Financial self–efficacy, Financial Literacy and Subjective Financial Well-being of University Staff in Kenya

Moi Dennis Kiplangat1*, Joel Tuwey, PhD1 & Lydia Maket, PhD1

1 Moi University, P. O. Box 3900-30100, Eldoret, Kenya.
* Author for Correspondence ORCID ID: https://orcid.org/0009-0005-3470-0691; Email: arapdkmoi@gmail.com

ABSTRACT

Financial literacy is an important aspect of the subjective financial well-being of public sector employees. In addition, financial self-efficacy plays a crucial role in determining the personal finances of adults across the board. Globally, financial literacy levels across the board. Hence, the study examined the moderating effect of financial self-efficacy on the relationship between financial literacy and subjective financial well-being among university staff in Western Kenya. The study was guided by Subjective well-being Theory with a target population of 9,786 employees drawn from eight universities in Western Kenya: Moi University, Maseno University, Masinde Muliro University of Science and Technology, Kisii University, University of Eldoret, Jaramogi Oginga Odinga University of Science and Technology, Kibabii University and Rongo University. A sample size of 385 individuals was drawn based on Yamane's formula (1967). The study adopted multistage sampling techniques, and data was collected through a self-administered questionnaire. The Cronbach alpha coefficient > 0.7 indicated that the research instruments were reliable. The study used both descriptive and inferential statistics to analyse the data. The correlation analysis indicated that subjective financial well-being is correlated with financial literacy (r = 0.698, p< 0.05) and financial self-efficacy (r = 0.259, p< 0.05). Financial literacy explained 40.19 % of variations in financial well-being, while self-efficacy explained 9.49 % of variations in subjective financial well-being. The moderating effect of financial self-efficacy explains 49.93 % of variations in the subjective financial well-being of university staff. The study rejected all the null hypotheses and concluded that self-efficacy has direct and indirect effects on the subjective financial well-being of university staff. The study recommends that universities introduce seminars and workshops on personal finances, prioritise the work-life balance among staff and provide regular employee development programmes. The policy recommendations include the institutionalisation of employee wellness campaigns. Further studies may examine the impact of financial capabilities on the financial well-being of staff and students.

APA CITATION

CHICAGO CITATION

HARVARD CITATION

IEEE CITATION

MLA CITATION

INTRODUCTION
Financial well-being is a state of being financially healthy, happy, and free from worry and is based on subjective appraisals of one's financial situation (McIntyre & McDonald, 2013) and is a function of individual characteristics, financial behaviours, and financial stressor events (Gutter & Copur, 2011) and plays a significant part in adults' overall success as well as their overall psychological well-being (Sabri et al., 2020). In today's demanding financial environment, consumers confront complicated financial decisions at a young age and are, therefore, likely to make costly financial mistakes early in their lives (Annabi et al., 2018). Thus, limited financial reserves can cause unexpected financial emergencies and prompt financial hardship (Brüggen et al., 2017).

Financial well-being is a multifaceted concept that transcends both traditional financial literacy and the broader notion of financial knowledge, which entails having control over one's finances day-to-day as well as having the capacity to absorb financial shocks, track and meet financial goals and the freedom to make informed financial choices (Strömbäck et al., 2017). Importantly, subjective financial well-being is largely determined by intrinsic factors that relate to personal decision-making abilities (Robb & Woodyard, 2011). Thus, enhancing financial literacy is essential for enabling people to have the necessary knowledge and skills to improve their financial well-being (Chong et al., 2021).

Globally, low financial literacy levels are prevalent everywhere, rather than specific to any given country or stage of economic development (Lusardi & Mitchell, 2011; Lusardi, 2019). Financial literacy is the ability to use knowledge and skills to effectively manage one's financial resources for lifetime financial security (Hastings et al., 2013). Thus, well-informed, financially literate consumers should be able to make better decisions, increasing their economic security and well-being (Hogarth & Hilgert, 2002). Financial literacy is an important component in financial decision-making. Still, other factors play a significant role as well, and empirical evidence indicates that financial behaviour is linked to financial knowledge (Robb & Woodyard, 2011).

Empirical studies have highlighted the influence of financial literacy on an individual's economic capabilities, such as investment decisions, credit usage and consumer spending habits (Chen et al., 2023). For instance, Xiao et al. (2014) examined the relationship between financial literacy and financial well-being using the U. S. State-by-State Survey dataset on financial capability. Based on the regression analysis, the findings reported a positive relationship between financial literacy and financial well-being.

In a study carried out in the US, Xiao et al. (2020) examined the differences in financial knowledge using 2015 U.S. National Financial Capability Study data. The results observed that adults who completed their university education program had higher financial literacy scores than college dropouts and enrollees. Further analyses showed
differences in specific financial knowledge items among the study respondents.

**Problem Statement**

As the individual goes through different developmental stages, adults face several challenges, such as independence, financial self-sufficiency and the assumption of responsibilities (Ronconi et al., 2018). There is a common assumption that lack of financial literacy is attributable to the lack of education, but evidence indicates that the relationship between literacy and behaviour is more complicated as enhanced literacy levels do not automatically result in improved behavioural outcomes (Robb & Woodyard, 2011).

Financial literacy is very low worldwide, irrespective of the level of financial market development and the type of pension provision (Lusardi & Mitchell, 2011). Yet, little research is known about what drives financial well-being and downstream implications posing a problem for policymakers about improving a person's financial well-being (Fisher & Yao, 2017). In Kenya, the studies examining subjective financial well-being are diverse and examine different components (Kamakia et al., 2017). Due to the contextual gaps in the financial well-being of university staff, the study examined the direct and indirect effects of financial self-efficacy on the financial well-being of staff in public universities in Kenya.

**LITERATURE REVIEW**

**Theoretical Review**

The subjective well-being theory underpinned the study. Subjective well-being is the product of an overall appraisal of life that balances the good and the bad. This conceptualisation does not restrict itself to specific feelings and does not mix up the subjective experience with its possible causes (Veenhoven, 2008). Subjective well-being is also a social construction and, as such, comparable to notions such as "beauty" and "fairness." A common reasoning in this line is that subjective well-being depends on shared notions about life and that these collective notions frame individual appraisals. Subjective well-being is the gap between perceptions of life as it is and notions of how life should be (Diener et al., 1999).

Thus, a person is sad to have high SWB if she or he experiences life satisfaction or frequent joy and only infrequently experiences unpleasant emotions such as sadness and anger. On the contrary, a person is said to have low SWB if he or she is dissatisfied with life, experiences little joy and affection and frequently feels negative emotions such as anger and anxiety. The cognitive and affective components of SWB are highly interrelated (Veenhoven, 2008). Individual differences in subjective well-being affect work and non-work situations (González et al., 2021).

Diener (2000) postulated the several cardinal characteristics of SWB. First, SWB covers the entire image of well-being from agony to ecstasy. Second, SWB is defined in terms of the internal experience of the respondent. In the field of SWB, a person's beliefs about his or her well-being are paramount. Finally, SWB focuses on the longer-term states, not just momentary moods. SWB is only one aspect of psychological well-being. Nevertheless, the subjective frame of reference implicit in the concept is based on the respondent's internal perspective and thus gives priority and respect to a person's views of life (Diener, Suh & Oishi, 1997).

At a lower educational level, wellness is an individual phenomenon but always embedded in an interpersonal, social-familial, or institutional context. For children and adolescents, schools represent a major life domain; they spend much time in school, thus serving as a major institutional context and growth environment. Thus, students' experiences in their schools likely have important implications for their lifelong SWB. Happiness and education are properly, intimately connected. Happiness should be an aim of education, and a good education should contribute significantly to personal and collective happiness. A good education should be concerned about students' academic learning and SWB in school. Similarly, students' SWB in school may be
an important indicator of good quality of education (Liu et al., 2015).

Empirical Review and Hypothesis Development

Financial Literacy and Subjective Financial Well-Being

Extant literature indicated that academic ability predicts financial literacy and financial well-being (Sabri et al., 2012) and in turn, financial literacy significantly influences perceived financial well-being (Sabri et al., 2020). The empirical studies have highlighted the direct effects of financial literacy on subjective financial well-being (Adam et al., 2017; Taft et al., 2013; Letkiewicz and Fox, 2014) and financial behaviours (Allgood & Walstad, 2013).

Chu et al. (2017) examined the impact of financial literacy on household portfolio choice and investment return using data from the 2014 Chinese Survey of Consumer Finance. The study employed regression analysis, and the findings showed that households with higher financial literacy are more likely to receive a positive investment return. Furthermore, households with advanced financial literacy levels tend to delegate decisions regarding their portfolio investments to experts and invest in mutual funds, while households confident about their financial literacy make investment decisions on their own and are more likely to hold only stocks in their portfolios.

Crossan et al. (2011) carried out a comparative evaluation of the financial literacy of the adult Maori population in New Zealand. The study observed that the Maori tribe had comparatively lower levels of financial knowledge than the other New Zealanders, and this had a significant implication on the well-being of these communities. However, the study found that financial literacy did not significantly impact well-being as measured by retirement planning because of the public pension system. In a study carried out in Ghana, Adam, Frimpong and Boadu (2017) employed a cross-sectional survey to examine the impact of financial literacy on the financial well-being of retirees. The study used SEM, and the findings indicate that financial literacy has a significant impact on the subjective financial well-being of these individuals.

Taft et al. (2013) examined the relationship between financial literacy and subjective financial well-being in a study. The study randomly surveyed individuals using a questionnaire, and analysed data using regression analysis. The findings indicated that financial literacy has a significant positive impact on subjective financial well-being. Thus, higher financial literacy leads to greater financial well-being. In Greece, Philippas and Avdoulas (2020) examined the relationship between financial literacy, financial fragility, and financial well-being in Greek universities using a questionnaire. Based on logistic regression analysis, the findings indicated that financial literacy significantly impacts the students' subjective financial well-being.

These studies observed that financial literacy directly affects subjective financial well-being. Based on the empirical reviews on financial literacy, this study examined the direct effects of financial self-efficacy on the well-being of university staff in Kenya. The studies have highlighted the impact of financial literacy in different contexts and developed countries, and thus, there is a dearth of studies in Kenya. Thus, the study formulated the following hypothesis to support empirical literature.

H1: Financial literacy has no significant effect on the subjective financial well-being of university staff in Kenya

Financial Self-Efficacy and Subjective Financial Well-Being

The empirical studies have highlighted the direct impact of financial self-efficacy on subjective financial well-being (Sabri et al., 2020; Farrell, Fry & Risse, 2016; Sabri et al., 2021), financial security (Khan & Siddiqui, 2021) subjective wellbeing (Khan et al., 2022; Sivis-Cetinkaya, 2013) Sabri et al. (2020) examined the impact of financial self-efficacy on the financial well-being of young adults in Malaysia. The findings indicate that financial self-efficacy positively correlated...
with financial well-being. Sivis-Cetinkaya (2013) examined the influence of financial – self-efficacy on the subjective well-being of students in Turkey. The study administered a general self-efficacy scale on the student participants and employed a correlational analysis. The findings indicated that psychological strength as the effective measure of self-efficacy was strongly associated with subjective well-being.

Farrell et al. (2016) examined the impact of an individual's level of financial self-efficacy and observable aspects on the personal finance behaviour of the Australian young adult population. The findings indicated that financial self-efficacy predicts financial behaviour and that individuals with higher financial self-efficacy are more likely to hold investment and savings products and less likely to hold debt-related products. Khan et al., (2022) examined the moderating influence of self-efficacy on employee well-being in remote work in Pakistan during the COVID-19 pandemic. The study took a comparative approach of university lecturers as respondents and used SEM and the findings indicated that self-efficacy has a direct influence on remote work environment and thus moderates the relationship between remote work and financial wellbeing.

Khan and Siddiqui (2021) evaluated the influence of self-control and self–efficacy on the subjective well-being of respondents in Pakistan using SEM analysis. The findings indicated self–control and self-efficacy have a significant influence on financial security. Chatterjee et al. (2011) examined the influence of financial self–efficacy as a predictor of wealth creation using the National Longitudinal Survey of Youth data set among the U.S. population. Based on regression analysis, the findings indicated that self-efficacy predicts investment for financial assets and wealth creation over time.

Based on a cross-sectional study on women entrepreneurs, Sabri et al., (2021) examined the effect of perceived self-efficacy enhancement on the socio-economic in Malaysia. Based on regression analysis, the findings indicated that self-efficacy predicts socioeconomic well-being and mediates the relationship between financial empowerment and the well-being of women entrepreneurs. In a study carried out in South Africa, Vosloo et al., (2014) examined the relationship between financial efficacy and the financial well–being of employees using a survey and employed regression analysis. The findings indicated that financial efficacy moderates subjective financial well-being through its effects on personal satisfaction with remuneration.

These studies observed that financial self-efficacy directly affects subjective financial well-being. These empirical studies show that financial self-efficacy has a direct influence on subjective financial well-being, and financial security in different contexts, with a few studies in Sub-Saharan Africa. Based on the empirical reviews on financial self-efficacy, this study examined the direct effects of financial self-efficacy on the well-being of university staff in Kenya. Thus, the study formulated the following hypothesis to support empirical literature.

\[ H_2: \text{Financial self-efficacy has no effect on the subjective financial well-being of university staff in Kenya} \]

**The Moderating Role of Financial Self-efficacy and Subjective Financial Well-being**

Empirical studies have highlighted the indirect impact of financial self-efficacy on subjective financial well-being through financial behaviour (Chong et al., 2021) and through the indirect moderating effect (Vosloo et al., 2014; Lim et al., 2014; Montford & Goldsmith, 2016). Montford and Goldsmith (2016) examined the moderating effect of financial self-efficacy on the relationship between gender and financial risk-taking using U.S. college students. Based on the logistic regression, the findings indicated that financial self-efficacy significantly moderates the observed gender differences associated with greater financial risk-taking. Mulasi and Mathew (2021) examined the financial literacy, self – efficacy and behaviours of individual investors in India. The study sampled the investors using a questionnaire.
and employed a regression analysis. The findings indicated that financial literacy has a significant influence on financial behaviours and that the relationship is accentuated by the effect of financial self-efficacy.

These studies observed that financial self-efficacy directly and indirectly affects subjective financial well-being. The studies have highlighted the impact of financial self-efficacy in different contexts and developed countries, and thus, there is a dearth of studies in Kenya. Based on the review and suggestion by empirical studies and research on financial self-efficacy, this research examined the moderating effects of financial self-efficacy on the relationship between financial self-efficacy and the well-being of university staff in Kenya. Thus, the study formulated the following hypothesis to support empirical literature.

\[ H_2: \text{Financial self-efficacy has no significant moderating effect on the relationship between financial literacy and the subjective financial well-being of university staff in Kenya} \]

**METHODOLOGY**

The study adopted an explanatory research design because the study examined the causal relationship between key study variables, namely, personal characteristics, financial literacy, self-efficacy, and financial well-being of university staff in Kenya. The study targeted eight public universities in western Kenya, namely Moi University, Maseno University, Masinde Muliro University of Science and Technology, Kisii University, University of Eldoret, Jaramogi Oginga Odinga University of Science and Technology, Kibabii University and Rongo University. The choice of the region is based on the fact that public universities in the Western Region of Kenya tend to have heterogeneous employee population subsets because the universities are found in five counties namely; Uasin Gishu, Kisii, Kisumu, Bungoma, Kakamega and Migori which hold diverse cultures based on tribal affiliation. Further, these universities are sparsely distributed in over a third of Kenya's total surface area. The targeted population constituted 9,786 university staff from eight public universities in Western parts of Kenya. A sample size of 385 individuals was drawn based on Yamane's formula (1967).

The study employed a multistage sampling in selecting the respondents in the different universities and regions and randomly sampled at an individual level. First, the study utilized a cluster sampling technique based on the fact that populations were found in different regions which designates clusters. The final stage of sampling involves choosing a random sample of staff in the distinct faculties, schools, and campuses. The study utilised a questionnaire as the main source of the primary data collection tools, and the instrument was piloted at the University of Kabiianga, Kericho County, for both form and content validity. the study employed a Cronbach alpha coefficient > 0.7, indicating that the instrument was satisfactory and reliable. The study used 8 items for financial well-being, 20 for financial literacy and 8 for financial self-efficacy.

**Data Analysis**

Data were analysed using inferential statistics, and the outputs were presented in a tabular format. The study then used the geometric mean to reduce the items of the variable into a single numerical index used for further analysis. The study carried out the diagnostic tests(test for normality, linearity, homoscedasticity, multicollinearity and linear relationship), and the results indicated that all the assumptions were met, and thus, the regression analysis was employed during the hypothesis testing. The study employed multiple regressions to test for the moderating effects of self-efficacy on the relationship between financial literacy and the financial well-being of university staff in Kenya.

**RESULTS**

**Descriptive Statistics**

The study utilized the common five-point Likert Scale which rated the level of affirmation/disaffirmation with the items of a
variable that best represented their view/opinion on an ascending scale starting with Strongly Disagree (SD); Disagree (D); Neutral (N); Agree (A), and Strong agree (SA).

Table 1 Summary of descriptive analysis

<table>
<thead>
<tr>
<th>Variable</th>
<th>Items</th>
<th>n</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subjective financial wellbeing</td>
<td>8</td>
<td>354</td>
<td>3.6907</td>
<td>1.0711</td>
</tr>
<tr>
<td>Financial literacy</td>
<td>20</td>
<td>354</td>
<td>3.8803</td>
<td>0.8856</td>
</tr>
<tr>
<td>Financial self-efficacy</td>
<td>6</td>
<td>354</td>
<td>3.9579</td>
<td>0.8063</td>
</tr>
</tbody>
</table>

The respondents largely agreed with the financial literacy indicators, as indicated by a mean of 3.8055 (SD = 0.9458). The indicators of financial self-efficacy had a mean = 3.9579 (SD = 0.8090), which indicated high levels of self-efficacy, while the responses on financial well-being had a mean of 3.6907 with a standard deviation of 1.076. This indicated a positive affirmation of their state of well-being, which varied from respondent to respondent.

Hypothesis Testing

The output from the study had four regression models: model One tested for the effect of demographic characteristics, Model Two tested for the direct effect of financial literacy, Model Three tested for the direct effect of financial self-efficacy, and Model Four tested for indirect (moderating) effects of financial efficacy. The output is shown in Table 1.

Table 2: Regression output for the study

<table>
<thead>
<tr>
<th>Variable</th>
<th>Model 1</th>
<th>Model 2</th>
<th>Model 3</th>
<th>Model 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant</td>
<td>3.7532* (26.89)</td>
<td>0.1500 (0.49)</td>
<td>2.4260 (8.83)</td>
<td>-1.3098* (-1.95)</td>
</tr>
<tr>
<td>Gender</td>
<td>-0.0461 (-0.51)</td>
<td>-0.0007 (-0.10)</td>
<td>-0.0418 (-0.48)</td>
<td>0.9056 (0.09)</td>
</tr>
<tr>
<td>Age</td>
<td>0.0416 (0.89)</td>
<td>0.0121 (0.32)</td>
<td>0.0288 (0.64)</td>
<td>0.0233 (0.69)</td>
</tr>
<tr>
<td>Education</td>
<td>-0.114* (-2.29)</td>
<td>-0.111* (-2.72)</td>
<td>-0.1558* (-3.23)</td>
<td>-0.0520 (0.158)</td>
</tr>
<tr>
<td>Financial literacy</td>
<td>0.9781* (13.59)</td>
<td>0.3685* (5.54)</td>
<td>0.2956* (3.58)</td>
<td>1.3836* (8.17)</td>
</tr>
<tr>
<td>Financial self-efficacy</td>
<td>0.114* (2.29)</td>
<td>0.111* (2.72)</td>
<td>0.1558* (3.23)</td>
<td>0.0520 (0.158)</td>
</tr>
<tr>
<td>Financial literacy* Self-efficacy</td>
<td>0.3685* (5.54)</td>
<td>0.2956* (3.58)</td>
<td>0.114* (2.29)</td>
<td>0.111* (2.72)</td>
</tr>
<tr>
<td>( R^2 )</td>
<td>0.0154</td>
<td>0.4019</td>
<td>0.0949</td>
<td>0.4993</td>
</tr>
<tr>
<td>Adjusted ( R^2 )</td>
<td>0.0069</td>
<td>0.3950</td>
<td>0.0845</td>
<td>0.4906</td>
</tr>
<tr>
<td>( R^2 ) Change</td>
<td>0.0125</td>
<td>0.3950</td>
<td>0.0845</td>
<td>0.4906</td>
</tr>
<tr>
<td>F – Statistic</td>
<td>1.82 (0.143)</td>
<td>49.19* (0.000)</td>
<td>9.15* (0.000)</td>
<td>67.89* (0.000)</td>
</tr>
</tbody>
</table>

* indicates statistical significance at a 5% level

Source: Research Data (2023)

Based on the F-statistics, the model one equation was not statistically significant, \( F = 1.82, p > 0.05 \), which indicates that the demographic characteristics of the respondents were not significant in explaining any change in the subjective financial well-being. Model two equation was statistically significant in explaining the 40.19% variations in subjective financial well-being (\( F = 49.19, p < 0.05 \)), affirming that financial literacy has a statistically significant direct effect on the well-being of university staff in Kenya. Model three equation was similar and statistically significant in explaining the 9.49% variations in subjective financial well-being (\( F = 9.15, p < 0.05 \)), and this indicates that self-efficacy has a direct effect on the subjective well-being of university staff in Kenya. Lastly, the moderated effect model four was statistically significant in explaining 49.93% variance in subjective financial well-being (\( F = 67.89, p < 0.05 \)) and this indicates that financial self-efficacy has a positive moderating effect on the subjective well-being of university staff in Kenya.

DISCUSSION

Based on the model one equation, the study observed that socio-demographic variables have no significant effect on the subjective well-being of university staff. Specifically, gender, age and education levels did not have any statistically...
significant effect on subjective well-being. The findings differ from several studies in different contexts (Chong et al., 2021; Taft et al., 2013), which observed gender and age differences in financial behaviours, financial literacy, and financial well-being.

Hypothesis One

Based on the findings from model equation two, the study rejected the H₁ and concluded that financial literacy has a significant positive effect (β₁ = 0.9781, (t = 13.59, p < 0.05) on the financial well-being of university staff in Kenya. The conclusion of the study is explained by both empirical studies and theoretical foundations. The positive effect of financial knowledge on financial well-being has been informed by several studies in different contexts (Xiao et al., 2014). The impact of financial knowledge on financial well-being arises from the impact of the components of financial knowledge. In particular, financial literacy significantly influences perceived financial well-being (Adam et al., 2017; Taft et al., 2013; Letkiewicz & Fox, 2014).

Financial knowledge is also linked with financial attitude (Shim et al., 2009) and is an important factor that affects financial well-being (Kempson et al., 2006). Extant studies have reported the effect of financial attitudes on financial well-being (Sabri et al., 2020; Castro-González et al., 2020). Financial literacy is the ability to use knowledge and skills to effectively manage one's financial resources for lifetime financial security (Hastings et al., 2013).

Financial literacy contributes positively to financial satisfaction and aids in inculcating the awareness, knowledge, skill, attitude and behaviours necessary to make sound financial decisions and ultimately achieve individual financial well-being (Atkinson & Messy, 2012). Financial literate individuals can understand financial products and concepts and are aware of financial risks and opportunities to make informed choices and take other effective actions to improve their financial well-being (Alsemgeest, 2015). Further, households with high financial literacy do better in financial and retirement planning and perform better in credit card usage and debt management (Chu et al., 2017).

On the other hand, low financial literacy is associated with poor financial decisions in equity investment, debt financing, and long-term retirement planning and these decisions can lead to a decrease in welfare (Chu et al., 2017). Poor financial literacy is associated with ineffective financial behaviours, including low savings, poor record keeping, and more credit card debt (Chong et al., 2021). Households with lower levels of financial literacy can also make suboptimal decisions when choosing loans or mortgages and suffer from problems such as debt, bankruptcy, and foreclosure (Chu et al., 2017).

Theoretically, financial well-being is linked to subjective well-being through formal employment aspects, which link employee well-being to work employment within an organisational setting (Patel & Wolfe, 2019). Job satisfaction/dissatisfaction and job-related mental health are all common aspects of the employee's overall satisfaction and happiness at the workplace, which is related to an employee's subjective well-being (González et al., 2021). Work is important to individuals as it provides remuneration, training, and safety guarantees that may affect happiness (Comolli et al., 2021).

Hypothesis Two

Based on findings from model equation three, the study rejected the H₂. It concluded that financial self-efficacy has a significant positive effect (β₂ = 0.3685, (t = 5.54, p < 0.05) on the financial well-being of university staff in Kenya. The conclusion of the study is explained by both empirical studies and theoretical foundations. The positive effect of self-efficacy on financial well-being has been informed by several studies (Xiao et al., 2011; Sabri et al., 2020; Chatterjee et al., 2011; Farrell et al., 2016). These direct effects directly influence financial well-being through the locus of control, where individuals control their actions. The locus measure quantifies the belief of respondents that future results are the outcomes of
one’s efforts. A strong internal locus of financial control increases the odds of being willing to sacrifice present well-being for future results. If this belief is strong, it makes more sense to commit current resources for future outcomes (Brounen et al., 2016).

Financial self-efficacy is associated with lower debt, fewer financial problems, lower financial stress, good savings management, and financial happiness. Emerging adults with a high degree of recognised financial self-efficacy can make better and more informed financial decisions and smart choices coupled with good financial control (Hadar et al., 2013). Managing one’s finances takes more than financial knowledge, and literacy as an individual also requires a sense of self-assuredness, or self-belief, in their capabilities (Chong et al., 2021). Thus, financial self-efficacy is independently identified from financial literacy factors and higher financial self-efficacy is associated with investment and savings products, while lower financial self-efficacy is associated with debt-related products (Farrell et al., 2016).

Subjective well-being is linked to self-efficacy through the cognitive dimensions construct and relies on a test measure of what people know or understand about financial concepts (Allgood & Walstad, 2016). High dimensions of perceived financial self-efficacy hold capacities about financial decisions, positive capacity to make intelligent choices, and self-controlled with finances (Sabri et al., 2020). self-efficacy prompts an evasion of financial anxiety and negative financial behaviours (Hadar et al., 2013). Consumers with a high level of perceived financial self-efficacy are confident in their financial decisions and are disciplined with finances (Riitsalu & Murakas, 2019). However, insecurity caused by job instability has a greater impact on happiness, thereby reducing SWB (Comolli et al., 2021).

**Hypothesis Three**

Based on findings from model equation four, the study rejected the H3 and concluded that financial self-efficacy has a significant positive moderating effect ($\beta_6 = 0.3685$, ($t = 5.54$, p < 0.05) on the financial well-being of university staff in Kenya. The determination of the moderating effects takes two steps. The first step involves the consideration of the change in the variance explained, which rose by 9.74% (model four – Model 2 equations), and changes in the effect size of the coefficients. The beta coefficient for financial literacy rose by 41.46% (1.3836 – 0.9781). Based on Fairchild and Mackinnon (2009), the moderator variable, that is, self-efficacy, positively affected the influence of the predictor. Based on this finding, the study rejected the H3 and concluded that financial self-efficacy has a statistically significant moderating effect on the relationship between financial knowledge and the financial well-being of staff in public universities in Western Kenya. The findings are explained by empirical studies and theoretical foundations.

The positive moderating effect of financial self-efficacy on financial knowledge is drawn from both direct and indirect effects, as indicated by the empirical studies. The positive indirect (moderating) effect of financial self-efficacy has been illustrated by several studies that indicated that the effect of financial knowledge on financial well-being occurs through financial self-efficacy (Vosloo et al., 2014; Lim et al., 2014). Financial self-efficacy indirectly influences financial well-being through its effects on financial behaviours (Chong et al., 2021) and through the indirect moderating effect (Vosloo et al., 2014; Montford & Goldsmith, 2016).

Self-efficacy significantly influences general life satisfaction through investment satisfaction, and sequentially through high standards tendency and investment satisfaction (Hu et al., 2021). Individuals with a greater sense of self-assuredness in their capacities are more likely to approach any financial difficulties they encounter (Farrell et al., 2016). Self-efficacy has been linked to health, task accomplishment, greater socioeconomic status, and income (Chatterjee et al., 2011). People with good self-control are more likely to save money from every paycheck, have better general financial behaviour, feel less
anxious about financial matters, and feel more secure in their current and future financial situation (Strömbäck et al., 2017).

Financial self-efficacy has an explanatory role in personal finance behaviour. Higher financial self-efficacy is associated with investment and savings products, while lower is associated with debt-related products (Farrell et al., 2016). Self-efficacy can be manifested through various elements of personal behaviour, such as how well a person perseveres in the face of adversity, whether they have an optimistic or pessimistic attitude about their future, and whether they think in self-enhancing or self-debilitating ways (Farrell et al., 2016). Individuals with higher financial self-efficacy are more likely to hold investment and savings products and less likely to hold debt-related products (Chong et al., 2021) and engaging in desirable financial behaviour tends to improve financial self-efficacy (Xiao et al., 2014).

The impact occurs through personal attributes such that individuals with high self-efficacy can uplift their subjective financial well-being (Sabri et al., 2020). Thus, financial self-efficacy predicts the financial behaviour of these individuals (Farrell et al., 2016). In other instances, financial attitudes, knowledge, and capabilities interact in important ways to impact an individual's self-efficacy. For instance, self-efficacy may be a necessary condition before knowledge leads to financial behaviour change (Gudmunson & Danes, 2011).

CONCLUSION

The study demonstrated that financial self-efficacy has both direct and indirect effects, and therefore, the study implication is that self-efficacy is a significant attribute in determining the subjective well-being of university staff. In particular, financial self-efficacy has a significant positive and moderating effect on the subjective financial well-being of staff in public universities. The study also demonstrated definite linkages between financial self-efficacy, financial literacy, and subjective well-being.

Recommendation

Based on the findings, the study makes the following recommendations: Since financial literacy has an impact on the financial well-being of the staff, the universities should introduce seminars and workshops on personal finances to improve the employees' financial management skills. This has significant ramifications on the employee's financial and economic prospects.

REFERENCES


This work is licensed under a Creative Commons Attribution 4.0 International License.