future needs ($M = 3.81$, $SD = 1.30$). Evaluating financial consequences before spending recorded a lower mean ($M = 3.48$, $SD = 1.45$), while setting clear financial goals recorded the lowest mean ($M = 3.44$, $SD = 1.31$). On the five-point agreement scale, all item means exceeded the midpoint, suggesting generally favorable financial attitudes. Evaluating financial consequences had the largest standard deviation, showing the greatest variation in responses. The findings suggested that respondents placed greater importance on expense control than on financial goal setting and evaluating spending decisions. The present descriptive results identified respondents' financial priorities, while the relationship between these attitudes and reported financial practices required separate inferential analysis.

Table 2. Descriptive Statistics for Financial Attitude

n=106	Mean	Std. Dev
I believe that careful financial planning is important for the success of my enterprise.	3.89	1.28
I consider saving part of the business income important for future business needs.	3.81	1.30
I prefer to evaluate the financial consequences of a decision before spending business funds.	3.48	1.45
I believe that maintaining proper control over business expenses is essential for business growth.	4.13	1.21
I consider setting clear financial goals important for the long-term sustainability of my enterprise.	3.44	1.31
financial attitude	3.61	1.03

Table 3 presented the descriptive statistics for respondents' self-reported financial literacy. The overall mean was 3.70 (SD = 0.72), indicating that average responses tended towards agreement with the knowledge and ability statements. Knowledge of business financing sources and their associated costs recorded the highest mean (M = 3.87, SD = 1.10), followed by understanding budget preparation and management (M = 3.79, SD = 1.23). Understanding interest rates and separating personal from business finances both recorded means of 3.65, with standard deviations of 1.35 and 1.06, respectively. Interpreting basic financial statements recorded the lowest mean (M = 3.53, SD = 1.30). Responses concerning interest rates showed the greatest variation, while those concerning financial separation showed the least variation. These findings suggested that respondents perceived themselves as more knowledgeable about financing sources and budgeting than about interpreting financial statements.

Table 3. Descriptive Statistics for Financial Literacy

	Mean	Std. Dev
I understand how to prepare and manage a budget for my enterprise.	3.79	1.23
I understand how interest rates affect business loans and other forms of credit.	3.65	1.35
I am able to interpret basic financial statements such as income statements and cash flow statements.	3.53	1.30
I understand the importance of separating personal finances from business finances.	3.65	1.06
I am knowledgeable about different sources of business financing and their associated costs.	3.87	1.10
Financial literacy	3.70	0.72

Table 4 presented the descriptive statistics for financial management behaviour among the 106 respondents. The overall mean was 3.78 (SD = 0.75), suggesting generally favourable reported financial practices. Setting aside business income for savings, emergencies or future investment recorded the highest mean (M = 3.95, SD = 1.09), followed by separating business money from personal money (M = 3.92, SD = 1.08). Keeping accurate income and expenditure records recorded a mean of 3.74 (SD = 1.15), while reviewing financial performance before major decisions recorded a mean of 3.67 (SD = 1.09). Preparing and following a budget recorded the lowest mean (M = 3.62, SD = 1.25) and the greatest variation in responses. The findings suggested that respondents reported stronger practices in setting aside funds and separating finances than in budgeting and reviewing financial performance.

Table 4. Descriptive Statistics for Financial Management Behavior

n=106	Mean	Std. Dev
I regularly prepare and follow a budget for my enterprise.	3.62	1.25
I keep accurate records of the income and expenses of my enterprise.	3.74	1.15
I regularly review the financial performance of my enterprise before making major decisions.	3.67	1.09
I separate business money from my personal money when managing finances.	3.92	1.08

n=106	Mean	Std. Dev
I regularly set aside part of the business income for savings, emergencies, or future investment.	3.95	1.09
Financial management	3.78	0.75

Correlation Analysis

Correlation analysis examined the direction and strength of the relationships among financial attitude, financial literacy and financial management behavior. Table 5 showed a statistically significant negative correlation between financial attitude and financial management behavior ($r = -.483$, $p < .01$). Higher financial attitude scores were therefore associated with lower financial management behavior scores, as the variables were coded. Financial literacy had a statistically significant positive correlation with financial management behavior ($r = .328$, $p < .01$), indicating that higher self-reported financial literacy scores were associated with higher reported financial management behavior scores. Financial attitude and financial literacy had a small positive correlation ($r = .068$), which was not statistically significant

Table 5. Correlation Analysis

	Financial management behavior	Financial attitude	Financial literacy
Financial management behavior	1		
Financial attitude	-.483**	1	
Financial literacy	.328**	0.068	1

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

Hypothesis testing (Hierarchical regression)

Hierarchical regression examined the relationship between financial attitude and financial management behavior and the moderating role of financial literacy among youth-owned enterprises in Nairobi CBD. Model 1 included financial attitude, Model 2 added financial literacy, and Model 3 introduced the interaction between financial attitude and financial literacy. Model 1 was statistically significant, $F(1, 104) = 31.691$, $p = .000$, and explained 23.4% of the variation in financial management behavior ($R^2 = .234$; adjusted $R^2 = .226$). Financial attitude had a negative and statistically significant coefficient ($\beta = -.339$, $p = .000$). A one-unit increase in the financial attitude score was associated with a .339-unit decrease in the financial management behavior score.

Adding financial literacy in Model 2 increased the explained variation to 36.5% ($R^2 = .365$; adjusted $R^2 = .352$). The model was statistically significant, $F(2, 103) = 29.542$, $p < .001$. Financial literacy contributed an additional 13.1 percentage points of explained variation ($\Delta R^2 = .131$), with a significant improvement in model fit, $\Delta F(1, 103) = 21.229$, $p = .000$. Financial attitude remained negatively associated with financial management behavior ($\beta = -.356$, $p = .000$). Financial literacy had a positive and statistically significant coefficient ($B = .272$, $SE = .059$, $p = .000$). Holding attitude constant, a one-unit increase in self-reported financial literacy was associated with a .272-unit increase in financial management behavior. H_{01} was therefore rejected, although the attitude relationship was negative.

Model 3 explained 49.1% of the variation in financial management behavior ($R^2 = .491$; adjusted $R^2 = .476$) and was statistically significant, $F(3, 102) = 32.806$, $p < .001$. Introducing the interaction added 12.7 percentage points of explained variation ($\Delta R^2 = .127$), representing a significant improvement, $\Delta F(1, 102) = 25.360$, $p < .001$. The interaction coefficient was positive and statistically significant ($B = .247$, $SE = .049$, $p < .001$). Each one-unit increase in financial literacy increased the estimated attitude slope by .247 units. This indicated that the attitude slope became more positive as literacy increased,

consistent with financial literacy weakening the negative attitude behavior association. H_{02} was therefore rejected.

The Model 3 coefficients for financial attitude ($\beta = -1.179$, $p = .000$) and financial literacy ($\beta = -.511$, $p = .00$) represented conditional relationships. Each coefficient applied when the other predictor equalled zero in the model's coding. Their substantive meaning therefore depended on whether the predictors had been centred. Simple-slope estimates and confidence intervals were needed to establish the direction and significance of the attitude relationship at specific literacy level.

Table 6. Hierarchical regression

	Model 1	Model 2	Model 3
	B (SE)	B (SE)	B (SE)
Constant	4.613 (.210) ***	3.771 (.265) ***	6.357 (.566) ***
Financial Attitude	-.339 (.060) ***	-.356 (.055) ***	-1.179 (.171) ***
Financial Literacy		.272 (.059) ***	-.511 (.164) **
Financial Attitude × Financial Literacy			.247 (.049) ***
Model Summary			
R	0.483	0.604	0.701
R ²	0.234	0.365	0.491
Adjusted R ²	0.226	0.352	0.476
Std. Error of Estimate	0.66245	0.60612	0.54508
Overall F	31.691***	29.542***	32.806***
Change Statistics			
ΔR^2	0.234	0.131	0.127
F Change	31.691***	21.229***	25.360***
df1	1	1	1
df2	104	103	102
Sig. F Change	0.000	0.000	0.000

6. Discussion of Findings

Findings showed that financial attitude had a negative and statistically significant relationship with financial management behavior. This finding differed from Ratnawati et al. (2023) and Aziz and Zoraya (2024), who reported positive relationships between financial attitude and financial management behavior among Indonesian enterprise operators. Their findings associated favorable financial attitudes with stronger financial management practices, while the reported Nairobi result indicated that higher attitude scores were associated with lower behavior scores. Interpretation of this difference required consideration of the attitude scale's coding and scoring, alongside differences in study populations and enterprise contexts. The finding represented a statistical association and did not establish that financial attitude caused changes in financial management behavior.

Finding showed that financial literacy significantly moderated the relationship between financial attitude and financial management behavior. The interaction coefficient was positive and statistically significant, contributing an additional. The positive interaction indicated that the attitude slope became more positive as literacy increased, consistent with financial literacy weakening the negative attitude association. Simple-slope estimates and confidence intervals were needed to establish the relationship's direction and significance at specific literacy levels. Bapat (2020) reported that financial attitude mediated the knowledge-behavior relationship, while Tarus and Tarus (2024) found that financial behavior partially mediated literacy-performance relationships among women-owned enterprises. These studies examined related mediation mechanisms, while the present

moderation result extended the literature by showing that the attitude–behavior relationship varied with financial literacy among youth-owned enterprises in Nairobi CBD.

7. Conclusion

The study concluded that financial attitude had a negative relationship with financial management behavior among youth-owned enterprises in Nairobi CBD. This finding differed from the positive relationship anticipated in the study and required interpretation against the attitude scale's coding and the enterprise context. Financial attitude reflected respondents' evaluations of financial planning, saving, expenditure control and financial goal setting, while financial management behavior concerned their reported business practices. The findings highlighted the importance of distinguishing these evaluations from the financial actions undertaken within enterprises. They also demonstrated the need to interpret attitude scores carefully when examining how enterprise decision-makers' financial beliefs related to budgeting, record keeping, financial review and resource allocation.

The study also concluded that financial literacy moderated the relationship between financial attitude and financial management behavior. The positive interaction indicated that the attitude–behavior relationship became more positive as literacy increased, consistent with literacy weakening the negative attitude association. Financial literacy consequently provided an important condition for interpreting how financial attitudes related to enterprise practices. The findings supported examining financial attitudes alongside respondents perceived financial knowledge and ability when assessing financial decision-making among youth-owned enterprises. This joint consideration provided a broader understanding of the relationships underlying reported financial routines. The conclusions applied to self-reported financial attributes and practices within the Nairobi CBD sample, while the cross-sectional design limited them to associations and did not establish causal relationships.

8. Managerial Implications

The findings imply that owners and managers of youth-owned enterprises in Nairobi CBD should assess financial attitudes alongside actual business practices. The negative direct association between financial attitude and financial management behaviour suggests that attitudes alone provide an insufficient basis for judging how effectively an enterprise manages its finances. Managers should establish practical routines for preparing budgets, recording cash movements, reviewing expenditure, setting aside savings and meeting repayment obligations. Separating business funds from personal expenditure and regularly comparing planned expenditure with actual spending would also provide clearer evidence of financial discipline.

The positive moderating effect of financial literacy indicates that higher literacy attenuates the negative association between financial attitude and financial management behaviour. Enterprise-support agencies, financial institutions and business associations should therefore combine attention to financial attitudes with practical education covering borrowing costs, cash-flow management, investment appraisal and the interpretation of basic financial information. Training should use everyday business situations and participants' financial records, supported by follow-up mentoring. Assessments should examine whether owners apply their understanding through consistent management routines.

9. Policy Implications

The findings provide a basis for integrating financial capability development into youth entrepreneurship and financing programmes. The State Department for Micro, Small and Medium Enterprises (MSME) Development should link financial assistance with accessible training, practical financial management tools and continuing advisory support for youth-owned enterprises. Programme design should address the financial decisions owners face, including allocating limited resources, evaluating loan terms and maintaining funds for future obligations. Monitoring should consider the quality of financial records, adherence to budgets, consistency of saving and repayment discipline. Evaluating these practices over time would help establish whether the support is effective and guide decisions about its improvement or expansion.

10. Further Research

Further research should use longitudinal designs to examine whether changes in financial attitudes and literacy precede changes in enterprise financial management behavior. Experimental or quasi-experimental studies could evaluate whether financial training improves knowledge and business practices. Future studies should also examine the attitude–behavior relationship at different literacy levels, using objective knowledge tests and practical financial tasks to distinguish demonstrated competence from perceived understanding. Extending the research to other parts of Nairobi and other counties would help assess whether the relationships vary across business sectors and operating conditions.

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