

Examining the Influence of Financial Literacy on Investment Decisions Among Government Teachers in Kitwe, Zambia

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ABSTRACT

Despite the growing importance of financial literacy for personal economic well-being, many public sector employees struggle to make optimal investment choices. This study examines the influence of financial literacy dimensions—specifically financial communication, financial behaviour, financial ability, and financial knowledge—on the investment decisions of government teachers in Kitwe, Zambia. Using a quantitative correlational research design, primary data was collected from 405 government teachers via a structured online questionnaire. The data was analyzed using Pearson correlation and hierarchical multiple regression analyses. The findings reveal that financial knowledge, financial ability, and financial behaviour significantly and positively drive investment decisions. Conversely, informal financial communication was found to have an insignificant impact on investment choices. The study concludes that passive exposure to financial information is insufficient. Instead, policymakers and educational institutions should prioritize structured financial education programs that build cognitive competence and foster disciplined financial habits to enhance investment participation among educators.

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1. Introduction

Behavioural finance posits that individuals frequently demonstrate cognitive and affective behaviours that lead to deviations from rational decision-making, a paradigm that formally integrates principles of human psychology into finance (Kiliyanni and Sivaraman, 2016). Indeed, previous research confirms that individuals do not consistently exhibit rational behaviour, and various individual and environmental factors significantly affect their financial decisions (Aren and Dinç Aydemir, 2015; Davis and Runyan, 2016). As financial products such as mortgages, leasing, credit cards, and business loans become increasingly accessible to all investors, effective financial development necessitates the prudent use of these resources to maximize benefits (Lusardi Olivia Mitchell, Bucher-Koenen, Currie, van Rooij for suggestions, de Bassa Scheresberg, Kim, St Louis et al.). However, poor-quality financial information often complicates the decision-making process and elevates uncertainty within financial markets (Prasad, Kiran and Sharma, 2021). To navigate this, financial literacy serves as a critical mechanism to facilitate the efficient management of financial resources.

Financial literacy is defined as the capacity to comprehend the workings of money in everyday life, encompassing personal financial management, investments, and transactions (Mohamed Abdeldayem, 2019). It is widely considered a fundamental necessity for individuals to avoid financial difficulties, as financial distress frequently results from poor financial management (Fitria, Rahadi, Afgani, Putranto, Murtaqi and Faturahman, 2019). Furthermore, a strong understanding of financial literacy is a crucial element in making informed and wise financial decisions (Gupta, Sunil and Gupta, 2018). Studies indicate that investors with low financial literacy tend to make unfavourable investment decisions, which includes avoiding participation in stock markets and holding less diversified portfolios (Fedorova, Yassawi and Ponomarenko, 2015). In today's dynamic financial landscape, the increasing complexity of financial products requires investors to remain updated with the latest financial information (Kaur and Maheshwary, 2020). Ultimately, financial literacy significantly impacts financial decisions at both the firm and national levels, influencing overall financial well-being and socio-economic development through key determinants like financial knowledge, behaviour, and attitudes (Janor, Yakob, Azuan Hashim and Aniza Che Wel).

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Despite the known benefits of financial literacy, Zambia and other African nations, struggle with persistently low savings rates, largely due to a lack of financial knowledge, limited access to financial markets and low overall development (Kaulu and Kaulu, 2023; Haabazoka and Kaulu, 2023). While being financially literate enables individuals to effectively manage their finances and positively impacts their overall quality of life, a 2020 study by FinScope Zambia revealed that only 23.6% of Zambian adults possess adequate financial literacy skills. This significant knowledge gap is particularly evident within the public sector. According to the 2023 Mid-Year Economic Report by the Zambian Ministry of Finance, the asset quality of the Non-Banking Financial Institutions (NBFIs) sector was marginal, with Non-Performing Loans (NPLs) standing at 12.1% and 15.0% in 2023 and 2022, respectively, exceeding the maximum prudential limit of 10.0% (Ministry of Finance, 2023). This sustained high NPL ratio is partly driven by civil servants' preference for debt financing to fund investments and consumption spending. Many civil servants fail to select investments that yield returns higher than the cost of borrowed funds, which leads to refinancing and sustained high NPLs. This dynamic strongly suggests that financial literacy factors heavily influence the investment decisions of civil servants.

While investors are invariably faced with a dilemma regarding where to allocate their money to maximize yields and avoid distress (Gangwar and Singh, 2018), there is a significant gap in the literature regarding the specific context of Zambian teachers. Existing studies examining financial literacy and investment choices have predominantly focused on other countries, such as Malaysia and the United Kingdom (Janor et al.). Generalising these results to the Zambian context may not be appropriate due to inherent cultural, demographic, and socioeconomic differences. Therefore, in light of this contextual deficiency, this research aims to examine the influence of financial literacy on investment decisions among government teachers in Kitwe, Zambia. Specifically, the study seeks to unpack this dynamic by investigating the individual influences of financial communication, financial behaviour, financial ability, and financial knowledge on these investment choices.

2. Literature Review

2.1. Introduction

This section reviews the extant literature on the relationship between financial literacy and investment decisions. It synthesises both theoretical and empirical contributions to provide a comprehensive understanding of how financial knowledge, behaviour, attitudes, and learning influence individual investment choices. The review also identifies key debates, methodological approaches, and gaps in the literature, particularly in the context of developing economies. By critically examining prior studies, this section establishes a foundation for the study's conceptual framework and hypothesis development.

2.2. Literature Review Process and Scope

The literature reviewed in this study was obtained through a systematic search of reputable academic databases. The key search terms included financial literacy, financial knowledge, financial behaviour, financial attitudes, financial learning, and investment decisions. The review focused primarily on peer-reviewed empirical studies published between 2014 and 2024 to ensure the relevance and timeliness of the analysis. Additional studies were identified through backward referencing of seminal and highly cited works.

The selection criteria emphasized methodological rigour, relevance to financial decision-making, and applicability to both developed and developing country contexts. In total, approximately 60 peer-reviewed articles were examined, capturing diverse research designs, theoretical perspectives, and contextual applications. This comprehensive approach ensures a balanced and critical synthesis of the literature.

2.3. Theoretical Literature Review

The theoretical literature provides the conceptual foundation for understanding the relationship between financial literacy and investment decisions. It draws from financial inclusion theory, human capital theory, behavioural finance, and established behavioural models such as the Theory of Planned Behaviour.

Financial inclusion serves as an important contextual framework within which financial literacy operates. It refers to the access and use of affordable, reliable, and appropriate financial services by individuals, particularly underserved populations. Scholars argue that financial inclusion promotes economic growth by enabling individuals to save, invest, and manage risks effectively (Sharma, 2016; Nwankwo and Nwankwo, 2014; Finance and Team, 2012). The World Bank (2012) defines financial inclusion as the accessibility and quality of financial services for underserved populations,

while others emphasize the need for affordability and safety in financial services provision. Financial inclusion enhances individuals' capacity to smooth consumption, accumulate assets, and withstand economic shocks (Nwankwo and Nwankwo, 2014). However, access alone is insufficient; individuals must possess the necessary financial literacy to use these services effectively (Zulfiqar, Aslam and Aslam, 2016).

Financial literacy is widely conceptualised as a form of human capital that enables individuals to make informed financial decisions. The OECD defines financial literacy as a combination of awareness, knowledge, attitudes, and behaviours necessary for achieving financial well-being (Lusardi Olivia Mitchell et al.). This multidimensional perspective highlights that financial literacy extends beyond knowledge to include behavioural and psychological components. Empirical and theoretical studies suggest that financially literate individuals are more likely to engage in sound financial practices such as saving, investing, and risk management (Finance and Team, 2012). They are also better equipped to compare financial products and make long-term financial plans (Klapper and Lusardi, 2020).

Despite its importance, the effectiveness of financial literacy in influencing behaviour remains contested. Fernandes, Lynch Jr and Netemeyer (2014), in a meta-analysis, argue that financial literacy explains only a small proportion of variation in financial behaviour, particularly among low-income groups. Similarly, Xiao and O'Neill (2016) and Xiao and Porto (2017) suggest that financial literacy alone may not be sufficient to drive behavioural change, highlighting the role of contextual and psychological factors. This divergence in findings underscores the need to integrate behavioural theories into the analysis of financial decision-making.

Traditional finance theory assumes that individuals are rational actors who make investment decisions based on objective evaluation of risk and return. Investment decisions are therefore viewed as a trade-off between expected returns and associated risks, with diversification used to minimise exposure (Afiqah, Sabri and Sabri Taylor, 2016; Weixiang, Qamruzzaman, Rui and Kler, 2022). However, this assumption of rationality has been widely criticised for failing to explain real-world investor behaviour.

Behavioural finance addresses this limitation by incorporating psychological and cognitive factors into financial decision-making. It posits that individuals are influenced by biases such as overconfidence, herding, and risk aversion, which can lead to suboptimal investment decisions (Asmara and Wiagustini, 2021). Financial literacy is therefore seen as a mechanism that can mitigate, but not completely eliminate, these biases.

The Theory of Planned Behaviour (TPB) provides a comprehensive framework for understanding how financial literacy influences investment decisions. According to TPB, behaviour is determined by behavioural intentions, which are influenced by attitudes, subjective norms, and perceived behavioural control (Ajzen, 2020). In this context, financial literacy enhances perceived behavioural control by equipping individuals with the knowledge and skills needed to make investment decisions. Financial attitudes influence individuals' willingness to invest, while social influences shape their perceptions of acceptable financial behaviour (Ratnawati, Sudarmiatin, Soetjipto and Restuningdiah, 2022).

Similarly, the Theory of Financial Behaviour emphasises the role of psychological, social, and emotional factors in shaping financial decisions. It suggests that financial behaviour is influenced not only by knowledge but also by habits, preferences, and environmental factors (Arianti, 2018; Wiryaningtyas, 2016). This perspective highlights that financial literacy interacts with behavioural factors to influence investment decisions, rather than acting as a standalone determinant.

Overall, the theoretical literature suggests that financial literacy influences investment decisions through multiple pathways, including cognitive, behavioural, and psychological mechanisms. This multidimensional perspective provides the basis for examining the interplay between financial knowledge, behaviour, attitudes, and learning in shaping investment outcomes.

2.4. Empirical Literature Review

2.4.1. Global Evidence

Empirical studies across different regions consistently demonstrate a significant relationship between financial literacy and investment decisions, although the strength and nature of this relationship vary across contexts. For instance, Fedorova et al. (2015) find that financially literate individuals are more likely to participate in stock markets, highlighting the role of knowledge in enhancing market participation. Similarly, Sivaramakrishnan, Karthikeyan and Subramaniam (2017), using the Theory of Planned Behaviour, show that both subjective and objective financial literacy positively influence investment intentions and behaviour.

Studies also emphasise the role of financial behaviour and attitudes in shaping investment decisions. (Ayu, Dwita and Andika, 2021) find that financial knowledge, behaviour, and attitudes significantly influence investment decisions among individuals in Indonesia. Likewise, Ratnawati et al. (2022) demonstrate that financial behaviour mediates

the relationship between financial literacy and investment decisions, suggesting that knowledge translates into action through behavioural mechanisms.

The role of psychological and socio-economic factors has also been widely examined. Prasad et al. (2021) show that behavioural and socio-economic factors, alongside financial literacy, significantly influence investment decisions, with notable gender differences. Similarly, Aren and Dinç Aydemir (2015) find that risk aversion negatively affects investment behaviour, while financial literacy moderates this relationship.

However, not all studies report strong effects. Fernandes et al. (2014) argue that financial literacy interventions have limited impact on financial behaviour, particularly in low-income contexts. This suggests that structural and contextual factors may constrain the effectiveness of financial literacy.

2.4.2. Evidence from Africa

Empirical evidence from Africa highlights relatively low levels of financial literacy and their implications for financial decision-making. Bongomin, Munene, Ntayi and Malinga (2018) find that financial literacy significantly influences financial inclusion among rural populations in Uganda, with cognitive factors playing a moderating role. Similarly, Adam, Frimpong and Boadu (2018) report gender disparities in financial literacy among retirees in Ghana, with males exhibiting higher literacy levels than females.

In South Africa, Dhlembeu, Kekana and Mpinda (2022) demonstrate that financial literacy significantly affects retirement planning, although overall literacy levels remain low. These findings suggest that while financial literacy is important, its impact is often constrained by socio-economic inequalities and limited access to financial education.

2.4.3. Evidence from Zambia

Empirical studies in Zambia remain limited, particularly in relation to investment decisions. Sikombe (2019) examines the application of financial literacy concepts among SMEs and finds that while entrepreneurs demonstrate basic financial knowledge, they lack awareness of alternative financing options. Similarly, Chalwe (2020) reports low levels of financial literacy among market traders in Lusaka, which negatively affects their financial decision-making, particularly in relation to insurance uptake.

These studies highlight significant gaps in financial knowledge and behaviour, suggesting that financial literacy remains a critical challenge in Zambia. However, they primarily focus on entrepreneurs and informal sector participants, with limited attention given to other groups such as government employees.

2.5. Critique of the Literature and Research Gaps

Despite the extensive body of literature on financial literacy and investment decisions, several gaps remain. First, there is limited context-specific research focusing on particular professional groups, such as government teachers, especially in Zambia. Most studies adopt broad population samples, which may overlook unique socioeconomic and institutional factors affecting specific groups.

Second, while financial knowledge and behaviour are widely studied, the concept of financial learning as a continuous process is under explored. Existing studies tend to treat financial literacy as static, rather than dynamic and evolving through experience and education.

Third, demographic factors such as gender, age, and marital status are often examined in isolation, with limited integration into comprehensive models of investment behaviour. Additionally, socioeconomic factors such as income stability, job security, and pension structures (particularly relevant for public sector employees) are insufficiently addressed.

Finally, much of the empirical literature relies on cross-sectional designs, limiting causal inference. There is a need for more robust methodologies, including longitudinal and experimental approaches, to better understand the dynamics of financial literacy and investment behaviour.

2.6. Summary

This section reviewed the theoretical and empirical literature on financial literacy and investment decisions. Theoretical perspectives highlight the role of financial literacy as a multidimensional construct influenced by cognitive, behavioural, and psychological factors. Empirical evidence generally supports a positive relationship between financial literacy and investment decisions, although the strength of this relationship varies across contexts.

The review also identified significant gaps, particularly in the context of Zambia and specific demographic groups such as government teachers. These gaps provide a strong justification for the present study and inform the development of the conceptual framework and hypotheses in the subsequent section.

3. Methodology

3.1. Research Design

Research design refers to the overall strategy employed to collect, analyse, and interpret data to answer research questions (Creswell and Creswell, 2017). Several research design alternatives exist, including experimental, correlational, survey, grounded theory, ethnographic, narrative, mixed-methods, and action research designs (Creswell and Creswell, 2017). Experimental designs evaluate the causal effects of independent variables on dependent variables under controlled conditions, while correlational designs examine relationships between variables without manipulating them. Survey designs collect information on attitudes, behaviours, or perceptions from a sample representing a population, and grounded theory designs aim to develop theory grounded in qualitative data. Ethnographic and narrative designs explore cultural phenomena and life experiences, respectively, whereas mixed-methods designs combine qualitative and quantitative approaches, and action research focuses on solving practical problems in educational or organisational settings (Creswell and Creswell, 2017).

For this study, a correlational research design was adopted. This design is appropriate because it allows for the prediction of outcomes and examination of relationships among multiple variables, including financial communication, financial behaviour, financial ability, financial knowledge, and investment decisions (Creswell and Creswell, 2017). Correlational design was selected due to its capacity to handle multiple variables simultaneously and provide a comprehensive understanding of inter-variable relationships.

3.2. Population, Sampling, and External Validity

The population of interest comprised all government teachers in Kitwe, Zambia. Given the impracticality of surveying the entire population, a representative sample was determined. According to Pallant (2020), a minimum sample size of 200 or 10 responses per questionnaire item is adequate for ensuring robust statistical analysis, including factor and reliability analyses. Using the Raosoft sample size calculator with a 95% confidence level, 5% margin of error, and 50% response distribution, a sample of 370 teachers was deemed sufficient.

A systematic random sampling method was employed, which is a probabilistic technique appropriate for regression analysis and ensures that each member of the population had an equal chance of selection (Guetterman and Guetterman, 2015). This sampling approach supports the external validity of the study by allowing findings to be generalised to the larger population of government teachers in Kitwe.

3.3. Data Collection Procedure and Ethical Considerations

Data were collected using primary and secondary sources. Primary data were obtained via a self-administered online questionnaire distributed through Google Forms and shared via social media platforms. The questionnaire employed a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree), consistent with prior studies (Janor et al.; Prasad et al., 2021). Ordinal data from the Likert scale were treated as interval data in SPSS for analysis. Secondary data were drawn from journal articles, books, government reports, and academic resources to complement the primary data and support the study's theoretical framework.

Ethical considerations were strictly observed throughout the data collection process. Participants were informed of the study's purpose, assured of confidentiality and anonymity, and participation was voluntary. Informed consent was obtained electronically before survey completion.

3.4. Sample Profile

The demographic characteristics of the 405 respondents are presented in Table 1. The sample included 80.2% males and 19.8% females, with 34.1% married. The majority (39.5%) were aged 36–45 years. Educationally, 30.9% held a bachelor's degree. Regarding income, 41.7% earned between K7,501 and K8,500 per month, and 42.5% reported monthly savings of K751–K850.

3.5. Measurement Model and Internal Validity

The study measured five constructs: financial communication, financial behaviour, financial ability, financial knowledge, and investment decision. Items for each construct were adapted from previous studies (Janor et al.; Prasad et al., 2021) to ensure validity. All constructs were assessed using a five-point Likert scale.

Internal reliability was assessed using Cronbach's alpha, with a threshold of 0.70 considered acceptable, although values as low as 0.60 are permissible in social science research (George and Mallery, 2018). Table 1 presents the measurement items and reliability coefficients for each construct.

Table 1
Sample Demographics

Variable	Category	Frequency	Percentage (%)
Gender	Male	325	80.2
	Female	80	19.8
	Total	405	100.0
Age Group	Below 21 years	19	4.7
	21–35 years	153	37.8
	36–45 years	160	39.5
	46–55 years	63	15.6
	56–65 years	10	2.5
	Total	405	100.0
Marital Status	Divorced	35	8.6
	Engaged	77	19.0
	Married	138	34.1
	Separated	5	1.2
	Single	26	6.4
	Widowed	124	30.6
	Total	405	100.0
Level of Education	Bachelors	125	30.9
	Certificate	41	10.1
	Diploma	102	25.2
	Doctorate	5	1.2
	Masters	31	7.7
	Postgraduate diploma	101	24.9
	Total	405	100.0
Monthly Salary	Below K5500	29	7.2
	K5501–K7500	106	26.2
	K7501–K8500	169	41.7
	K8501–K10500	76	18.8
	Above K10500	25	6.2
	Total	405	100.0
Monthly Saving	Below K550	37	9.1
	K551–K750	133	32.8
	K751–K850	172	42.5
	K851–K1050	46	11.4
	Above K1050	17	4.2
	Total	405	100.0

Note. Source: Survey Data (2026).

3.6. Preliminary Statistical Checks and Data Analysis

Prior to hypothesis testing, preliminary statistical checks were conducted to ensure data met the assumptions of normality, linearity, and multicollinearity (Pallant, 2020). Skewness and kurtosis values for all items were within acceptable ranges (± 2), supporting normality assumptions. Variance Inflation Factor (VIF) values were below 5, indicating no multicollinearity among predictors.

Data were analysed using SPSS, with hierarchical multiple regression employed to examine the relationships between financial literacy constructs and investment decisions. This approach allowed the researcher to control for demographic variables while assessing the incremental effect of financial constructs on investment behaviour.

3.7. Summary

This section described the study's methodology, including the research design, population, sampling procedure, ethical considerations, measurement model, and preliminary statistical checks. A correlational design was justified due

to the study's objective of examining relationships among multiple variables. Systematic random sampling ensured representativeness and external validity. Measurement items were adapted from prior studies, with Cronbach's alpha confirming reliability. SPSS was used to conduct hierarchical multiple regression to test the study hypotheses in the subsequent section.

4. Results and Analysis

4.1. Preliminary Diagnostics and Descriptive Statistics

Prior to hypothesis testing, preliminary data screening and diagnostic checks were conducted to ensure the dataset ($N = 405$) met the fundamental assumptions required for multivariate analysis. Missing data analysis revealed a 100% completion rate. The distributions of all continuous variables were assessed for normality; skewness and kurtosis values fell well within the acceptable threshold of ± 2.0 , confirming that the data approximated a normal distribution suitable for parametric testing. Furthermore, multicollinearity was evaluated using Variance Inflation Factors (VIF). The VIF values across the full regression model ranged from 1.040 to 2.303, well below the conservative threshold of 5.0, confirming that multicollinearity does not pose a threat to the interpretability of the regression coefficients. Descriptive statistics (presented in Table 3 alongside the correlation matrix) indicate that the respondents exhibited moderate baseline levels across all dimensions of the financial literacy framework. Financial ability ($M = 2.886$, $SD = 0.669$), financial knowledge ($M = 2.876$, $SD = 0.677$), financial communication ($M = 2.875$, $SD = 0.707$), and financial behaviour ($M = 2.865$, $SD = 0.591$) all clustered near the midpoint of the 5-point scale. This suggests a baseline level of financial awareness among the sampled government teachers, though it simultaneously highlights significant room for pedagogical and behavioural intervention.

4.2. Bivariate Correlation Analysis

Pearson correlation analysis was employed to evaluate the strength and direction of the zero-order relationships between the variables. As anticipated, all independent variables demonstrated large, statistically significant positive correlations with investment decisions. Financial knowledge exhibited the strongest bivariate association ($r = .614$, $p < .01$), followed closely by financial ability ($r = .575$, $p < .01$), financial behaviour ($r = .556$, $p < .01$), and financial communication ($r = .512$, $p < .01$). The sociodemographic control variables—gender, age group, monthly salary, and monthly savings—also yielded significant positive correlations with investment decisions, ranging from small to medium effect sizes ($r = .138$ to $.317$, $p < .05$). The presence of these significant correlations validates the theoretical framework and justifies their inclusion as covariates in the subsequent hierarchical regression to isolate the true effects of the financial literacy dimensions.

4.2. Hierarchical Multiple Regression Analysis

To systematically test the hypotheses and observe the incremental predictive utility of each financial construct, a five-stage hierarchical multiple regression was conducted with investment decisions as the dependent variable. The stepwise introduction of variables allows for the isolation of specific behavioural and cognitive effects while controlling for baseline economic capacities. The results of this analysis are detailed in Table 4

Model 1 introduced the sociodemographic control variables, which collectively accounted for 15.1% of the adjusted variance in investment decisions ($R^2_{adj} = .151$, $F(4, 400) = 18.972$, $p < .001$). Monthly savings emerged as the most robust control predictor ($\beta = 0.249$, $p < .001$), underscoring the baseline economic reality that available liquidity heavily dictates an individual's capacity to engage in investment activities.

Models 2, 3, and 4 sequentially introduced financial communication, financial behaviour, and financial ability. Each step yielded a statistically significant improvement in model fit (all $F_{change} p < .001$), indicating that each construct adds unique explanatory value to the decision-making process.

Model 5 represents the full, unconstrained model, culminating with the introduction of financial knowledge. This final model demonstrated robust explanatory power, accounting for 50.6% of the adjusted variance in investment decisions ($R^2_{adj} = .506$, $F(8, 396) = 52.752$, $p < .001$). Within this comprehensive framework, financial knowledge emerged as the dominant substantive predictor ($\beta = 0.372$, $p < .001$). Financial behaviour ($\beta = 0.189$, $p < .001$) and financial ability ($\beta = 0.141$, $p < .01$) also retained significant, positive coefficients, indicating that both the cognitive capacity to manage money and the behavioral discipline to act prudently are critical drivers of investment choices.

From a behavioural economics perspective, a critical insight is the attenuation of the financial communication variable. While financial communication was highly significant when introduced in isolation alongside controls in Model 2 ($\beta = 0.440$, $p < .001$), its effect was rendered entirely non-significant in the final model ($\beta = 0.067$, $p > .05$). This structural shift suggests a profound behavioural reality: passive exposure to financial information (communication) is insufficient to

drive investment choices unless it is successfully internalized as cognitive competence (knowledge and ability) and translated into actionable discipline (behaviour).

4.3. Hypotheses Testing Summary

The results from the final hierarchical regression model (Model 5) provide definitive empirical evidence regarding the formulated hypotheses: H1 (Financial communication positively relates to investment decisions): Not supported. In the presence of robust cognitive and behavioural factors, communication loses its predictive significance ($\beta = 0.067$, $p > .05$). H2 (Financial behaviour positively influences investment decisions): Supported. Prudent financial habits translate directly into active investment participation ($\beta = 0.189$, $p < .001$). H3 (Financial ability positively relates to investment decisions): Supported. The practical capacity to navigate and manage personal finances positively drives investment choices ($\beta = 0.141$, $p < .01$). H4 (Financial knowledge positively relates to investment decisions): Supported. Cognitive mastery of financial concepts serves as the strongest catalyst for confident and active investment decision-making ($\beta = 0.372$, $p < .001$).

5. Discussion of Findings

The primary objective of this study was to examine the influence of financial literacy dimensions—specifically financial communication, financial behaviour, financial ability, and financial knowledge—on the investment decisions of government teachers in Kitwe, Zambia. Grounded in the Theory of Planned Behaviour and the Theory of Financial Behaviour, the empirical results reveal insightful patterns. While financial behaviour, ability, and knowledge exert statistically significant positive influences on investment decisions, financial communication surprisingly does not play a significant role.

5.1. Financial Communication and Investment Decisions

The regression analysis demonstrated that financial communication does not significantly impact investment decisions among the sampled educators. This finding contrasts with earlier literature, such as Haider and Khalid (2018), who found that financial communication positively affects an individual's ability to assess risks and returns, and Kowalewski and Dzierżanowski (2019), who asserted that continuous financial communication prepares individuals to handle uncertainties.

A plausible explanation for this divergence in the Zambian context is that informal financial communication within the workplace or among peers lacks the depth, structural integrity, and reliability needed to influence definitive investment choices. Teachers may discuss financial matters informally, but without guidance from certified financial experts or structured financial education programs, these conversations fail to yield substantial, actionable decision-making outcomes. Furthermore, local cultural and societal norms may discourage transparent discussions about personal finances, thereby limiting the utility of peer-to-peer financial communication.

5.2. Financial Behaviour and Investment Decisions

Financial behaviour emerged as a significant determinant of investment decisions, implying that the practical ways in which teachers manage their day-to-day finances directly influence their capacity and willingness to invest. This finding is consistent with Ayu et al. (2021) and Ratnawati (2020), who highlight that prudent financial habits—such as budgeting, disciplined saving, and managing expenses—are positively linked to an individual's ability to invest effectively.

Teachers who exhibit positive financial behaviours are more likely to have the discretionary funds necessary to set aside capital for investment, manage debt effectively, and prioritize long-term wealth creation. This aligns tightly with behavioural finance theories, confirming that an individual's financial habits and psychological predispositions are just as critical as their theoretical knowledge when committing to investment choices.

5.3. Financial Ability and Investment Decisions

Financial ability—defined here as an individual's practical capacity and confidence to manage personal finances efficiently—also demonstrated a notable, positive influence on investment decisions. This aligns with findings from Malloy and Andrews (2017) and Nwachukwu and Ofoegbu (2016), who noted that an individual's practical capacity for financial planning strongly correlates with robust financial outcomes.

Teachers with higher financial ability, demonstrated by their competence in assessing financial risks and allocating resources, are naturally more inclined to invest. This finding implies a critical nuance: even if a teacher possesses

theoretical financial knowledge, the absence of financial ability (the practical application skills) acts as a bottleneck, hindering active investment engagement.

5.4. Financial Knowledge and Investment Decisions

Among all the factors analyzed, financial knowledge exerted the strongest substantive influence on investment decisions. This corroborates the assertions of Fedorova et al. (2015) and Atkinson and Messy (2012), who argue that individuals with greater financial knowledge are uniquely equipped to evaluate complex financial products, understand risk-return trade-offs, and navigate inflation implications.

Teachers with high financial literacy are more confident in evaluating investment opportunities and executing informed financial decisions. This finding underscores the absolute necessity of integrating formal financial education into professional development programs for public sector employees, ensuring they possess the cognitive mastery required to engage with modern financial markets.

6. Conclusion, Implications, and Future Research

6.1. Summary of Key Findings and Contributions to Knowledge

This study advances the academic and practical understanding of financial decision-making processes within the public sector, specifically among government teachers in Zambia — a historically understudied demographic. The research establishes that financial literacy is a multidimensional construct where financial knowledge, practical ability, and disciplined behaviour act as the primary catalysts for investment participation. Crucially, the study differentiates financial communication from these other factors, challenging the conventional wisdom that mere exposure to financial discussions automatically translates into informed investment action. By validating financial knowledge as the most dominant predictor, this study reinforces global efforts to prioritize rigorous financial education over informal financial dialogue.

6.2. Practical and Policy Implications

The findings yield several actionable implications for policymakers, educational institutions, and the financial services sector:

- **Targeted Financial Education:** The Ministry of Education, in collaboration with financial institutions, must introduce comprehensive, structured financial literacy programs. These should move beyond theoretical concepts to include practical workshops on investment simulations, retirement planning, and portfolio diversification.
- **Behavioural Interventions:** Because financial behaviour is a critical driver of investment, awareness campaigns and mentorship programs should focus heavily on fostering disciplined long-term saving habits, budgeting, and debt reduction.
- **Professional Advisory Services:** Given that informal financial communication is ineffective, teachers require access to professional, unbiased financial advice. The Zambian government and private financial institutions should explore subsidized or structured consultation services for civil servants.
- **Customized Financial Products:** The Ministry of Finance and local institutions should consider developing specific cooperative savings schemes or low-risk investment vehicles tailored to the unique liquidity constraints and salary structures of government teachers.

6.3. Limitations and Directions for Future Research

While this study provides robust empirical insights, certain methodological limitations present avenues for future research. First, the geographic focus on Kitwe limits the broad generalizability of the findings across the entire Zambian public sector. Future studies should adopt a wider geographic scope, potentially including private-sector educators for comparative analysis. Second, the cross-sectional design captures a specific point in time, precluding strict causal inferences. Longitudinal studies are recommended to track how financial literacy interventions dynamically alter investment behaviours over time. Finally, future models should integrate macroeconomic variables (e.g., inflation volatility) and deeper psychological constructs (e.g., specific risk-tolerance thresholds) to provide a more holistic analysis of investment behaviour in developing economies.

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Table 2: Measurement Model

Variable	Item	Source	Cronbach's α
Financial communication	FC1: I find it easy to communicate with my bank or financial institution regarding account-related queries.	Janor et al. (2016)	0.644
	FC2: I find financial statements, such as bank statements and investment reports, easy to understand.		
	FC3: Financial institutions are transparent in their communication about fees, charges, and terms.		
	FC4: Financial news sources, such as websites or television programs, effectively communicate information that helps me stay informed.		
Financial behaviour	FB1: I carefully consider gathering information before making purchases.	Janor et al. (2016)	0.651
	FB2: I pay bills on time.		
	FB3: I have a budget and I stick to it.		
	FB4: I have been actively saving in the past year.		
	FB5: I have been actively investing in the past year.		
	FB6: I have not borrowed to make ends meet.		
Financial Ability	FAB1: I am confident in my ability to manage and reduce debt.	Janor et al. (2016)	0.666
	FAB2: I feel knowledgeable about the different investment options available to me.		
	FAB3: I actively engage in financial planning to meet my short-term and long-term goals.		
	FAB4: I can easily calculate the interest charge on a loan.		
	FAB5: I can assess the financial risks of financial options.		
Financial Knowledge	FK1: I have an understanding of the concept of the time value of money, where financial decisions are evaluated in terms of their impact on future value or purchasing power.	Janor et al. (2016)	0.682
	FK2: I have a high-risk tolerance level.		
	FK3: I have an understanding of the difference between simple interest and compound interest.		
	FK4: I have an understanding of the inflation rate.		
	FK5: Putting all your eggs in one basket can be fatal for investments, and how do you rate your understanding of this statement.		
Investment Decision	ID1: I feel confident in my ability to make informed investment decisions.	Prasad et al. (2021)	0.716
	ID2: I carefully evaluate the risks and benefits before making an investment decision.		
	ID3: I rely on my financial knowledge and learning to guide my investment choices.		
	ID4: I make investment decisions with long-term financial goals in mind.		
	ID5: I am satisfied with the outcomes of my investment decisions.		
	ID6: 'The higher the risk the higher the investment.' To what extent does this statement influence your investment decision.		

Note. The financial attitude construct was removed due to low reliability (see Appendix 4.1.1).

Table 3
Descriptive Statistics and Bivariate Correlations

No.	Variables	Mean	Std. Dev	N	1	2	3	4	5	6	7	8
1	Investment Decision	2.828	0.649	405	–							
2	Gender	0.200	0.399	405	.138**	–						
3	Age Group	2.730	0.866	405	.193**	-.119*	–					
4	Monthly Salary	2.910	0.988	405	.235**	-0.053	.216**	–				
5	Monthly Savings	2.690	0.938	405	.317**	0.020	.156**	.318**	–			
6	Financial Communication	2.875	0.707	405	.512**	0.066	.188**	.163**	.182**	–		
7	Financial Behaviour	2.865	0.591	405	.556**	0.089	.272**	.303**	.311**	.479**	–	
8	Financial Ability	2.886	0.669	405	.575**	0.029	.210**	.267**	.283**	.624**	.618**	–
9	Financial Knowledge	2.876	0.677	405	.614**	0.040	.214**	.218**	.100*	.615**	.502**	.604**

Note. ** Correlation is significant at the 0.01 level (2-tailed). * Correlation is significant at the 0.05 level (2-tailed).

Table 4
Hierarchical Multiple Regression Analysis for Investment Decisions

Variables	Model 1		Model 2		Model 3		Model 4		Model 5		VIF
	Beta	S.E	Beta	S.E	Beta	S.E	Beta	S.E	Beta	S.E	
Control Variables											
Gender	0.157***	0.075	0.119**	0.067	0.089*	0.064	0.097*	0.062	0.095**	0.058	1.040
Age Group	0.144**	0.036	0.074	0.032	0.023	0.031	0.023	0.030	0.005	0.028	1.138
Monthly Salary	0.132**	0.032	0.091*	0.029	0.037	0.028	0.022	0.027	-0.002	0.025	1.214
Monthly Savings	0.249***	0.034	0.194***	0.030	0.138***	0.029	0.120**	0.028	0.167***	0.027	1.224
Independent Variables											
Financial Communication			0.440***	0.039	0.308***	0.040	0.203***	0.045	0.067	0.045	1.948
Financial Behaviour					0.341***	0.052	0.247***	0.055	0.189***	0.052	1.856
Financial Ability							0.248***	0.053	0.141**	0.052	2.303
Financial Knowledge									0.372***	0.047	1.953
F	18.972***		40.924***		47.335***		45.516***		52.752***		
F Change	18.972***		108.361***		52.815***		20.612***		57.809***		
R	0.399		0.582		0.645		0.667		0.718		
R Square	0.159		0.339		0.416		0.445		0.516		
R Squared adjusted	0.151		0.331		0.408		0.435		0.506		
R Squared Change	0.159		0.180		0.077		0.029		0.071		

Note. * Significant at 5% ($p < .05$). ** Significant at 1% ($p < .01$). *** Significant at 0.1% ($p < .001$).