



Effect of Financial Literacy on Investment Decisions of Food and Beverage Manufacturing Companies in Kenya

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Abstract

Financial literacy plays critical role in ensuring that one is equipped with knowledge and skills needed to manage finances which eventually help companies realize financial stability and help management make informed financial decisions. The objectives that guided the study includes: to evaluate the effect of rational factors literacy, financial analytical skills, irrational factor management skills and past performance awareness on investment decisions of food and beverage manufacturing companies Kenya, the last research objective was to assess the moderating role of managerial tenure on the relationship between financial literacy and investment decisions of food and beverage manufacturing companies Kenya. The study was guided by the decision theory, Upper Echelons Theory and Prospect theory. An explanatory research design was employed. The study found that financial literacy significantly affects the investment decision. The results demonstrated a significant positive impact of rational factors ($\beta=0.245$, $p=0.00$), financial analytical skills ($\beta=0.607$, $p=0.000$), irrational factors management ($\beta=0.379$, $p=0.000$), past performance management ($\beta=0.319$, $p=0.000$) on investment decisions. The study concluded that Enhancing financial literacy can lead to smarter investment decisions and organizational success.

Keywords: Financial literacy, Management tenure, Investment decisions, Food and beverage manufacturing companies in Kenya

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