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FINANCIAL LITERACY, FINANCIAL INCLUSION AND PERFORMANCE OF MICRO-ENTERPRISES IN THE CAPE COAST METROPOLIS, GHANA

LIVINGSTONE EDWARD XETOR

2022

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FINANCIAL LITERACY, FINANCIAL INCLUSION AND PERFORMANCE OF MICRO ENTERPRISES IN THE CAPE COAST METROPOLIS, GHANA

BY

LIVINGSTONE EDWARD XETOR

Thesis submitted to the Department of Integrated Development Studies of the School for Development Studies, College of Humanities and Legal Studies, University of Cape Coast in partial fulfilment of the requirements for the award of Master of Philosophy Degree in Development Studies

SEPTEMBER 2022

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DECLARATION

Candidate's Declaration

I hereby declare that this thesis is the result of my own original research and that no part of it has been presented for another degree in this university or elsewhere.

Candidate's Signature………………………… Date………………...

Name: Livingstone Edward Xetor

Supervisors' Declaration

We hereby declare that the preparation and presentation of the thesis were supervised in accordance with the guidelines on supervision of thesis laid down by the University of Cape Coast.

Principal Supervisor's Signature………………………. Date………………

Name: Dr. Frederick Koomson

Co-Supervisor's Signature……………………………... Date……………….

Name: Dr. Musah Dankwah

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ABSTRACT

Financial literacy and financial inclusion are essential for micro businesses' sustainable growth and expansion. The inability of the managers/owners to make prudent financial decisions can compromise the performance of their businesses. To this end, the study examined the effect of financial literacy on the performance of micro-enterprises in the Cape Coast Metropolis. The human capital, theory of planned behaviour and resource-based theories underpinned the study. The study used a quantitative approach involving 167 micro-enterprise managers/owners sampled from 508 registered members in the Cape Coast Metropolis. The level of financial literacy was analysed using criterion analysis. Precisely, descriptive statistics were used. The study found that micro-enterprise managers/owners in the Cape Coast Metropolis have low level of financial literacy. There was low performance of micro enterprises. Regarding financial inclusion, the evidence shown that the respondents access the financial various products and services. It evident that financially literate micro enterprise managers/owners were more financially included and access the financial products and services. Finally, it became evident that financial literacy has a positive effect on the performance of micro-enterprises. In conclusion, financial literacy improves the performance of micro-enterprises. As a result, it is recommended that micro-enterprise manager/owners should be more educated on financial literacy to help them become abreast with the basic financial concepts and practices in financial decision-making to spur growth and expansion of business activities.

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KEY WORDS

Financial

Capability

Inclusion

Enterprise

Growth

Micro

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DEDICATION

To my parents and siblings

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LIST OF ABBREVIATIONS

BAC	Business Advisory Centre
CCM	Cape Coast Metropolitan
FI	Financial Inclusion
FL	Financial Literacy
GDP	Gross Domestic Product
GEM	Global Entrepreneurship Monitor
GIZ	German Agency for International Cooperation
GSS	Ghana Statistical Services
GTZ	German Technical Cooperation
HCT	Human Capital Theory
IRB	Institutional Review Board
NBSSI	National Board for Small Scale Industries
NFIDS	National Financial Inclusion Development Strategy
OECD	Organization for Economic Co-operation and Development
RBT	Resource-Based Theory
SDGs	Sustainable Development Goals
SME	Small and Medium Enterprises
SPSS	Statistical Product and Service Solutions
SSA	Sub-Saharan Africa
USAID	United Sates Agency for International Development

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CHAPTER ONE

INTRODUCTION

Micro enterprises' role in attaining the global development goals of emerging countries is paramount. Broadly, these enterprises are recognized to be critical contributors to employment opportunities, economic growth, and the socio-economic well-being of most citizens in developing countries. Consequently, the performance of these enterprises has been of keen concern to development economists, policy analysts, financial institutions, non-governmental organisations, venture capital, entrepreneurs, and government worldwide (Eniola & Entebang, 2016). The performance of any business activity is a function of several decisions, including financial decisions.

Adomako, Danso and Ofori Damoah (2016) argued that most micro businesses find it difficult to expand and experience high performance due to lack of access to finance. It is noted that high financial literacy among micro-enterprises lead to prudent financial decisions that culminate into the growth and sustainability of business activities (Eniola & Entebang, 2017). As a result, financial literacy plays a dominant role in economic development and societal well-being globally, especially in developing economies where poverty is a major developmental issue. However, lack of financial literacy has been a major hindrance to micro-enterprises worldwide, especially in Africa, per the Global Entrepreneurship Monitor (GEM) 2012 report. Therefore, this study seeks to assess the effect of financial literacy and inclusion on micro-enterprises' performance in the Cape Coast Metropolis.

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Background to the Study

Globally, micro-enterprises are recognised as the backbone of most economies in developed and developing countries (Obeki, & Ewanlen 2022). Micro-enterprises anchor economic growth, job creation and human welfare, especially in emerging economies (Ayalu, Abbay, & Azadi 2022). According to the organisation for Economic Co-operation and Development (Update, 2017), micro-enterprises play a central role in achieving sustainable development goals (SDGs). The OECD further indicated that micro-enterprises in member countries constitute about 90 per cent of enterprise firms and employ a vast number of the labour force, creating over 70 per cent of employment, contributing to value creation.

Micro enterprises serve as the pivot that drives employment creation and economic growth (Tuffour, Amoako & Amartey, 2020). This may be attributed to their labour-intensive nature. The employment opportunity created by these enterprises enhance human welfare, the standard of living, income levels, and the citizenry's financial and social stability (Arinzeh, 2022). In essence, the role of micro-enterprises cannot be underestimated in ensuring inclusive growth and the general well-being of the society. Akintimehin et al. (2019) argued that performance encompassing growth, innovation, competition, survival, and profitability is crucial for micro-enterprises to sustain their role as economic development and wellbeing pillars. As a result, micro-enterprise performance is considered a vital avenue for economic growth, employment, and poverty reduction (Yutang & Yesuf, 2021).

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Performance of micro enterprise is predicated on the level of financial literacy of the managers/owners. Financial literacy enables the managers/owners to take prudent financial decision in dealing with business activitie. Theoretically, human capital theory argue that skills, knowledge, and abilities to improve performance (Samagaio and Rodrigues, 2016). Thus, human capital has a strong relationship with the firm's profitability. Education is a major component of human capital in acquiring the requisite knowledge. As explain by the theory of planned behaviour, financial literacy positively associate with improve financial behaviour and higher rate of saving (Huston, 2012). The knowledge and behaviour of the managers/owners serves as the resouce for the business as explaned by the resource based theory.

Broadly, managers/owners serve as the brain behind micro enterprises' performance. As a result, they need to be abreast with the requisite knowledge in finance and management to expand the operations of their businesses. Largely, micro-enterprises are managed based on the personal values and ideologies of the managers/owners (Oni,Khaola,&Rambe, 2020). As a result, these managers/owners require financial literacy to make prudent financial decisions in favour of the business. Klapper and Lusardi (2020) establish that financial literacy has been recognised as a primary tool for the growth and expansion of business activities. In this context, it is important for managers/owners of micro enterprises to possess some financial skills to take rationale financial decision.

The human capital theory posit that education has postive influence on performance. In this context, high financial literacy leads to increase in the performance of micro enterprises. Lusardi and Mitchell (2014) established that

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financial literacy is an investment in human capital. Dar and Mishra (2019) concurred with Lusardi and Mitchell that financial literacy, which comprises knowledge, awareness, and attitude, is an aspect of human capital. Therefore, it is argued that financial literacy level of the managers/owners influence the performance of micro-enterprises. This argument is grounded in human capital theory supported by the theory of planned behaviour and resouce based theory. Largely, the perfomance of micro enterprise create more economic opportunity thereby reducing poverty hence the thesis is underpinned by the development philosophy of Justice.

Vaaler and Wilhelm (2020) have established that financial literacy, which is the ability to make informed judgements and to take prudent decisions about current and future use and management of money, cannot be underestimated in any business enterprise. Similarly, as captured by OECD (2015), financial literacy encapsulates an understanding of financial products and concepts and the ability and confidence to manage risks and make informed financial choices. Financial literacy aims to improve knowledge and skills in budgeting, savings, debt management, financial negotiation, and bank services.

Huston (2010) highlighted that human capital, in terms of knowledge, skills, and attitude specific to financing, facilitates access and usage of financial products and services. These are considered imperative for the growth and expansion of micro enterprises (Goyal & Kumar, 2021). These researchers argued that financial literacy is crucial in micro-enterprises sustainability as it assists businesses in accessing new opportunities and gains. Similarly, Atandi, Bwisa and Sakwa (2017) postulated that adequate financial education favours the intelligent selection of financial products due to informed decisions to

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ensure financial stability, which is an essential requirement for well-being and dignity in society.

According to Abubakar (2015), micro-enterprise managers who are financially literate are better positioned to deal with market accessibility, policy constraints, and cultural barriers. This aligns with Cherugong's (2015) view that the level of financial literacy among managers is positively associated with several performance indicators such as survival, number of employees, and annual growth of more than ten per cent of the enterprise. Furlough-Morris (2017) has indicated that micro-enterprise activities create and provide jobs for the poor and increase their income where there is access to finance. This claim is grounded in resource-based theory as financial literacy and financial inclusion serve as micro enterprises' resources. According to Ćumurović and Hyll (2019), financial literacy and micro enterprises activities are positively correlated. Thus, micro-enterprise activities can be developed by enhancing the financial literacy level of managers.

In the view of Stiglitz (1998), financial literacy improves the possibilities for the poor to access formal finance by addressing the causes of financial market constraints, such as information asymmetry. For instance, financial literacy can help the poor start micro-enterprises, which generates employment and increases income, hence reducing poverty. Financial literacy enables people to access financial products and services, which is critical for micro-enterprises performance. Thus, financial literacy promotes micro-enterprise culture and activities (Ayhan, 2017), leading to employment generation, an increase in income, food security and a decrease in

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vulnerability.Therefore, financial literacy is quintessential to financial inclusion.

According to Fowowe (2017), access to finance enables households and firms to access and utilise various financial services. Brixiová, Kangoye and Yogo (2020) established that micro-enterprises that have access to legal financing services create more job opportunities than firms without access to finance. Zins and Weill (2016), financial inclusion, which involves formal financial service, is recognised as one of the critical pillars of the global development agenda. Basically, financial inclusion involves three leading indicators: ownership of a bank account, savings on a bank account and use of a bank account.

Financial inclusion also includes traditional savings as well as mobile money services. These services play a vital role in the performance of micro-enterprises and household well-being in Africa, where poverty remains a major developmental issue (Brixiová, Kangoye, & Yogo, 2020). The advantages of financial inclusion are founded on economic empowerment (Chakraborty and Abraham, 2021). Thus, empowering micro enterprises to access financial products and services can spur inclusive growth and alleviate poverty. Consequently, the challenge of inadequate access to financial products and services among the micro-enterprise owner can be solved.

The role of small-scale enterprises in the inclusive growth of nations' economies has been broadly justified. In developing countries, micro-enterprises contribute to the economy's well-being. In Ghana, Agyapong and Attram (2019) have established that the private sector serves as the engine of growth, a tool for wealth creation and poverty reduction. These researchers

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further maintain that micro-enterprises constitute about 90 per cent of registered businesses in Ghana. In essence, micro-enterprises play critical roles in contributing to the economy growth of Ghana and, for that matter, the well-being of Ghanaians. The Ghana Statistical Service [GSS], 2017) also recognised that small-scale enterprises tend to be the primary driver for job creation in terms of their contribution to job creation and employment. Tuffour, Akuffo, Kofi, Frimpong and Sasu (2018) argued that a vibrant, efficient, and effective private sector economic activity generates many benefits for employees, customers, and other stakeholders.

Per the 2020 annual report of the Cape Coast Metropolis, agriculture is the predominant occupation of the people in the Metropolis. Approximately 65 percent of the active population involved in the businesses relating to the agriculture value chain. It is established that within the Cape Coast Metropolis 7.4 percent engage in self employment and the overall private sector empropyment is 63 percent (Cape Coast Metropolitan Assembly, 2018). Per these statistics, it can be argued that the private sector is the most dominant employer. As a result, the performance of the private sector is critical to the development of the Metropolis.

Key services engage by the private sector in the Metropolis entails retailing, hairdressing, tailoring were available the Metropolis (GSS, 2017). Furthermore, the report indicated strategies were anchored on maintaining private sector competitiveness and vigorous human resource development. As the regional capital, the private sector is relatively well developed and active in the Metropolis' development. However, it was revealed that most of the businesses are not formally organised. In this sense, financial literacy and

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inclusion cannot be underestimated in a micro-business organisation and their performance.

Statement of the Problem

Financial literacy and inclusion are essential among micro-enterprise managers/owners following the critical role of financial skills in prudent financial decision making. Klapper, Lusardi, and Van Oudheusden (2015) established that there are low financial literacy levels in developed and developing countries. For instance, a study conducted by Sajuyigbe, Odetayo, and Adeyemi (2020) indicated low level of financial literacy is one of the key determinants to the failure of small businesses. Financial literacy and financial inclusion of micro-enterprise managers have been hailed as the panacea to mitigate developmental challenges such as unemployment, poverty, and inequality, which have engulfed many developing countries. Tuffour et al. (2022) established that financial literacy has a significant positive effect on the performance of SMEs.

Despite the contribution of micro-enterprise activities to the economy, several challenges inhibit their growth and survival. Eniola and Entebang (2017) refer to a lack of financial skills as a critical challenge in developing and expanding business activities. The lack of financial skills is detrimental to the enterprises' survival. As a result, financial literacy which is a component of human capital plays a paramount role in the growth and expansion of micro-enterprises. According to the Global Entrepreneurship Monitor (GEM) (2012) report, Ghana was the second most entrepreneurial country in Sub-Saharan Africa. However, the report indicated that access to finance is a major constraint to entrepreneurship activities in the nation leading to business discontinuance.

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This is supported by the arguement that most of the small businesses do not exist beyond their fifth year after their commencement (Westhead & Matlay, 2005) of which Cape Coast Metropolis is not an exception.

Indeed, the case is not different in the Cape Coast Metropolis as Gbadeyan, Oppong and Oduro (2017) opined that, though government, private, and non-governmental have put in place programmes to spark entrepreneurship growth, most of micro businesses still encounter issues that stagnate their growth and expansion. Among these challenges is inadequate financial literacy to make prudent financial decisions to argument the activities of the enterprises. However, no measures have been instituted to educate the micro-enterprise managers/owners regarding financial literacy and inclusion. This raises a myriad of concerns about the level of financial literacy among micro-enterprises in financial decision-making regarding their business activities.

Empirically, various studies have investigated the effect of financial literacy on small and medium-scale enterprises (Adomako et al., 2016; Agyapong & Attram, 2019; Hossain, 2018; Furlough-Morris, 2017; Sibanda, Hove-Sibanda and Shava, 2018). However, there is scanty empirical evidence in the Ghanaian literature that links financial literacy, and micro-enterprise performance. Again, unlike the previous studies, this study focuses on the multi-dimensional nature of financial literacy and its effect on micro-enterprises' performance in the Cape Coast Metropolis. It is against this backdrop that the study sought to assess the effect of financial literacy on the performance of micro-enterprises in the Cape Coast Metropolis.

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Research Objectives

The study's general objective was to examine the effect of financial literacy on the performance of micro-enterprises in the Cape Coast Metropolis. Specifically, this study sought to:

1. Determine the level of financial literacy among micro-enterprise managers/owners in the Cape Coast Metropolis.
2. Assess the performance of micro enterprises in the Cape Coast Metropolis.
3. Examine the extent of financial inclusion of micro-enterprises in the Cape Coast Metropolis.
4. Assess the relationship between financial literacy and financial inclusion.
5. Analyse the effect of financial literacy on the performance of micro-enterprises in the Cape Coast Metropolis.
6. Recommend to policymakers the measure to improve the financial literacy among micro managers in the Cape Coast Metropolis.

Research Questions

Based on the specific objectives of the study, the following research questions served as a guide:

1. What is the level of financial literacy among micro-enterprise managers?
2. What is the performance of micro enterprises of micro enterprises in the Cape Coast Metropolis?
3. What is the extent of the financial inclusion of micro-enterprise managers in the Cape Coast Metropolis?

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4. What is the relatioship between financial literacy and financial inclusion?
5. What is the effect of financial literacy on the on the performance of micro-enterprises.

Significance of the Study

The study examined the relationship between financial literacy, financial inclusion, and performance of micro-enterprises in Cape Coast Metropolis. The findings may be much beneficial to the micro-enterprises in the Metropolis. When the recommendations are implemented, the findings will allow micro-enterprise managers/owners to be more abreast with financial literacy and financial inclusion issues. Doing this would enhance the development of financial stability and fill the human capital gap. As a result, businesses would be expanded, thereby improving the well-being of the people of Cape Coast Metropolis.

The study would benefit policy formation regarding financial education for micro-enterprises. For instance, knowing the level of financial literacy among the micro-enterprise managers would help the Ministry of Trade and Industries to formulate policies and programmes to help increase the level of financial literacy among micro-enterprise managers in Ghana. Again, the study would greatly benefit the other business development stakeholders. Among these stakeholders are the German Technical Cooperation (GTZ), United States Agency for International Development (USAID) and other organisations to enhance the growth, development and alleviating of poverty on the African continent. It would also serve as a roadmap for consultants in designing training manuals and developing strategic interventions for small business development.

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The findings sought to help the financial institution in and around the Metropolis design financial literacy programs on financial instruments. Similarly, the result will be made available to NBSS and BAC to help them put strategies to fulfil their regulatory mandate. Finally, the study would add to the existing literature on financial literacy and microbusinesses and serve as a source for future research on entrepreneurial activities.

Delimitations

This study was delimited to assess the effect of financial literacy and financial inclusion on the enterprise performance of micro-enterprises in the Cape Coast Metropolis. Even though there are several enterprises in the Cape Coast Metropolis, the study covered only micro-enterprise managers within the Metropolis. A single study cannot cover the entire spectrum of micro-enterprise managers in Ghana. Contextually, the study dealt with financial knowledge, financial behaviour, financial attitude, financial inclusion and micro enterprises performance.

Limitations

Per the nature of the variables in the study, it is evident that there is a threat of generalisation of the results. Again, due to the sensitivity of the issues, the respondents were reluctant to provide accurate responses. Some respondents have limited formal education, making it difficult to comprehend and complete the questions. This problem was mitigated by translating the questionnaire into their local language to enhance understanding and accurate responses. Aside from these limitations, the study's key findings were reasonably generalised to micro-enterprises at Cape Coast Metropolis.

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Operational Definition of Terms

Per the literature review, the study adopted the following operational definitions. *Financial Literacy*: A combination of knowledge, behaviour, and attitude essential in sound financial decision making and financial wellbeing of the individual (OECD, 2014).

Financial Inclusion: It is the situation where individuals own an account at a formal financial institution.

Performance: Ability of the firm to create acceptable outcomes and actions based on profitability, sales growth, and the number of employees.

Micro Enterprises: These are businesses associated with a one-person micro venture through partnership and family businesses, franchises, pieceworkers, and wageworkers of larger off-street businesses. This operational definition follows Ghana's Enterprise Agency (GEA).

Organisation of the Study

The study was organised into five chapters. Chapter One, the introduction, addressed issues relating to the background to the study, statement of the problem, the study's objective, research question, significance of the study, delimitations, limitations, and organisation of the study. Chapter Two delved into the existing literature. Chapter Three provided the details on the methodology of the study. It entailed research design, study area, population, sampling procedures, data collection instrument, data collection procedures and data processing and analysis. Chapter Four dealt with the results and discussion about the research findings. Finally, Chapter Five captured the study's summary, conclusions, and recommendations.

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CHAPTER TWO

LITERATURE REVIEW

Introduction

Literature review encompasses the compilation of related research, theories, and concepts. Reviewing extant literature is essential in research as it helps the researcher (s) to create a sense of rapport with the readers and prevent plagiarism issues, hence sharpening the focus of the study. As Kreuger and Neuman (2006) pointed out, a literature review establishes the understanding of the body of knowledge and reveals the trajectory of prior research concerning the current study. Hence, the chapter was dedicated to reviewing related literature on the topic. The review was organised into three main sections: a review of relevant theories, concepts, and empirical literature.

The chapter examined the study's theoretical underpinnings, which cut across different academic disciplines and other associated schools of thought. Human capital theory complemented by theory of planned behaviour, and resource-based theories were extensively explored. As a result, the chapter constituted the fundamental building blocks for anchoring the study. Again, concepts include knowledge of financial literacy, financial behaviour, financial attitudes, the importance of financial literacy, the concept of financial inclusion, determinants of financial inclusion and enterprise performance were considered. Finally, a conceptual framework was presented to reflect the theoretical and empirical review. The framework demonstrated the interrelationship among the variables that explain the study's argument.

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Theoretical Framework

Financial literacy is critical for the growth and development of any society. Micro enterprises' ability to strive and contribute to any economy is a function of their performance and growth. Undoubtedly, financial literacy is essential for maximising micro-enterprise activities for poverty reduction. Hence the assumptions that link these concepts together are going to be discussed. Therefore, the study adopted the human capital theory by Mincer (1958), Schultz (1961) and Becker (1962), theory of planned behaviour and the resource-based theory.

Human Capital Theory

The theory originated from the works of Mincer (1958), Shultz (1961) and Becker (1962). The human capital theory's central assumption is that increased human competencies can directly increase the general output through informed decision-making. Huang et al. (2016) describe human capital as the core driver of improving micro enterprises' activities and national development. Similarly, Samagaio and Rodrigues (2016) establish that human capital entails various resources such as skills, knowledge, and abilities to improve performance. Thus, human capital has a strong relationship with the firm's profitability. Education is a major component of human capital in acquiring the requisite knowledge.

Financial literacy influences financial knowledge, attitude, skills, and behaviour. According to Schultz (1961), this theory maintains that investment in financial knowledge, training, exposure, and experience is vital in improving financial literacy and financial decision. The human capital theory postulated that financial education increases an individual's confidence and awareness.

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According to Becker (1962), the acquisition of relevant knowledge and skills enhance people's ability to make sound financial decisions leading to an increase in future financial wellbeing.

The human capital theory focuses on human attributes such as knowledge, skills, and attitude that serve as valuable resources. Becker (1962) established that human capital is a means of production with positive output effort. It implies that micro enterprise managers who invest in financial education and training will have more performance outcomes than those who do not invest in financial education. This theory opines that financing is essential in sustaining enterprise performance. Kwon (2009) conceptualised human capital as a level of education, experience, training, work habit, intelligence, energy, trustworthiness, and initiative that influence the value of productivity.

According to Herrington, Kew and Kew (2010), investment in human capital changes an individual's thinking and behaviour. Thus, for micro-enterprise managers to make prudent financial decisions on financial matters, they must learn and comprehend the necessary concept and relevance to business performance. Eniola and Entebang (2014) point out that experience and competencies such as capabilities, trust, managerial skills, practices, and procedures of managers help enhance the firm's competitive advantage, translating into performance.

Human capital plays a significant role in the fight against poverty. As a result, it is considered a weapon in alleviating poverty. Dendup, Gyeltshen, Penjor and Dorji (2017) established that the need for financial literacy among micro-enterprises had become a topical issue worldwide and hence

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hypothesised to be a key determinant in successful micro-enterprise activities. Similarly, Baah-Mintah, Owusu-Adjei and Koomson (2018) have posited that the education and training of small-scale entrepreneurs are critical determinants for the growth and survival of businesses. The theory has been widely used to explain the essence of human capital in micro enterprises (Amin, 2018).

Zuluaga (2007) maintained that those who invest in education could escape the poverty trap due to the direct effect of formal education on income and wages of the informal economy. As a result, knowledge acquisition becomes a critical issue for micro-enterprise managers. Thus, with good education, the individual becomes more productive. According to Awan et al. (2011), education results in better skills, diverse choices, and opportunities to explore higher income. However, human capital is not connected only to formal education but also through practical learning, experience, and training that people undergo outside traditional educational settings. Consequently, Becker (1962) affirmed that vast experience from the labour market and specific vocational experiences are predicted to increase human capital.

Studies have shown that experience in the labour market and prior micro enterprises positively correlate with entrepreneurial activity (Failla, Melillo & Reichstein, 2017; Guerrero, Liñán, & Cáceres-Carrasco, 2020). A successful micro-enterprise includes the use of knowledge in an innovative manner as a manager. Davidson et al. (2018) termed this as the creation of new economic activity. This economic activity can be in the form of applying new concepts and ideas to improve the existing ones, leading to innovations (Reguia, 2014).. Micro enterprising entails recognising an economic opportunity and the ability to explore it. The individuals' knowledge and experience cannot merely

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determine micro-enterprises; instead, their perception of their knowledge, experiences and abilities is paramount.

On the contrary, Davidson and Honig (2003) criticise the human capital theory because it takes a black box perception of educational outcomes. Again, it is argued that the social system might influence an individual's investment in education and subsequently affect career choice and entrepreneurial activity. Informal learning influences people to acquire knowledge via experience that might help them be creative and initiate viable business ventures. Therefore, the social learning theory complemented the human capital theory.

Theory of Planned Behaviour

The theory of planned behaviour (TPB) commenced with the theory of reasones action (TRA) as stated by Ajzen, and Fishbein (1975). Broadly, per the central tenet of TPB , behaviour is explained using the attitude towards a particular behaviour and subjective norms to form a behavioral intention that determines the actual behaviour. TPB provides a robust theorectical model to explain bevioural intention in financial decisions. Individual with high level of financial literacy understands the rsik and return associated with the financial products that give the rest return with low risk. Financial literacy positively associate with improve financial behaviour and higher rate of saving (Huston, 2012). The TPB is applied in order to assess the financial behaviour among the micro enterprise owners/managers.

Financially sound individuals who are abreast with financial knowledge regulate their behaviours regarding financial issues and decision-making. In addressing the respondents' financial behaviour level, five-point scaled items were designed and administered to elicit the data from the respondents. Musie

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(2015) posited that financial behaviour assists decision-making processes such as saving, debt management, bookkeeping business planning. Thus, it helps entrepreneurs to improve their business performance and enhance economic development leading to poverty reduction.The financial behaviour of the managers/owners regarding comparing alternative prices of goods and services results from financial knowledge (Eniola & Entebang, 2017). That is, the financial knowledge of the individual influences their financial behaviour.

According to Gilbert (2021), individuals who are abreast with financial behaviour comprehend the relevance of paying bills regularly. As captured in the conceptual framework, the financial behaviour of the micro-enterprise managers/owners is an important dimension of financial literacy. The theory of planned behaviour pointed out that financially literate managers can adjust their behaviours in financial matters. In essence it implies that the behaviour of the micro manager/owners is critical to the financial decision

Resource-Based Theory

Another theory worth considering is the resource-based theory (RBT). The RBT was initially propounded by Penrose (1959) with later contribution from other researchers such as Rumelt (1984), Dierickx and Cool (1989) and Barney (1991, 1995). This theory states the importance of performance and growth to a business organisation. According to Barney (1986), RBT gives a theoretical explanation of human capital in the sustainable performance of the firm. Thus, it opines that the lack of financial, human capabilities, and other assets of the organisation negatively affects the innovative ideas of the business enterprises (Hewitt-Dundas, 2006). Thus, it implies that the availability of resources at the firm's disposal is critical to its growth and sustainability. Eniola,

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Entebang and Sakariyau (2015) observed that human capital is an invaluable asset. Hence it is essential to the strategic objective of the firm. Financial literacy skills and competencies as an aspect of organisational resources reveal that business managers with higher skills tend to achieve sustainable performance more than their counterparts with a low skill level.

Financial Literacy

John Adams coined financial literacy in America in 1787 (Financial Corps, 2014). Several developments of the term financial literacy have occurred since the concept's coining in 1787 (Garg & Singh, 2018). Research on financial literacy has increased over the years, but there is little consensus on how it is defined. There is no unanimity about a concise and precise definition of financial literacy. For instance, the Australian Securities and Investment Commission (2005) posit that financial literacy is simply about confidence in managing money, mathematical ability, comprehension of finance, and the ability of people to make informed decisions and undertake effective decisions in addressing financial issues. Sebstad, Cohen and Stack (2006) postulated that financial literacy is the knowledge of financial concepts and the skills and attributes to translate this knowledge into behaviours that result in better financial results. Thus, financial literacy is a multidimensional concept (Hung, Parker and Young, 2009)

According to Remund (2010), financial literacy is a normative and value-loaded concept, but there is no universally accepted view of its meaning, elements, design and implementation in society. It confirms the many definitions used in the literature. Thus, the concept is used differently in several contexts about different issues in society. Lusardi and Mitchell (2011) view

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financial literacy as the knowledge of basic financial concepts and the ability to do a simple calculation. In a more comprehensive perspective, the OECD (2014) defined financial literacy as understanding financial products and concepts, appreciating financial risks and opportunities, and taking informed actions to improve one's financial wellbeing. OECD establishes that financial literacy extends beyond knowledge to entail attitudes, behaviour, and skills. In the views of Gallery, Newton, and Palm (2011), financial literacy entails essential money management tools such as budgeting, saving, investing and insurance policies.

Olatunji et al. (2015) postulate that financial literacy is the manager's ability to understand and analyse financial information and act accordingly. Financial literacy generally refers to one's ability to officially handle financial matters to ensure value for money (Sahadeo, 2018). Agarwalla, Barua, Jacob and Varma (2015) have argued that financial literacy is often regarded as essential knowledge and a desirable attitude, leading to outcomes related to money and finance. Thus, business managers can make sound financial decisions, execution, and control. In the views of Eniola and Entebang (2016), financial literacy is recognised as a key factor contributing to the economic stability and expansion of business enterprises hence serving as a tool to alleviate poverty.

Eniola and Entebang (2016) posit that financial decision is one of the core decisions entrepreneurs make in running their economic activities. Consequently, the results of such choices influence the returns, growth, and sustainability of the business. Chu, Wang, Xiao and Zhang (2017) defined financial literacy as the entrepreneur's ability to comprehend and analyse financial information and act accordingly. Potrich and Vieira (2018) argued that

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financial literacy encapsulates a wide range of aspects, starting with understanding critical financial concepts, the ability and confidence to manage one's finances effectively and efficient behaviour attainment. The preceding definitions and views on financial literacy attest to its multidimensional nature and diverse perspectives.

Financial Knowledge

Financial knowledge is understanding basic financial concepts of how business performance and situation are determined using the mental model to facilitate and enhance decision making (Lusardi & Bassa Scheresberg, 2013). Van Rooij, Lusardi and Alessie (2011) establish that financial knowledge is a person's knowledge of their financial situations, instead of basic financial concepts, and treat it as a prerequisite to effectively taking financial decisions. According to Huang et al. (2013), financial knowledge is a unique understanding of financial concepts. These concepts include saving or investment, borrowing, basic money, and protection.

In the views of Lusardi and Mitchell (2014), financial knowledge is understanding how business performance and circumstance are measured by the model to ease, strengthen and enhance decision making. Financial knowledge comprehends important financial terms and concepts required for daily financial decision-making (Huston, 2010). Hence, a financially literate person possesses basic knowledge of the key financial concepts. Therefore, financial knowledge is termed a critical dimension of financial literacy.

According to Lusardi and Mitchell (2017), financial knowledge is a specific kind of capital acquired in life which help to manage income, expenditure and savings prudently. Eniola and Entebang (2017) asserted that

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financial knowledge relates to understanding basic financial concepts regarding managing business finance. Again, these scholars maintain that financial literacy is required to measure financial capability. Several researchers have conducted financial literacy studies and published the relationship between financial literacy and business performance (Ahmad, White, Hiller, Amini, & Jeffe, (2017); Kamakia, Mwangi & Mwangi, 2017).

Financial Behaviour

Zeynep (2015) defined financial behaviour as the capability to comprehend the broad impact of financial decisions on people's situations to make the right decisions regarding cash management and budget planning. It has been established that people's behaviour influences their financial well-being (Ali, Rehman, Maqbool, Hussain, 2021). Therefore, it is imperative to give attention to the evidence of behavioural dimension within financial literacy (OECD, 2013). Jappelli and Padula (2013) postulate that financial behaviour provides information about how entrepreneurs take responsibility for business finance and budgeting. Muizzuddin et al. (2017) posit that a healthy financial behaviour is determined by a good activity of financial management, forecasting and monitoring. In essence, financial behaviour reveals a person's understanding of the basic concepts of financial literacy (Khawar & Sarwar, 2021).

Gwija, Eresia-Eke and Iwu (2014) established that most entrepreneurs in developing countries lack good financial behaviour, impeding entrepreneurial performance. Financial behaviour is one of the critical managerial competencies for entrepreneurial activities to grow and survive (Tehseen & Ramayah, 2015). This assertion was supported by Musie (2015),

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who indicated that financial behaviour assists the decision-making processes such as saving, debt management, bookkeeping, and business planning. Thus, financial behaviour helps entrepreneurs to improve their business performance and, as a result, enhance economic development and poverty reduction. According to Bucher-Koenen et al. (2017), people with high financial behaviours are more likely to save and prefer borrowing.

Financial Attitude

Financial attitude is the predisposition to behave in a particular manner due to certain economic and non-economic beliefs the people possess on the outcome of a specific behaviour (Ajzen, 1991). That is, it has been observed that attitude influences behaviour. According to Eagly and Chaiken (1995), an attitude is a psychological tendency expressed by evaluating a specific entity with a certain degree of favour or disfavour. People with a high financial attitude are likely to have a positive attitude towards planning (Lusardi & Mitchell, 2011). Similarly, Atkinson and Messy (2012) affirm that people with a high financial attitude are more likely to have a positive attitude towards planning and decision-making regarding financial issues.

According to Ahmed, Ramakrishnan and Noreen (2017), financial attitude is applying financial principles to uphold financial values through proper decision-making and resource management. Clark, Lusardi and Mitchell (2017) observed that financial perspective is one of the critical elements of financial literacy that substantially influences financial management. A study conducted by Eniola and Entebang (2017) revealed that financial attitude could be enhanced via the consciousness of the right financial attitude in diversification and risk management.

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Knowledge in money management

Fatoki (2014) established that the absence of financial literacy among micro-enterprise owners could lead to bad money management and the failure of their businesses. Similarly, Jacob, Hudson and Bush (2000) conceptualised money management into three main categories. The first category is the knowledge, skill, and attitudes essential to improve the financial viability of any business activity. The second category considers comparing price and quantity to make purchasing decisions. The last categories entails understanding financial terms and concepts and the skilful translation of that knowledge into behaviour.

Brigham (2016) studied five significant areas of money management, including credit cards, insurance, personal loans, record keeping and overall financial management. To redefine issues relating to money management, the Kempson,Collard and Moore (2006) stated the difference between money management and planning, making financial choices, mortgages, insurance, savings, investment, credit card, loans, and financial assistance. The distinction in the operationalisation of the term concept of money management makes it difficult to define money management and its management procedures. However, Willis (2013) established that the ability of the individual to learn everything about money management should be the first step in the quest to manage money. Thus, a good step toward money management requires an effort from people to collect money.

According to Ojong (2005), the ability to source funds is one of the characteristics of a successful entrepreneur. From the perspective of Ojong, all business requires some amount of fund to start operation, and the amount of

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capital is pre-determined before the source is found. Since money is the lifeblood of every business activity, the success of every business depends on how well the business managers manage their funds, especially the sole proprietorship businesses (Siddique, Ali, Hussain and Rafikul, 2020). Thus, business managers need to acquire financial management knowledge to help make viable financial decisions. Inyang and Enuoh (2009) admonished business owners to maintain an accurate percentage of business money in three key areas: savings, insurance, and investment.

Measurement of Financial Literacy

It is imperative to discern how financial literacy is measured and how various researchers have measured the concept. As it stands, there is no generally approved or standardised instrument for measuring financial literacy (Huston, 2010). It can be attributed to the vast array of concepts and definitions of financial literacy. As a result, it is not astonishing to see the measurement's heterogeneity since researchers have no consensus on the meaning of financial literacy. Most researchers employ objective test-based measures, wording and content of the test, and the ability to do specific mathematical calculations.

According to Marcolin and Abraham (2006), researchers must focus on measuring financial literacy. As a result, financial knowledge indicators are often used to design financial education and explain financial outcomes such as debt behaviour, saving and investing. In other words, measuring the financial literacy level is essential for different people. Most studies employ performance tests and self-report methods to measure financial literacy. In the views of Perry and Morris (2005) self-assessment method of measuring financial literacy is the easiest. On the contrary, Kramer (2016) indicate that the self-assessment may

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not be a reliable measure as high or low self-assessed knowledge does not equate to high or low test-based experience.

Levels of Financial Literacy

Lusardi and Mitchell (2011) argued that measuring the level of financial literacy in terms of attitude and behaviour is cumbersome. Atkinson and Messy (2012) established that measuring financial literacy usually entails the individual's finance. To ensure completeness in measuring financial literacy, the OECD (2013) has established benchmarks for determining the levels of financial literacy by proposing a structured questionnaire that captures items about financial knowledge, financial behaviour, and financial attitude. According to Chen and Volpe (1998), the mean percentage of correct scores is grouped into grades to determine the levels of financial literacy. The grade (1) 80 per cent and above, (2) 60 per cent to 79 per cent and (3) below 60 per cent. These grades represent a high, moderate, and low level of financial literacy, respectively. This study's financial literacy levels were based on the criteria.

Relevance of Financial Literacy to Managers/Owners.

Several studies maintain that financial literacy is critical for the financial wellbeing of any society (Rasoaisi & Kalebe, 2015). Evidence revealed that a low level of financial literacy among people worldwide had impeded the growth and survival of the business (Bunyaminu, Tuffour & Barnor, 2019). Thus, financial literacy has many advantages for entrepreneurs in financial decisions (Sohilauw, Nohong and Sylvana, 2020). Managers are the brain behind the business's success, especially sole proprietorship businesses. It is therefore expected that they have the requisite knowledge of financial issues. Murugiah (2016) established that the ability to deal with financial issues and make prudent

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decisions is a critical life skill. Hence, individuals with high levels of financial literacy, regardless of gender, education, or income, can manage financial risk and avoid financial distress.

According to Nunoo, Andoh, and Darfor (2015), financial literacy is essential in effectively and efficiently utilising financial services or products. Thus, a high level of financial literacy in micro-enterprise managers enables them to increase their performance (Usama and Yusoff, 2018). Agyapong and Attram (2019) conducted a study on the effect of the financial literacy of owner-managers and the performance of their businesses. The findings reveal a significant positive relationship between financial literacy and performance.

Lusardi and Tufano (2015) assert that entrepreneurs who fail to be abreast with knowledge on compounding interest spend more on transaction fees and incur more interest rates on loans. Balasubramnian and Sargent, (2020) establish that low financial literacy hampers financial decision-making in personal, national, and general economic wellbeing. Also, Lal (2018) posits that access to financial literacy for the underprivileged is an active avenue to help them develop resources that help reduce poverty. Similarly, Lusardi and Mitchell (2011) establish that increased financial literacy sensitisation is pivotal in the fight against poverty. For instance, financial literacy enables micro-enterprises to contribute to economic growth and ensure distributional effect by employing unemployed local people.

Besides, financial literacy improves access to finance by new ventures' financial literacy impacts access and payment of loans. The right level of financial literacy can improve access to finance through new business opportunities (Junoh, Hidthiir & Basheer, 2019). Financially literate

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entrepreneurs reinforce competitive pressure on the financial organisation to offer more appropriate financial instruments and transparent services at moderate costs (Fatoki, 2014). The following scholars agree that high agree that financial literacy performs better in terms of numeracy. (Agarwalla et al., 2013; Yu et al., 2015). An excellent financial foundation of the entrepreneur is an essential indicator of the business's growth and survival. On the contrary, low financial literacy can impede entrepreneurs from understanding and accessing financial products from various financial institutions. Again, literature maintains that financial literacy can enhance an inclusive financial environment (Atkinnson & Messy, 2013; Klühs, Grohmann, & Menkhoff, 2017).

Consequently, expansion and survival problems will lead to job losses and increased poverty. Ali et al. (2018), indicated thath if entrepreneurs are educated and well sensitised about financial skills, it will help them sustain growth even amid economic challenges and turbulence. Largely, financial literacy is a major factor in the success of any entrepreneurial activity (Eniola and Entebang, 2016). As a result, financial literacy becomes essential in financial decisions (Adomako & Danso, 2014). From the perspective of Jang et al. (2014), people with a minimal level of financial literacy often experience debt challenges. Likewise, Mohamed (2016) established that early financial education could maximise financial literacy and prevent hindrances in financial matters among the youths.

Esiebugie, Richard, and Emmanuel (2018) conducted a scholarly work on the effect of financial knowledge on the performance of small and medium-scale enterprises in the Benue State of Nigeria. This study revealed that financial knowledge and attitude influence SMEs' performance. In essence, an individual

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who is abreast with the fundamental knowledge of the concepts and skills practice them in business activities. Financial knowledge and attitude help business managers make financial intelligence decisions regarding investment, spending, commitment, and loan access (Rizos et al., 2016).

Determinants of Financial Literacy

Financial literacy comprises financial knowledge, behaviour, skill and attitude. Financial mastery encompasses financial actions such as stock market participation, wealth accumulation, portfolio diversification, indebtedness, and responsible economic behaviour (Stolper & Walter, 2017). Per the evidence, earlier studies revealed that demographic, socio-economic, background and behavioural factors influence financial literacy (Garg & Singh (2018); Jamaludin et al. (2019); Lantara and Kartini (2015). Factors including age, gender, marital status, income level, education level, work experience, and religion are among the key factors that influence financial literacy (Azeez & Akhtar, 2021). According to Karaa and Kugu (2016), access to financial information also affects the financial literacy level of the individual. Garg and Singh (2018) have established that education and age strongly influence financial management. It follows the argument of Agarwalla, Barua, Jacob and Varma (2015) that socio-economic and demographic factors, including gender, income, age, and marital influence the financial literacy levels among the youths. There is an interrelationship between financial knowledge, financial attitude, and financial behaviour (Garg & Singh, 2018).

Financial Inclusion

Financial inclusion has emerged as a global phenomenon since it enhances economic stability for individuals and small businesses. Thus, it is a

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pathway to economic growth and poverty reduction. The concept is viewed as the ability of some individuals to access and use essential financial services like savings, loans and insurance. As opined by Agyemang-Badu, Agyei and Duah (2018), financial inclusion is essential for sustainable development as most developing countries are economically poor and vulnerable hence serving as an antithesis to social exclusion. Financial inclusion is an enabler of essential developmental goals captured in the 2030 Sustainable Development Goals such as eradicating poverty, ending hunger, achieving food security, and promoting sustainable agriculture, profiting health and well-being; achieving gender equality and economic empowerment of women.

According to Ozili (2018), financial inclusion is the timely and proper delivery of financial services to the underprivileged. Thus, financial inclusion is the absence of price and non-price barriers in financial services (World Bank, 2008). As a result, it is essential to differentiate between usage and access to finance. Ganbold (2008) explains that access to financial services is the supply of financial services, where the use of the service depends on the demand and supply. Klapper, Lusardi and Van Oudheusden (2015) stated that a lack of financial service does not mean a lack of access. Thus, some people may access financial services but not use them due to cost, market failure, bank closure, legal barriers. Lim, Aquino, Garcia, Ong, and Soliman (2020) opined that financial inclusion provides access to financial services and products to society's most vulnerable groups. Similarly, Ibor,Offiong and Mendie (2017) described financial inclusion as the ability of some individuals to access and use essential financial services like savings, insurance, and loans.

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According to Sharma and Kukraja (2013), financial inclusion is essential for families, monetary establishments, and the economy. It empowers families to access credit and attempt beneficial financial services that improve their prosperity, savings, and wellbeing (Zastrow & Hessenauer, 2022). According to Omar and Inaba (2020), financial inclusion widens the client base of financial organisations as it implies bringing investment funds to the individuals excluded from the formal financial framework. It empowers financial institutions to differentiate the enormous number of minimal-effort stores to empower the establishments to diminish their reliance on mass stores and increment their productivity.

Economically, financial inclusion promotes the attitude of saving, creating businesses and generating of employment opportunities. Mader (2018) advocated that the government must implement measures to ensure easy access to credit and financial services due to financial inclusion development. In the international arena, financial inclusion has been identified as one of the critical pillars toward achieving sustainable development goals. Specifically, financial inclusion plays a vital role in eliminating poverty and extreme hunger, creating employment opportunities, and improving gender equality and good health (Usman &Tasmin, 2016).

Sharma (2016) established that easy access to a well-functioning financial system creates equal opportunity and enables economically and socially excluded people to integrate well into the mainstream, contributing their quota towards development, and prevent themselves from uncertainties. Siddik et al. (2018) posit that financial inclusion positively affects poverty reduction in many countries worldwide. Clark et al. (2018) attested that

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financial inclusion assists individuals with differentiating or increment revenue stream in the house gives liquidity/income assimilates of affliction by building resources which empowers the customer to adapt to misfortune through utilisation smoothing, subsequently staying away from the offer of good help.

Dimensions of Financial Inclusion

According to Inoue (2019), financial inclusion is a multidimensional concept. In essence, financial inclusion is a broad concept. In the views of Sarma (2016), measurement is the initial step toward sensitisation of financial inclusion. The researcher asserted that although the essence of financial inclusion has been established, there is no universal agreement on how to measure it. Thus, it implies that there are still contestations regarding comprehensive measures for that dimension of financial inclusion. Broadly, there are three dimensions of financial inclusion. These include access, usage, and quality per the Roa (2015) on financial inclusion details the three main dimensions of financial inclusion. The quality dimension of financial inclusion is the ability of the financial service or product to meet the needs and aspirations of the clients. Thus, quality measures the degree to which financial services help users achieve their goals and objectives. The quality indicators can be culled from both the demand and supply sides.

The access dimension of financial inclusion entails the capacity of financial institutions to provide financial services to their client at a reasonable cost. Thus, access has to do with the supply side of financial assistance and products. The usage dimension concerns how clients use financial services or products. The micro-enterprises must have access to them. On the contrary, access does not necessarily mean that every client will use financial assistance.

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Not every micro- enterprise that does not use financial services or products should be termed as excluded. The usage indicators are usually from the demand side information that concerns the user or client and, in this study, the micro-enterprises.

In the literature, financial literacy has been measured using many indicators. While some researchers use the demand side, others use the supply-side indication and combine demand and supply-side indicators. For instance, Demirguc- Kunt and Klapper (2012) dwell on the demand side indicators in measuring financial inclusion. The key indicators address five main areas such as borrowing, saving, insurance, making payments, and owning an account. Financial inclusion is mainly measured by how many people own and use formal financial services or products.

According to Beck, Demirgüç-Kunt and Honohan (2009), financial inclusion is more than improved access to credit. Thus, financial inclusion involves access to saving schemes and other services that mitigate risk and a well-functioning financial system that enables clients to engage more in financial services. Access to credit depends on other factors such as the individual's education, gender, age, and income level (Fungacova & Weill, 2015). Allen, Demirguc-Kunt, Klapper, Peria (2016) state that owning an account with a formal financial institution is dominated by the rich, more educated, employed, married, urban and older people. Recently, a broad measure of financial inclusion cut across indicators such as ownership and use of a range of financial products and services in the financial system, such as access to credit, ownership of saving accounts, and insurance products, receipt

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of remittances and other forms of financial transfers (Demirguc-Kunt et al., 2015; Fanta & Mutsonziwa, 2016).

Determinants of Financial Inclusion

Various studies have examined the determinant of financial inclusion (FI) at country and individual levels (Wale & Makina, 2017; Zins & Weill, 2016;). Relatedly, Zins and Weill (2016) investigated the drivers of FI in Africa, utilising information from 37 African nations. The examination discovered that sex, age, education, and pay could impact FI in Africa. The probability of possessing a formal record, formal investment funds, and credit is higher in men than women (Mor,Madan,Archer & Ashta, 2020). Likewise, age decidedly affects possessing ledger, investment funds and credit. After a comprehensive audit of the accessible writing, to the best of the analyst's information, an investigation that has fused the inability status of people, person's strict alliance, and the long period of work is yet to be found in Ghana.

Chikalipah (2017) assessed the components that decide FI in Sub-Saharan Africa. The examination utilised World Bank information from 20 Sub-Saharan African nations (SSA). The discoveries uncovered financial inclusion in SSA is generally impacted or tested by ignorance. All outgrown ups with proper ledger were utilised as an intermediary for FI in the examination. The examination likewise controlled factors like education, GDP development, foundation file, Gross National Income and Population thickness. Utilising the Ordinary Least Square (OLS) technique, the examination uncovered that education, GDP development and GNI per capita could impact FI in SSA emphatically.

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Financial Literacy and Financial Inclusion in Ghana

In 2015, the Ministry of Finance launched a national financial literacy and sensitisation advocacy to support the comprehensive financial inclusion plan as one of the SDGs. It was born from the fact that the country's financial literacy level was low. The advocacy was to last for six months to coordinate the financial literacy priorities for adjusting financial services throughout the country. The thrust of yhe program points out that a lack of financial knowledge and investment opportunities prevents most Ghanaians from benefitting from the financial sector with its numerous opportunities. When citizens are well sensitised to financial products and services and access them, they will be much more enlightened to take advantage of them and increase the rate of saving for investment that will trigger economic growth and development.

Regarding financial inclusion, the government of Ghana craves to alleviate economic vulnerability and income inequalities among the underprivileged in Ghanaian society through the development of a comprehensive financial inclusion policy. The Ministry of Finance, in conjunction with the financial sector key regulators and other major stakeholders, instituted a National Financial Inclusion and Development Strategy (NFIDS) to address the central barriers inhibiting the underserved Ghanaians from accessing and utilising financial products and services that would enhance income generation, asset building, management of risks leading to economic empowerment. The NFIDS is a strategic plan that aims to serve as a roadmap of reforms and innovation in the financial ecosystem to provide the solution to financial exclusion and support the wider development of the financial sector.

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Per the World Bank Consultative Group to Assist the Poor report in 2015, it was established that 58 per cent of the adult population in Ghana had access to formal financial services. However, it is one thing to have access to and another to use at an affordable cost to enhance productivity, economic growth, and development (Chen Kumara & Sivakumar, 2021). As a result, the NFIDS was developed via a thorough stakeholder consultation process and scrutiny of relevant documents to prioritise the key areas. As a result, the strategy encapsulates pillars such as financial stability, access, quality and usage of the financial services in the country. The preceding strategy was predicated on improving the financial inclusion from 58 per cent of the Ghanaian adult population to 85 per cent by the close of 2023. The strategy was developed by key international development partners such as World Bank German Agency for International Cooperation (GIZ).

Performance

Performance refers to achieving a set of objectives within a specific period. Therefore, performance can be defined as the ability of micro businesses to attain their planned goals within a particular time. There are financial indicators and non-financial indicators of performance. Financial indicators include profitability in terms of return on asset, sales, investment returns, return on equity, and market share (Gentry & Shen, 2010). On the other hands, non-financial indicators entail career satisfaction, employee turnover, and welfare.

Kim and Patel (2017) have argued that the performance of any business setting has to do with objective setting, which the business intends to achieve over time. Eniola Ojo and Ajala (2019) has established that enterprise performance encompasses growth, innovation, competition, survival, and

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profitability. These outcomes are crucial for micro-enterprises to sustain their role as economic development and wellbeing pillars. As a result, micro-enterprise performance is considered a vital avenue for economic growth, employment, and poverty reduction leading to development (Gherghina,Botezatu, Hosszu, & Simionescu, 2020).

According to Na-Nan, Saributand Sanamthong (2019), performance is the accuracy and competence of assigned tasks to achieve the desired objective. The enterprise performance of micro-enterprises includes growth, expansion in sales operation, and generating profitability. According to Eniola and Entebang (2015), enterprise performance is often used as a health index for micro-enterprises per period. They also established that performance involves the ability to create acceptable results and actions. Thus, performance is one of the key pillars in the growth and sustainability of micro-enterprises. Micro-enterprise performance entails growth that manifests in the expansion in sales and generating profit. Chatterjee and Kar (2020) opine that performance is generally about the enterprise's success.

Measuring enterprise performance has been a subject of contestation since there is no consensus regarding performance measures. Despite this debate, the conventional enterprise performance standards encompass financial and non-financial indicators. In the context of micro-enterprises, it is recognized that micro-entrepreneurs often consider financial indicators to assess the performance of their business activities. But then, Holienka11 (2012) pinpointed that those micro-businesses frequently manipulate their financial performance figures due to legal reasons.

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According to Simpson et al. (2012), the determinants of enterprise performance are considered the factors that influence the development and growth of the enterprises. Fisher (2019) contested that researchers must give more attention to a comprehensive approach to measuring enterprise performance by including financial and non-financial indicators. Usama and Yusoff (2019) pinpointed that per the literature, the most common measure of enterprise performance is profitability, growth, innovation and survival. In the views of Usama and Yusoff (2019), an objective enterprise performance measure should be tailored towards positive economic growth in terms of yearly sales growth. Performance measurements enhance the control of organizational resources (Tuffour et al., 2022).

Eniola and Entebang (2015) opined that performance is characterized by a firm's ability to create acceptable outcomes and actions. Eller, Alford, Kallmünzer and Peters (2020) belief measuring micro enterprises' performance could be challenging. They further established that the challenges usually differ from that of large organisations. Per the prior studies that have adopted subjective measures of business performance, the study seeks to adopt a subjective approach to measure micro-enterprises' performance.

Empirical Studies on Financial Literacy, Financial Inclusion and Performance of Micro Enterprises

This section presents empirical literature on financial literacy, financial inclusion, and micro-enterprises performance. It was achieved by reviewing the existing studies relating to the task. In addition to the theories propounded by various scholars, their empirical studies indicated financial literacy and enterprise performance nuances. Many studies have identified financial literacy

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as one of the core competencies for promoting the individual's well-being and micro-enterprise performance.

Eniola and Entebang (2017) surveyed the level of small and medium enterprises (SMEs) business owner managers' financial literacy and its impact on firm performance. A random sampling technique was adopted to constitute a sample of 600 respondents. The survey data were analysed using structural equation modelling to assess the influence of the effects of the financial literacy of the owner/managers on the performance. It was revealed that financial knowledge, behaviour, and awareness significantly influence the performance of Nigeria's small and medium-scale enterprises.

Ibor, Offiong, and Mendie (2017) studied the financial inclusion and performance of micro, small and medium-scale enterprises in Nigeria. The study argued that financial inclusion assures access to financial services by encouraging the underprivileged and vulnerable sections of society to actively contribute to developing and protecting themselves against socio-economic shocks. A survey research design was employed, and a structured questionnaire was used to elicit data from 400 randomly sampled enterprises. The data were analysed using the Pearson Chi-square statistics. The study maintained that financial inclusion positively affects enterprises' operations and growth. It became evident from this study that the researchers do not consider the role of financial literacy in the performance of the enterprise or control for other variables that might influence the performance of the business activities.

Garg and Singh (2018) conducted a study to analyse financial literacy among youths. The study focused on the socio-economic and demographic factors, including sex, income, age, and marital status, concerning financial

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literacy levels of youth and whether there is an interrelationship among financial knowledge, financial attitude and financial behaviour. The study was underpinned by human capital theory coupled with quantitative approach. The research established that socio-economic and demographic factors influence the financial literacy level of youth, and there is an interrelationship between financial knowledge, financial attitude, and financial behaviour. Furthermore, the study concluded that the vital endeavour of the world economies to improve citizens' financial well-being has contributed to the rising importance of financial literacy. It equips individuals to make quality financial decisions to enhance their financial well-being.

In a similar study, Usama and Yusoff (2018) examined the relationship between entrepreneurs' financial literacy and business performance among enterprises in Bauchi State, Nigeria. The researchers sampled 500 entrepreneurs through a simple random sampling technique. The findings revealed that financial literacy levels significantly relate to business performance. Despite the findings, the study did not specify how much performance will culminate in enhancing the welfare of the entrepreneurs and their employees.

Grohmann, Kluhs and Menkhoff (2018) carried out a study to anlyse the effect of finncial literacy on financial inlcusion in different countries. Quantitative research approach was used for the caaried out the study. They conceptualised financial literacy to include financial knowledge, behaviour and atttitude which access and use of financial product served as a proxy for financial inlcusion. A survey instrument designed by the organisation for economic development and corporation was used to solicit the data. The study

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concluded that financial literacy has positive significant effect on financial inclusion.

Gonzalvo and Avila (2019) conducted a study on the financial literacy of micro-business owners of the Municipality of Ragay, Camarines Sur, Philippines. The descriptive research method was coupled with the normative survey for gathering data. The study sampled 374 micro-business owners as respondents. Statistical correlation analysis was used to analyse the data. The study revealed that the micro business owners' financial literacy level in Ragay was average. However, based on the three financial literacy components, the respondents' total financial knowledge was inadequate regarding concepts. It was evident that the respondents have average level of financial attitude and behaviour.

The study revealed no significant relationship between the microbusiness owners' number of dependents, high educational attainment, and their level of financial literacy. But there is an important relationship between age, sex, civil status, monthly business income, and the age of business and financial literacy. Therefore, it was concluded that the higher the financial literacy level of a microbusiness owner, the higher the business's earnings. Thus, financial literacy positively contributes to the business's profit. Hence, a business cannot succeed without considering its owner's financial literacy level.

Agyapong and Attram (2019) examined the effect of owner managers' financial literacy on SMEs' performance in the Cape Coast Metropolis in Ghana. The study was premised on the resource-based theory. The population was the owner-managers of registered SMEs in the Cape Coast Metropolis from the NBSSI. A sample of 132 managers was selected through a simple random

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sampling technique. The data were analysed using the structural equation model. The study found a positive relationship between financial literacy and firm performance ($t = 35.631$, $p < .00$). The study recommends that policymakers explicitly design a program and platform tailored, enhancing these owner-managers financial literacy levels to help improve their firm's performance.

Okello Candiya Bongomin, Mpeera Ntayi, and Akol Malinga (2020) conducted a study to analyse the mediating role social netwrok on the relationship between financial literacy and financial inclusion. The study adopted cross section research design and data was collected from the rural folks of Uganda. The result indicated that social networking significantly and positively mediate the relationship between financial literacy and financial inclusion. Again, financial literacy has a direct significance and positive effect on financial inclusion.

Nigus (2020) studied financial literacy and its determinants from Maichew Town of Tigray. The work was grounded in behavioural finance theory. The study adopted both descriptive and exploratory study designs for the study. Financial literacy as the dependent variable was expressed in terms of binary outcome and intended regressed on predictor variables of age, gender, income level, work experience, field of study, marital status, access to financial news, and dependents in the household. Financial literacy was measured in terms of financial knowledge. It aligns with the financial literacy measure adopted by Rasoaisi and Kalebe (2015); Chatterjee (2018); Nicolini and Haupt (2019); Ansong and Gyensare (2012); Bhushan and Medury (2013).

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The analysis revealed that access to financial news, gender, the field of study, and the household's dependence significantly affect the financial literacy levels of the respondents. However, the variables such as age, work experience, marital status, educational level and Income level were found to have no statistically significant relationship with financial literacy. Again, the study was grounded on only resource-based theory, which does not explain how financial literacy knowledge is acquired as part of human capital.

Tuffour, Amoako and Amartey (2022) surveyed the effect of financial literacy among managers of Small-Scale Enterprises in the La Nkwantanang Madina Municipality of Ghana. The study examined the impact of managers' financial awareness, attitude, and knowledge on the account (financial and non-financial) of small-scale enterprises in the La Nkwantanang Madina Municipality of Ghana. The study was supported by the human capital and social learning theory. The quantitative research approach was used. With a simple random sampling technique, 200 small-scale managers were sampled, and their data was elicited through structured questionnaires. The data were analyzed using a structural equation model. The results revealed a significant effect of financial literacy on firm performance. Thus, financial and non-financial performance. It became evident that all three financial literacy components (awareness, attitude, and knowledge) significantly positively affect financial and non-financial performance. However, individual characteristics such as age, educational level, and experience have no significant impact on financial performance.

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Kadoya and Khan (2020) investigated factors affecting financial literacy in Japan. The study examines factors such as demographic, socio-economic, and psychological variables. These authors grounded their study in social learning, consumer socialisation and psychological theories. Ordinary least square was used to find the determinants of financial literacy. The study's findings indicated that demographic factors of gender, age and education, socio-economic factors of income and occupation, and psychological factors of perception of the future affect financial literacy.

Lessons Learnt from the Literature Review

This study draws many essential lessons from the empirical review regarding micro enterprises' financial literacy and business performance. It became evident that most of the studies (Agyapong & Attram, 2019; Gonzalvo & Avila, 2019; Nigus, 2020; Usama & Yusoff, 2018) grounded their studies on the relationship between financial literacy and micro-business performance in the resource-based theory and the theory of behavioural finance while others (Garg & Singh, 2018; Tuffour, Amoako & Amartey, 2022) used the human capital theory and social learning theory to assess the effect of financial literacy among managers on Small-Scale Enterprises' performance. It became evident from the review that none of the studies explored the collective impact of financial literacy and financial inclusion on enterprise performance.

Regarding methodology, all the studies employed a quantitative approach in analysing the relationship between financial knowledge, behaviour, and attitude on the performance of micro businesses. Critical scrutiny of the methodological approach also revealed the descriptive cross-sectional as the dominant study design.

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Most studies used a simple random sampling technique with a sample size varying from 100 to 500 micro-business owners and managers. The dominant data source for the lessons was primary, and questionnaires were the main instrument for eliciting data collection.

The data collection instrument covered variables such as financial knowledge, behaviour and attitude, profit, revenue, and sales. The main variables were primarily measured on ordinal and interval scales. Regarding the data analysis, most of the studies were based on descriptive, correlation and regression models (Gonzalvo & Avila, 2019; while these (Agyapong & Attram, 2019) and Tuffour, Amoako & Amartey, 2020) employed the structural equation model.

Conceptual Framework

This section delineates the interconnections among the various concepts in the study. Figure 1 presents the logical relationships among financial literacy, financial inclusion, and performance indicators. The human capital, social learning, and resource-based theories underpinned the relationships. The framework depicts that financial literacy influences financial inclusion. Once an individual is financially literate, such an individual will access and use financial products and services at a minimum cost. Likewise, financial inclusion can inform financial literacy because as people continue to access and use financial products and services, they understand financial issues.

The figure indicates that financial literacy has three dimensions, knowledge, behaviour, and attitude. Financial knowledge is measured in terms of awareness of financial products and services, financial behaviour entails budgeting, purchasing at a low cost, and regular bills, while savings, investment

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and insurance indicate financial attitude. The framework recognises that the interaction between financial literacy and financial inclusion leads to enterprise performance. Performance is measured in sales growth, profit growth, and employee number. The interaction between financial literacy, financial inclusion and enterprise performance is explained by human capital theory, social learning theory and resource-based theory.

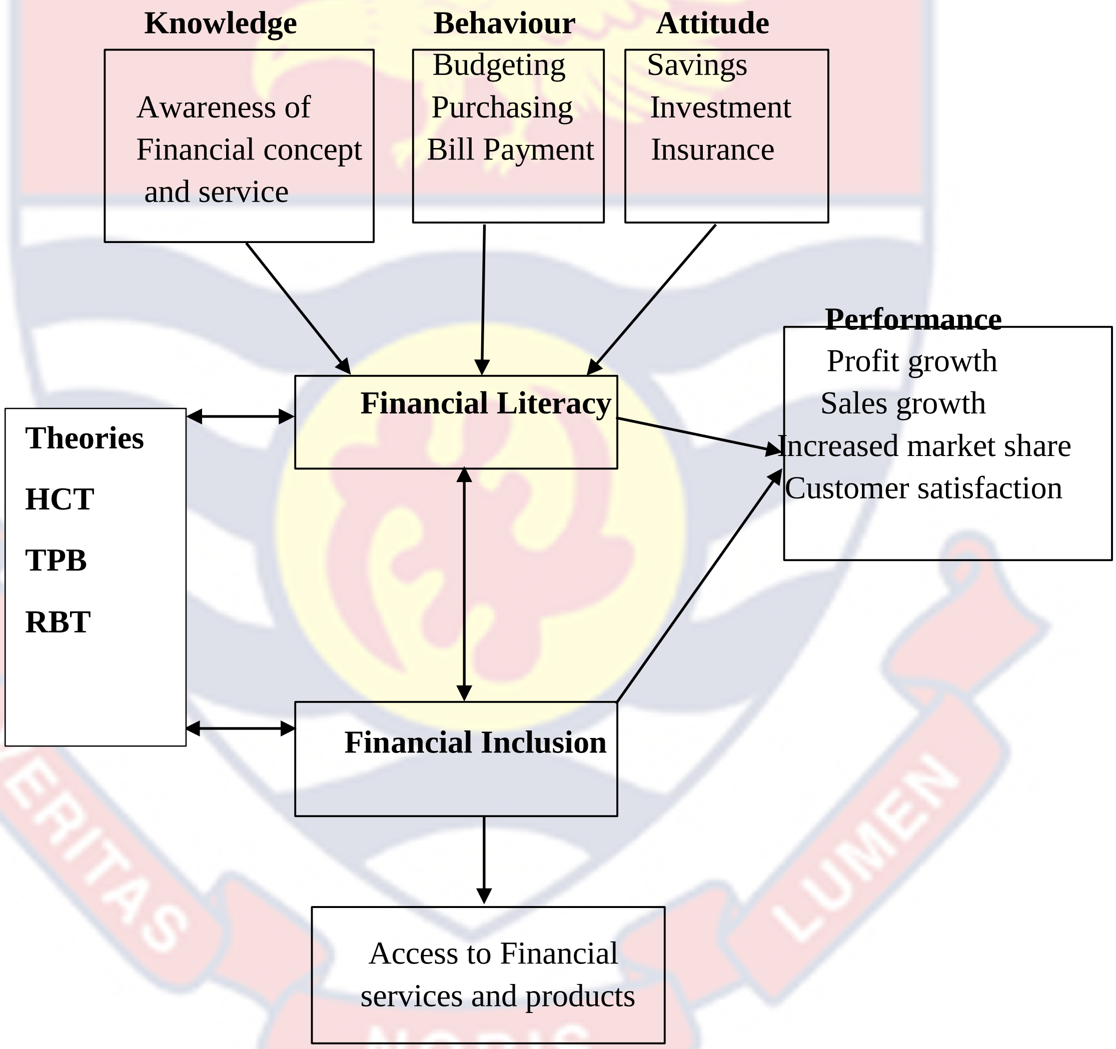

Figure 1: Conceptual Framework on the nexus between financial literacy, financial inclusion and enterprise performance.

Source: Author's construct, (2021).

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Chapter Summary

The chapter commenced with an explanation of the key concepts in the study. Precisely, financial literacy, financial inclusion and performance were explained adequately. Following that, the chapter also delved into the human capital theory as the main theory, with social learning theory and resource-based theory as supporting theories. The nexus among these theories were explored to establish the rationale behind their choice in the study. Comprehensive empirical studies were reviewed to uncover what other researchers have discovered regarding financial literacy and SME performance. The variables that constituted the study's main concepts and the theories that informed the study were used to draw a conceptual framework. This framework represented the linkage between the independent and the dependents as captured in literature. The next chapter presents the methodology of the study.

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CHAPTER THREE

METHODOLOGY

Introduction

This chapter presents the research methods of the study. According to Welman and Kruger (2001), research methodology encompasses various methods and techniques that help create scientifically developed knowledge using objective methods and procedures. It establishes how to obtain valid and reliable data for the analysis, and philosophical assumptions underpinning the study. Therefore, the research method is an essential component of research as it provides a clear guideline for the researcher to follow (Sarantakos, 2013). This chapter delved into the systematic process adopted to achieve its study objectives. The main sections include research philosophy, research design, study area, population, sampling procedures, data collection instruments, data collection procedures, data processing, and analysis.

Research Philosophy

Research philosophy concerns views about the world's existence and how it operates. The philosophical view of the social world influences the research approach (Al-Ababneh, 2020). The research paradigm is the overall map that guides the researcher and the choice of the paradigm adopted to determine the research design and data collection methods (Rashid, Rashid, Warraich, Sabir, & Waseem 2019). The individual perspective of reality or world outlooks affects how they acquire knowledge of the world and how they use it. It means that the researcher's perception of reality and its use will affect how to conduct research.

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In the views of Saunders, Lewis and Thornhill (2014), research is influenced by positivism and interpretivism beliefs. However, there have been several contestations on these beliefs' suitability in bringing out absolute reality in the social world. As a result, researchers proposed a third paradigm called the pragmatic method of enquiry to address the deficiencies of positivism and interpretivist investigation beliefs. This study seeks to adopt the positivist paradigm of inquiry. According to Gray (2013), positivism is a branch of epistemology that assumes a scientific approach to creating knowledge. Positivism adheres to structured research techniques to discover a single and objective reality. Positivists believe that the world is external because there is only a single objective reality (Sarantakos, 2013). Epistemologically, positivists believe that only phenomena that can be observed and measured are regarded as valid or actual knowledge.

Positivists use the deductive perspective of creating knowledge by measuring observable social realities. Gray (2021) establishes that positivist researchers aim to make context-free generalisations of their results. Neuman (2014) postulates that positivists are detached from the study's respondents to enhance the research's objectivity. Consequently, the findings can be generalised to other populations and predict phenomena for policy decisions. Furthermore, the quantitative technique is at the centre of this paradigm. It entails statistical methods such as correlation, multiple regression, logistic regression, chi-square test, variance analysis, factor analysis, and structural equation model to enhance the robustness and rigour of the study.

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Research Design

Creswell (2014) has established that research design is the plan and procedure for research that entails broad assumptions to detailed data collection methods, analysis, and interpretation. Similarly, Amedahe and Asamoah-Gyimah (2015), establish that research design is the plan for obtaining responses to research questions. It provides the procedural outline for investigating. Research can use quantitative, qualitative as well as mixed method designs. The quantitative design usually entails hypothesis testing hence data are elicited in a numerical format and subsequently analysed using statistical techniques such as mean, mode, median, correction, regression, factor analysis, discriminant analysis and others.

This study adopted a quantitative approach. It became evident from the lesson learnt from the literature review that most of the studies about financial literacy and the inclusion of micro-enterprises (Agyapong & Attram, 2019; Gonzalvo & Avila, 2019; Nigus, 2020; Usama & Yusoff, 2018) employed quantitative approach. The quantitative approach helps to analyse the variables objectively and make relevant generalisations and predictions. Onwuegbuzie and Leech (2019) define quantitative research design as an approach that uses quantitative techniques in descriptive and inferential statistics to describe issues in the study. Onwuegbuzie and Leech classified quantitative research design into experiments and surveys. According to Neuman (2014) quantitative research entails numerical representation and manipulation of observation to describe and explain general issues. Sarantakos (2013) established that quantitative analysis involves non-quantitative assessment and interpretation of statements to discover the critical meaning and sequence of relationships.

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The quantitative research approach produced a numerical description of micro enterprises' financial literacy, financial inclusion, and enterprise performance in the Cape Coast Metropolis. This design enabled the researcher to control errors that might have distorted the study's findings and use scientific principles to process and analyse the data. Conversely, this research approach required many scientific assumptions and regulations to comply with strictly (Neuman, 2014). The study adopted cross-sectional design. It is predicated on the fact that the study is relatively small coupled with a short duration and systematic data collection process, analysis, and presentation.

Study Design

Descriptive and correlational design were adopted for the study. Descriptive research is deemed appropriate due to the non-availability of secondary data. The study seeks relevant data on financial literacy, inclusion, and micro-business performance. According to Sarantakos (2013), descriptive design allows the researcher to collect data to assess current practices for improvement and modification. Again, it gives an accurate and clear picture of a phenomenon and helps explain an individual's perception and behaviour over time based on the data collected. Saunders et al. (2007) maintained that descriptive research design helps observe and describe or phenomenon in its natural state. However, it is cumbersome and time-consuming, making it susceptible to distortion via the introduction of biases in the instrument (Creswell 2014). Similarly, Creswell (2014) argued that a descriptive design provides a numerical explanation of a certain portion of the target population which is the sample for the data collection steps. The data collection and

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analysis process will be done simultaneously, and subsequently, inferences about the people will be made.

Correlational design was employed to help analyse the effect of financial literacy on the performance of micro enterprises. Correlational study design fall under casual design which help in explaning the relationship or links between and among variables under study. Creswell (2014) averred that a correlational design enables reserachers to examine the relationship betwwen the variables of interest. In the this case, the correlational design is used to to analyse the effect of financial literacy on the performance of micro enterprises.

Study Area

The study area is the Cape Coast Metropolis. The Metropolis is one of the 260 Metropolitan, Municipal and District Assemblies (MMDAs) in Ghana and form part of the 22 MMDAs in the Central Region of Ghana. Cape Coast is the capital of the Central Region of Ghana. Cape Coast Metropolis is one of the 17 districts in the region. The Metropolis lies within latitudes 50. 07 to 50.20 north of the Equator and between 10.11 to 10.41 west of the Greenwich Meridian. Again, it is bounded on the south by the Gulf of Guinea, west by Komenda-Edina-Eguafo-Abrem, east by the Abura-Asebu Kwamankese District and north by the Twifu-Hemang-Lower Denkyira District. The Metropolis covers a geographical space of 122 square kilometres and is the smallest in the country. According to the 2010 population and housing census, the total population is about 169894, comprising 82810 males and 87084 females. The Metropolis is also blended with old and new, traditional culture, urban and rural, and cosmopolitan.

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Figure 2: Map of Cape Coast Metropolis

Source: Ghana Statistical Service (GSS, 2014)

Population

According to Amedahe (2002), a population entails the researcher's entire aggregation of interest elements. The Cape Coast Metropolis, as the capital town of the Central Region, has many micro businesses. However, the Business Advisory Centre (BAC) of the National Board for Small Scale Industries (NBSSI) established that the actual number of these micro businesses is unknown. Thus, it can be attributed to the fact that most businesses do not register with the NBSSI for reasons best known to them. The research used the micro-enterprises registered with the National Board for Small Scale Industries.

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According to the NBSSI database, as of 29th January 2021, there were 508 registered businesses in the Cape Coast Metropolis. However, eliciting data from all of them will be cumbersome due to time and other resource constraints. Therefore, the need to select a representative sample of the population and consequently make appropriate inferences about the entire population.

Reconnaissance Survey

The core objective of this survey was to elicit information about the registered micro-enterprises within the Cape Coast Metropolis. It was carried out in January 2021. Besides, the survey was also conducted to ascertain background information about the study areas regarding possible challenges that may arise during the main data collection process. Specific places visited were the Central regional office of the NBSSI and the Cape Coast Metropolitan office. The survey outcome revealed that gathering a complete target population list will be cumbersome. It is justifiable because many micro-enterprises do not see the need to register or fail to register for tax purposes. Howbeit, the researcher, capitalised on the registered micro-enterprises as of January 2021 to elicit the data.

Sample and Sampling Procedures

The study used the probability sampling method to select the respondents. According to Sarantakos (2013), probability sampling is the type of sampling method where all the target population respondents have an equal, calculable and non-zero chance of being selected to constitute the sample. Due to the nested nature of the respondents, the study adopted a multi-stage sampling to constitute the sample from a larger population, a primary or composite sample. First, the total number of 508 micro-enterprises in the Cape Coast

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Metropolis constituted the sample frame for this study. These registered micro-enterprises were stratified into four subdivisions based on the grouping of small-scale businesses in the literature. The subdivisions include trading/retailing, manufacturing, hairdressing, and dressmaking/tailoring.

To this end, 217 micro-enterprise managers were sampled. The sampling was based on Krejcie and Morgan's (2013) sample size determination table at a 95 per cent confidence level. Proportionate sampling was used to determine the sample for each subdivision. Considering the homogeneity of the micro-enterprises within each stratum, I used a simple random sampling technique to sample the respondents from each category. Table 2 captures the distribution of the sample based on the various categories.

Table 1: Population and Sample Distribution of Respondents

Categories of MEs	Population	Proportion	Sample Size
Trading/Retailing	214	214/508× 217	91
Manufacturing	87	87/508× 217	37
Hairdressing	53	53/508× 217	23
Dressmaking & Tailoring	154	154/508× 217	66
Total	508		217

Source: Field survey, (2021)

Sources of Data

Primary data were elicited from micro-enterprise managers. The data covered their background and enterprise characteristics, financial literacy level, factors that influence financial literacy, the extent of financial inclusion and the performance of the enterprise. Given the research topic and the study's objectives, it was difficult to get secondary data on the issues to address them.

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Data Collection Instruments

The data were collected with the aid of a questionnaire. A questionnaire is a widely used instrument for data collection. The questionnaire helped ensure the respondents' anonymity and confidentiality (Sarantakos, 2013). However, Neuman (2014) have established that questionnaire is limited to a literate population, which does not provide the opportunity to collect detailed data. To address this lacuna, the researcher employed the services of enumerators that speak the local language to elicit the data from the respondents who could not read and write.

The instrument was divided into four sections. The first section was devoted to the background characteristics of the respondents. The second section entailed the level of financial literacy. The third section addressed the various factors that influence financial literacy, while the final section delved into the firm's performance. The issues considered in the first section were sex, age, and educational level. Again, the second section addressed economic activities, the aim of the business, financial knowledge, specific training, and others. The third section captured interest on the debt, financial risk opportunities, the interest rate on investment, risk diversification, ability to interpret financial information, and others. The fourth section considered issues regarding financial inclusion for micro-enterprises. Finally, the last section addresses the performance of micro-enterprises

(Appendix A).

Validity and Reliability of the Instrument

Contextually, validity refers to the instrument's accuracy used to elicit the intended responses from the micro-enterprise managers to address the

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various specific objectives. To this end, the instrument's face and content validity were determined. Additionally, the study scrutinized and eliminated the items deemed inconsequential per the ethical standards of research. The supervisors further examined the various items and provided the necessary guidance and advice. The instrument was modified to enhance its accuracy for the survey.

The instrument was pre-tested at the Komenda-Edina-Eguafo-Abirem (KEEA) Municipality in the Central Region of Ghana. Overall, thirty-two (32) respondents were used. These respondents were deemed fit due to their similar characteristics to the main respondents in the Cape Coast Metropolis. The respondents were selected and administered the survey instrument per the various categories of micro-enterprises. The pre-testing activity assisted the researcher to correct the lapses in the instrument. Consequently, the pre-testing assisted in the determination of the reliability of the instrument. It was done by analysing the Cronbach alpha reliability coefficient for the various concepts. As indicated in Table 2, the alpha coefficient ranges from 0.711 to 0.886. Creswell (2014) contended that the Cronbach alpha coefficient of 0.7 or more is considered reliable.

Table 2: A Cronbach Alpha Reliability Coefficient of the Questionnaire

Section of questionnaire	Number of items	Cronbach's Alpha
Financial Knowledge	8	0.886
Financial Behaviour	6	0.722
Financial Attitude	5	0.711
Performance	4	0.814

Source: Field data, (2021)

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Ethical Consideration

Ethics is a critical element of the study that human beings serve as the unit of analysis. According to Cohen et al. (2000), social scientists have a responsibility not to their profession alone to create knowledge and quest for truth but to the unit of analysis that provides vital information. As a result, social researchers consider the effects of the research on respondents and conduct their studies ethically to preserve the secrecy and dignity of the respondents. Neuman (2014) maintain that ethical issues in research depict the researcher's appropriate behaviour bearing in mind the norms and conventions of society.

Given that the research subject and the research clients must be protected from any harm by adhering to rules and regulations about research procedures, the study was subjected to ethical review by the Institutional Review Board (IRB) of the University of Cape Coast. Hence, ethical clearance was sought and approved before the data collection. The study considered ethical factors, including the right to privacy, voluntary participation, confidentiality and anonymity, no harm to participants, and scientific misconduct or falsification. Consequently, the researcher obtained permission from the principal supervisor to collect the data. The researcher collected the data on the respondents' terms for anonymity.

Actual Field Work

Data were collected from the primary source, precisely from the sampled entrepreneurs. Hitherto the administration of the questionnaire, there was a visit to the respondents to establish their willingness to participate in the study. The Secretariat of the NBSSI was served a formal notice for permission to conduct the study using the sampled micro-enterprise managers. The questionnaires

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were administered to the selected respondents to complete and return as soon as possible. The data were collected on the financial literacy level among managers/owners based on the three main dimensions of financial literacy. Besides, data on the various factors that influence the financial literacy of micro-enterprises was also elicited. Finally, data on the usage and quality of financial services and the performance of the business were collected. These data helped to answer the specific research objectives.

The fieldwork was carried out from August 1, 2021, to August 28, 2021. The data collection was aided by four research assistants who were literate in English and local languages. Hitherto engaging the research assistants, the researcher organised a one-day training programme to abreast them with the instrument's nuances. The key challenge encountered by the data collection team was the inability of some respondents to cooperate and give accurate data. It was due to fear of being taxed by the Ghana Revenue Authority and the Cov-19 pandemic, which has brought some fear and panic globally. But the enumerator explained the purpose of the study to the respondent, and it cleared their doubts.

Field challenge

This section presents some of the key challenges encountered during the data collection. Access to the micro enterprise managers/owners was difficult as some saw the data collection exercise as a destruction for them. Again, some of the respondents were no longer in business and some has travalled during the data collection period. The study, despite these challenges enumerated, managed to elicit the data from the people available.

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Data Processing and Analysis

The data processing and analysis allowed the researcher to organise the data collected from the population to assess and evaluate the findings to arrive at a valid, reasonable, and relevant conclusion (Sarantakos, 2013). The data were entered into Statistical Product and Service Solutions (SPSS) version 26.0 to generate the descriptive statistics. According to Leech, Barrett and Morgan (2014), the SPSS is a sophisticated statistical software popularly used by social scientists and other professionals in analysing quantitative data.

Before analysing the field data, data preparation was carried out to ensure accuracy and completeness., The data preparation included the coding of responses and examining possible outliers. That is, the data were scrutinised to ensure that they were free from irrelevant responses. Two main statistical techniques were utilised to analyse the survey data. Before the data processing, missing values were cross-checked vis-à-vis the original questionnaires. The background characteristics of the managers were analysed using descriptive statistics. Financial literacy comprises three components financial knowledge, behaviour, and attitude. According to Chen and Volpe (1998), the means percentage of correct scores is grouped into grades to determine the level of financial literacy. The grade (1) 80 per cent and above, (2) 60 per cent to 79 per cent and (3) below 60 per cent. These grades represent a high, moderate, and low level of financial literacy, respectively.

The second objective, which sought to examine the extent of financial inclusion of micro-enterprises in the Cape Coast Metropolis, was addressed using the Chi-square test to examine the level of awareness across the nature of the enterprise, educational level, type of ownership, and gender in the study.

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The third objective sought to assess the perfomance of micro enterprises. In that sense, the performance was measured by four indicators. These indicators were growth in profit, increase in sales, increase in market share and customer satifaction. The interpretation was guided by the table below.

Table 3: Score Matrix for Data Interpretation

Median Score	Interpretation of Score
1 – 3.5	Low Performace
3.6 – 5	High Performance

The five point scale was regrouped into two broad categories to determine the perfomance of micro enterprises. As indicated in the mean or median score of 1 to 3.5 represent low performance and the mean/median score between 3.6 and 5 connotes high performance. Finally, the last objective was addressed using the structural equation model (SEM) through the Smart-PLS software. The factor loadings, composite reliability, average variance extracted, and others were presented. SEM combines complex path analysis and latent variables in the same study. It is a robust technique utilised in research with unobserved constructs, including the ones in this study, as established by Sander and Tec (2014). This method uses factor analysis coupled with regressions that help examine relationships between variables of interest.

Chapter Summary

This chapter presents the research methods used in undertaking the study. The study is grounded in the positivist research paradigm; the quantitative research approach was explored. The study employed a descriptive survey study design. The study was conducted among micro-enterprise managers in the Cape Coast Metropolis. The study adopted a descriptive survey

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design and a quantitative approach. The study used a simple random sampling technique to select micro-enterprise managers. The questionnaire was used as the data collection instrument. Finally, the data were analysed using the Statistical Package for Social Sciences (SPSS) version 26.0 to generate the descriptive statistics. The subsequent chapter presents the results and discussion of the thesis.

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CHAPTER FOUR

RESULTS AND DISCUSSION

Introduction

This chapter presents the analysis of the field data elicited from 167 out of the 217 sampled managers/owners of micro-enterprises in the Cape Coast Metropolis. Therefore, the analysis and discussion are based on a response rate of 77 per cent. The results of the study were presented per the specific objectives of the study. The key issues discussed include background characteristics, financial literacy levels, and the extent of financial inclusion. Subsequently, the chapter analyses the effect of financial literacy on performance.

Background Characteristics

This section presents the background characteristics of the respondents and the enterprises. The main background characteristics of the respondents were sex, age and educational level. The enterprise characteristics entail the type of ownership, nature of business and number of years in operation. The first background characteristic of the respondents examined was sex. The sex of the respondents was necessary to the study because it is one of the key variables influencing financial literacy in general (Garg & Singh, 2018). The study revealed that the majority (55.1%) of the respondents were females, while the rest were males. It implies that more females are involved in micro-enterprises within the Cape Coast Metropolis than males. This finding aligns well with the recent 2021 Housing and Population Census that revealed more females in Ghana than males.

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Second, the study described the age categories of the respondents. Age influences the level of financial literacy, as indicated by Garg and Singh (2018). As shown in Table 4, more (31.1%) of the respondents were within the 31 to 40 years category, while about 30 per cent fell within the 41 to 50 age group. The details of the results, as indicated in the table, show that most of the respondents were youths and within the active labour force of the economy, signifying that the youths play a critical role in enhancing the economic growth and welfare of the people in the Metropolis.

Table 4: Age of Micro Enterpreise Managers/Owners

Category (Years)	Frequency	Percent
Below 20	12	7.2
21-30	44	26.3
31-40	52	31.1
41-50	49	29.3
51-60	4	2.4
above 60	6	3.6
Total	167	100.0

Source: Field data, 2021

The next variable examined in the background characteristics was the level of education of the managers/owners of micro-enterprises. It is essential because the educational level of the individuals influences their ability to comprehend and utilise financial information in decision-making, as acknowledged by Dewi, Azam and Yusoff (2019). On the other hand, people with little or no formal education are likely to be limited in handling financial issues like budgeting, savings, and record keeping, among others (Lusardi,

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2019). To this end, the data presented in figure 3 indicated that a handful (4.8%) of the micro-enterprise owners had no formal education. Similarly, few (7.2%) had tertiary education, while the majority (53.3%) hold primary school certificates. Largely, the finding implies that most micro-enterprise managers/owners had basic education.

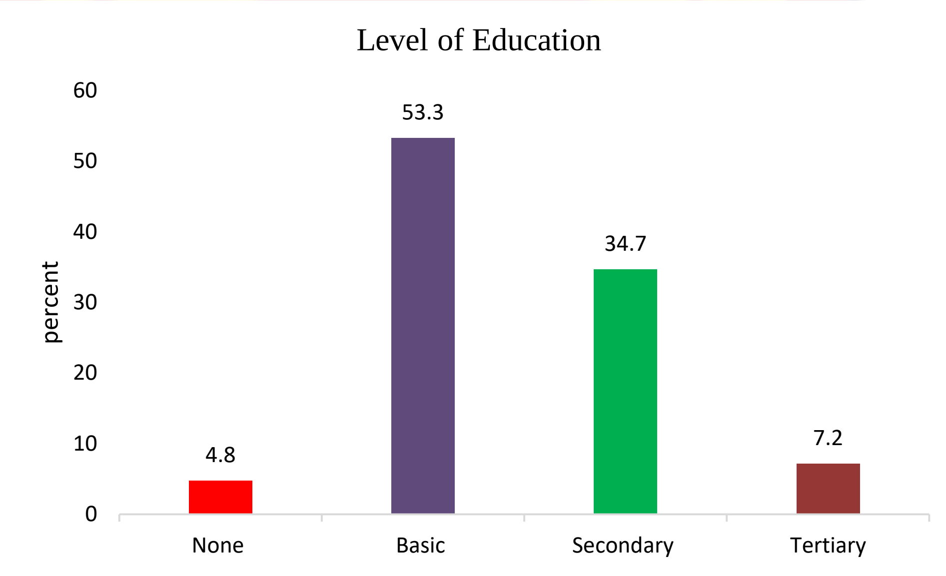

Figure 3: Level of Education of Micro Enterprise Managers/Owners

Source: Field data, 2021

Besides sex, age and educational level, the study further examined the characteristics of the micro-enterprises. It encompasses years in operation, ownership type, and business nature. The number of years in operation is essential to the study as extant literature contends that individuals who have been in operation for many years have a high probability of being financially sound and often taking prudent financial decisions, as supported by Tuffour, Amoako and Amartey (2022). As evident in the data, the minimum number of years of operation was one, while the maximum was 12 years (mean = 3.44, skewness = 1.83) with a quartile deviation of 1. The median number of the years in operation was three years. The data indicated that as the business owners

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engage in business for a long, they become more abreast with the business operations; hence there should be a positive relationship between years of operation and the financial literacy level of the respondents.

The type of ownership of micro-enterprises is critical to their existence as well as the continuity of the operations of the business (Abor, 2007). Relatedly, major financial services and product decisions are sometimes predicated on the type of ownership. In this respect, it became evident that most (93.0%) of the enterprises were sole proprietors, and the rest were partnership businesses. Regarding the type of business among the micro-enterprises, the data, as presented in Table 5, show that most of the enterprises were trading/retailing (46.1%), followed by dressing making/tailoring (30.5%). The rest of the enterprises were distributed across hairdressing (12.6%) and manufacturing (10.82%). This may be attributed to the fact that trading/retailing firms require less start-up capital than manufacturing, dressmaking and other businesses that require relatively more start-up capital.

Table 5: Distribution of Nature of Business

Nature of business	Frequency	Percent
Trading/Retailing	77	46.1
Manufacturing	18	10.8
Hairdressing	21	12.6
Dressmaking/Tailoring	51	30.5
Total	167	100.0

Source: Field data, 2021.

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Level of Financial Literacy of Micro Enterprise Owners/Managers

The first specific objective of the study sought to determine the level of financial literacy among micro-enterprise managers/owners in the Cape Coast Metropolis. This objective was necessitated by financial literacy's role in the business activities' decision-making. Financial literacy plays a transformational role in the life of any business dealings, as acknowledged by Eniola and Entebang (2017). Besides, the understanding of financial issues of managers also assists them in financial decision-making. As a result of the enterprise's human capital, the business cannot thrive and expand without comprehensive financial literacy (Eniola and Entebang, 2016).

A list of items was compiled on the financial knowledge, behaviour and attitude of micro-enterprise managers/owners regarding financial decision-making. The choice of the three dimensions of financial literacy was based on the assertion that the three variables constitute the concept of financial literacy, according to OCED (2015). As a result, this section is organised based on these financial literacy components. It is worth noting that the items on the various components were measured on a five-point scale where the respondents were asked to score their knowledge, behaviour, and attitudes toward financial decisions.

Financial Knowledge

This section assesses the first component of financial literacy. Financial knowledge was measured by requesting managers/owners to score their financial knowledge on a scale of 1 to 5. The items were budgeting business activities, the interest rate on investment and insurance policies. These key items used to measure the financial knowledge of the micro-enterprise managers

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support the argument of Lusardi, Michaud and Mitchell (2017) that financial knowledge is a specific kind of capital acquired in life which helps to manage income expenditure and savings prudently. Similarly, Huang et al. (2013) indicated that financial knowledge is a unique understanding of financial concepts. These concepts include saving or investment, borrowing, and protection.

Table 6: Descriptive statistics of financial knowledge of managers/owners

Item	Min	Max	Mn	Md	SD	Sk	Qd
Budgeting of business activities	2	5	2.94	3	0.841	0.606	0 .5
Interest rate on investments	2	4	2.85	3	0.819	0.617	0.5
Insurance policies and benefits	1	5	2.76	3	0.793	0.676	0.5
Interest rate on debts	2	4	2.72	3	0.834	0.484	0.5
Financial concepts and products	1	5	2.74	3	0.873	0.651	1.0
Opportunity cost of decisions	1	5	2.58	2	1.03	0.513	0.5
Risk diversification	1	5	2.25	2	0.841	0.479	0.5
Interpret financial information	1	5	2.58	2	0.867	0.928	0.5
Aggregate Score	11	38	21.42	21	6.87	4.95	4.5

Source: Field data, 2021

Min = minimum, Max = maximum, Mn = mean, Md = median, SD = standard deviation, Sk = skewness, Qd = quartile deviation.

The first item examined in terms of financial knowledge of the micro-enterprise manager/owners was budgeting of business activities before spending. As averred by OECD (2015), entrepreneurs with sound financial knowledge plan their expenditures before spending. The median score for the distribution on the budgeting of expenditure was 3 (mean =2.94 , skewness = 0.606) with a quartile deviation of .5 (Table 6). This shows that most respondents do not budget for their business spendings. The next item concerning the financial knowledge of the respondents was consideration of

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interest rates before investing in any business venture. The median score for the distribution was 3 (mean = 2.85, skewness= 0.617) with a quartile deviation of 0.5. This indicates the micro enterprises managers/owners barely consider the interest rate before investing. It can be attributed to an inadequate understanding of the effect of the interest rate on the success of the business.

Insurance policies and benefits were also considered. An insurance policy is one of the business practices that cushion future unforeseen circumstances. The study assessed the respondents' financial knowledge of insurance policies and benefits. The result shows that the minimum score was one while the maximum was 5. The median score was 3 (Mean = 2.76, Skewness = .676) with quartile deviation of 0.5. According to Lusardi (2019), business managers/owners require unique insurance investment products and services to guard against future economic crises. Lusardi further maintains that using insurance investment products and services is central to the comprehensive planning for businesses.

Another issue of interest to the financial knowledge of the micro-enterprise managers/owners is the ability to probe the interest rates on debts before borrowing. In the views of Gonzalvo and Avila (2019), the financial knowledge of the interest of debt influence the behaviour and attitudes of the managers/owners in making their financial decisions. Respondents were therefore asked to score on a five-point scale their knowledge regarding interest on the debt. The result shows that the minimum score was 2, and the maximum score was 4. The median score was 3 (mean = 2.72, skewness = .834) with quartile deviation of 0.5.

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The knowledge of financial concepts and products was also examined. According to OCED (2015), the knowledge of financial concepts and products of the managers/owners is central to financial decision-making. As a result, the respondents were asked to score their knowledge of financial concepts and products. It became evident that the minimum score was 1 while the maximum was 5. The median score was 3 (mean = 2.74, skewness = .873) with quartile deviation of 1. The result implies that the micro-enterprise managers/owners have average knowledge on about financial concepts and products.

The next item on financial knowledge was opportunity cost of decisions. The ability of managers or owners to consider the alternative cost of financial decision-making is one of the core attributes of managers/owners with good financial knowledge (OECD,2015). The financial knowledge of the respondents regarding the best alternative is critical to sound financial decision-making. Hence, the respondents were asked to score their knowledge on the opportunity cost of decisions. The result shows that the minimum score was 1 while the maximum score was 5. Evidently, the median score was 2 (mean = 2. 58, skewness = 0.5) with a quarter deviation of 0.5 indicates that on avaerage, the micro enterprise managers/owners do not consider opportunity cost in the business dealings

Another item of interest related to the financial knowledge of the micro-enterprise managers/owners was risk diversification ability. The knowledge of the managers/owners to diversify the various risk associated with financial decision-making is central to the successful operation of the business activities (Zada, Yukun & Zada, 2021). The business's liquidity is important to its performance (Lusardi, 2019). Hence, the managers/owners that pay keen

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attention to the performance of their enterprise ensure that the risks are well diversified when making a financial decision. In this regard, the respondents were asked to score their knowledge of risk diversification on a five-point scale. The minimum score was 1, while the maximum score 5. The median score was 2 (mean = 2.25, skewness = .479) with a quartile deviation of 0.5. The result implies in terms of risk diversification, micro enterprise managers/owners do not consider risk diversification in their business activities.

The final variable examined concerning the respondents' financial knowledge was the interpretation of financial information. Managers/owners of business enterprises can only take prudent financial decisions when they can interpret financial information relating to their business activities. In essence, the ability to make financial decisions based on the financial decision is critical. The data from the field revealed that the minimum score was 2 ans that of the maximum was 5. The median score was 2 (mean = 2.58, skewness = .928) with a quartile deviation 0.5. The result indicates that the manager/owners do not have adequate information on financial interpretations.

Further analysis was carried out to determine the respondents' overall financial knowledge. According to OCED (2015), a score of three or more for each item demonstrate good financial knowledge, and any score below this threshold depicts insufficient financial knowledge. To this end, all eight items were used to measure the financial knowledge level of the respondents. Hence, an aggregate score of 24 or more was considered good financial knowledge, while any score less than this is perceived as insufficient financial knowledge. The data revealed that the minimum financial knowledge aggregate score was 11 against the maximum score of 38. The median aggregate score was 21 (mean

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= 21.42, skewness = 4.95) with a quartile deviation of 4.5. Therefore, the descriptive statistics show that the respondents had insufficient financial knowledge.

The results from the items discussed on financial knowledge indicated that the managers/owners of the micro-enterprises in the Cape Coast Metropolis had insufficient financial knowledge. Based on human capital theory, education provides the individual with knowledge which intends to influence the behaviour and attitude of the people. Similarly, Lusardi (2019) established that knowledge is directly related to behaviour since the manager's decisions are influenced by the knowledge acquired through financial literacy. The negative outcome of financial knowledge is attributed to lack of financial education for the managers/owners (Yakob,Yakob, BAM, & Ahmad Rusli (2021).

Financial Behaviour

This section examines the next component of financial literacy. That is the financial behaviour of the respondents. This component indicates the extent of the respondents' behaviour regarding financial products and services in the views of Atkinson and Messy (2012). As explained by the theory of planned behaviour, financially sound individuals who are abreast with financial knowledge regulate their behaviours regarding financial issues and decision-making. In addressing the respondents' financial behaviour level, five-point scaled items were designed and administered to elicit the data from the respondents.

Musie (2015) posited that financial behaviour assists decision-making processes such as saving, debt management, bookkeeping, and business planning. Thus, it helps entrepreneurs to improve their business performance

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and enhance economic development leading to poverty reduction. Specifically, the items used cut across enterprise budget for monthly financial activities, enterprise plan before spending, alternative price of goods and services, interest rate, and prompt payment of bills. Table 7 presents the nuances of the descriptive statistics of the financial behaviour of the respondents.

The first item regarding financial behaviour was budgeting for monthly financial activities. The result indicated that most respondents do not draw a budget for their business activities. The median score was 3 (Mean = 2.77, skewness = .964) with a quarter deviation of 0.5. As indicated by OECD (2015), a score of three or more signifies the business manager/owner has good financial behaviour. As a result, it can be mentioned that the respondent have bad financial behaviour regarding budgeting of business activities. The micro-enterprise managers/owners in the Cape Coast Metropolis draw a regular budget for their economic activities.

The second item considered in determining the financial behaviour of the respondents was planning before expenditure. As indicated by OECD (2015), business operations with good financial behaviour often plan before spending. The evidence from the field data indicated that most micro-enterprise managers plan their expenditures. This is evident in the median score of 3 (mean = 2.63, skewness = .687). Hence, it can be said that most of the respondents do plan before spending. It follows the assertion of Eniola and Entebang (2017) that entrepreneurs with financial knowledge plan before undertaking any business expenditure.

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The next item examined was the ability to consider alternative prices before buying. This is one of the key attributes of individuals with good financial behaviour, as acknowledged by OECD (2015). The financial behaviour of the managers/owners regarding comparing alternative prices of goods and services results from financial knowledge (Eniola & Entebang 2017). That is, the financial knowledge of the individual influences their financial behaviour. Precisely, the respondent was asked to rate their position on this proposition on a scale of 1 to 5. As indicated in Table 7, the median score for considering alternative prices from different customers before the purchase was 2 (mean = 2.65, skewness = .690) with a quartile deviation of 0.5. The mean score demonstrates that most of the respondents respondents do not consider alternative prices before purchasing.

Table 7: Descriptive statistics for financial behaviour of managers/owners

Item	Min	Max	Mn	Md	SD	Sk	Qd
Budget for financial activities	2	5	2.77	3	0.903	0.964	0.5
The enterprise plan before spending	2	5	2.63	3	0.708	0.687	0.5
Consider alternative prices	3	4	2.65	2	0.708	0.690	0.5
Saving depends on interest rate	2	4	2.54	2	0.665	0.849	0.5
Pay attention interest rate	2	4	2.65	3	0.695	0.605	0.5
Pay bills promptly	1	4	2.59	2	0.730	0.822	0.5
Aggregate Score	12	26	15.83	15	4.41	4.62	3

Source: Field data, (2021)

Min = minimum, Max = maximum, Mn = mean, Md = median, SD = standard deviation, Sk = skewness, Qd = quartile deviation.

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Another critical item about financial behaviour is saving ability of the respondents. As Remund (2010) recommended, every business activity's liquidity is imperative for the survival and growth of the business. Per the data analysis, most respondents save based on the interest rate. This is evident in the median score of 3 (Mean = 2.54, Skewness = .822) with a quartile deviation of 0.5. This result indicates that the micro-enterprise managers/owners on average pay attention to the interest rate to save the business's future operations.

The study also considered interest rate before borrowing as one of the indicators of financial behaviour. The ability of micro-enterprise managers to consider alternative interest rates before borrowing is fundamental to the growth and expansion of their business activities. It is important because the enterprise's liquidity is essential for the growth and survival of the business. Consequently, the study sought to know how the respondents behave regarding interest by asking them to indicate their level of agreement on a five-point scale. The data from the field indicate that on average, the respondents pay attention to their interests. This is demonstrated in the median score of 3 (Mean = 2.65, Skewness = .605) with a quartile deviation of .5.

The final item used to measure financial behaviours was the ability of the manager to pay their bills regularly. According to Gilbert, (2021), individuals who are abreast with financial behaviour comprehend the relevance of paying bills regularly. As captured in the conceptual framework, the financial behaviour of the micro-enterprise managers/owners is an important dimension of financial literacy. The theory of planned behaviour pointed out that financially literate managers can adjust their behaviours in financial matters. It

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then implies that the micro-enterprise managers/owners in the Cape Coast Metropolis will find it difficult to adhere to financial discipline.

Following the various item analysis on the financial behaviour, the study determined the overall financial behaviour of the respondents. By this, the individual scores are aggregated to develop an index for financial behaviour. Per the OECD (2015) criteria for determining financial behaviour, a minimum score of 18 for a five-item scale is considered positive, while any value smaller than that signifies negative financial behaviour. The field data show a minimum aggregate score of 12 compared to a maximum score of 26. The minimum score indicates that the respondents had negative financial behaviour. The median score 15 indicates bad financial behaviour among the respondents.

Financial Attitude

This section describes the financial attitude of micro-enterprise managers. The attitude of the respondents towards financial products and services is the third component of financial literacy. In examining the financial attitude of the respondents, a five-point scale was used to rate the various item. Among these items are seeking financial advice, investment in other ventures, and insurance cover. According to Azjen (1991), managers with some degree of financial knowledge and skill have positive attitudes towards financial activities when making financial decisions.

As stated by Clark, Lusardi and Mitchell (2017), financial perspective is a critical literacy element that substantially influences financial management. It agrees with the assertion of Eniola and Entebang (2017) that financial attitude could be enhanced through right attitude in diversification and risk management. Relatedly, as unpacked by the theory of planned behaviour and

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depicted in the conceptual framework, financial literacy is influenced by the individual's financial literacy, which translates to financial wellbeing and financial intelligence. As stated in the conceptual framework, the items used include seeking financial advice, investment in other ventures and insurance cover for the business. These items were measured on a five-point scale to determine the financial attitude of the micro-enterprise managers/owners. Table 8 presents the details of the descriptive statistics regarding the distribution of the financial attitude of the respondents.

Table 8: Descriptive statistics for the financial attitude of managers/owners

Item	Min	Max	Mn	Md	SD	Sk	Qd
The business seeks financial advice	2	5	2.81	3	0.781	0.492	0.5
The enterprise invests in other ventures	2	4	2.86	3	0.828	0.585	1
Insurance cover for the business	1	4	2.63	2	0.671	0.465	0.5
The enterprise saves regularly	2	5	3.30	3	0.803	0.181	0.5
The enterprise reinvest profit	3	4	3.11	3	0.814	0.206	0.5
Aggregate Score	8	16	14.71	14	3.90	1.93	3

Source: Field data, 2021

Min = minimum, Max = maximum, Mn = mean, Md = median, SD = standard deviation, Sk = skewness, Qd = quartile deviation.

The first item measured on financial attitude was seeking financial advice. It is critical to the managers because it helps them make prudent financial decisions to avoid debt (Greenberg & Hershfield, 2019). As indicated in Table 8, the data elicited from the respondents revealed that most of the respondents seek financial advice as they undertake business activities. It is underscored by the median score of 3. Juxtaposing this result to the OECD

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(2015) criteria for interpreting financial attitude, it can be inferred that the respondents had a positive financial attitude when seeking financial assistance from others.

The second item, the respondents were asked to indicate the degree to which they invest in other ventures. It is necessary because investing in other venture prevent the entrepreneur from losing the investment in case there is a recession or other factors that affect the boom of the business market. As shown in Table 8, most respondents concurred that their diversification is central to their business activities. The median score for the enterprise to invest in other ventures was 3 (mean = 2.84, skewness = .585) with a quartile deviation of 0.5. It became evident from the distribution that most of the micro-enterprise managers/owners do invest in other ventures.

Another item of interest to financial attitude was insurance cover of the business. Lusardi (2019) posited that business managers/owners require unique insurance investment products and services to guard against future economic crises. Lusardi further postulated that using insurance investment products and services is central to comprehensive business planning. As a result, the micro-enterprise managers/owners were asked to score their attitude about insurance cover of their business activities. The score shows a minimum of 1 and a maximum of 4. Evidently, the median score was 2 (mean = 2.63, skewness of 0.465) with a quartile deviation = 0.5. Per the mean score, it became evident that the micro enterprise managers do not take insurance cover for their business activties.

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The next item on financial attitude was the saving habit of the respondents. Clarkson, Gao and Herbohn (2020) postulates that regular saving of cash flow is essential to the operations of the business activities as it serves as a buffer during the time of financial constraint. In this case, the micro-enterprise managers/owners were asked to indicate how often they save by scoring on a five-point scale. The result indicates that the minimum score was 2 while the maximum was 5. The median score was 3 (mean = 33, skewness = 0.803) with a quartile deviation of 0.5. This implies that the micro-enterprise managers/owners sometimes save part of their profits by guarding against future financial constraints or other investments as atttested by Mabula (2020).

The last item on financial attitude enquired from the respondents about reinvesting profit into their business. Key among best business practices is the insurance of the business activities against future uncertainties (Chenet, Ryan-Collins & Van Lerven, 2019). It is one of the critical practices of businessmen and women who crave to survive and expand. As a result, the study focused on the respondents' attitudes towards insurance. Lusardi and Tufano (2015) indicate that enterprise managers need specific insurance investment products to safeguard their enterprises and themselves. They further indicated that access to insurance is essential and part of the enterprises' strategic planning. It was evident that hhe median score was 3 (mean = 3.11, skewness of 0.206) with a quartile deviation = 0.5. Per the median score, it can be stated that most of the respondents do not undertake insurance cover as established by OECD (2015).

Further analysis was carried out to determine the aggregate financial attitude of the micro-enterprise manager/owners in the Cape Coast Metropolis. Specifically, the various scores were aggregated to form an index. Per the

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OECD (2015) criteria for examining financial behaviour, a minimum index of 15 for a five-item scale is termed a positive financial attitude, while anything less than that is considered a bad financial attitude. The data from the field indicated a minimum score of 10 as against a maximum score of 22. The minimum score shows that the respondents had negative financial behaviour. The median score was 14 (mean = 14.71, skewness = 1.93) with a quartile deviation of 3.

OECD (2015) established that financial literacy is the composite of financial knowledge, behaviour, and attitude. Based on this definition of financial literacy and for this study, the financial literacy level of the respondents was determined by the aggregate score of these three financial literacy components. According to Chen and Volpe (1998), the average percentage of correct scores grouped into grades determines the financial literacy level. Precisely, a grade (1) 80 per cent and above, (2) 60 per cent to 79 per cent and (3) below 60 per cent. These grades represent a high, moderate, and low level of financial literacy, respectively.

Capitalising on this criterion, the average percentage score for financial knowledge, behaviour and attitudes was approximately 53 per cent. That is the summation of the aggregate median for the three components of financial literacy as a percentage of the maximum composite median of financial knowledge, behaviour, and attitude. The result fell within the category of low level of financial literacy. In essence, it means the micro-enterprise managers in the Cape Coast Metropolis had low level of financial literacy. As presented in the conceptual framework, the financial literacy level influence the micro enterprises' performance. This implies that the micro enterprises

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managers/owners do not have the requisite competencies to take prudent financial decisions in their business activities.

This finding follows the assertion from the GEM report 2012 that most business managers/owners have a low level of financial literacy in Ghana and hence are unable to survive, let alone expand and employ other citizens. The finding also aligns with Gonzalvo and Avila’s (2019), who established that the financial literacy level among micro-business owners in Ragay was average. The result implies that micro-enterprises' performance in the Cape Coast Metropolis will be low, all other things being equal. The human capital theory explains that the micro-enterprise managers'/owners' knowledge influences financial decision-making.

Performance of Micro Enterprises

This section assesses the performance of micro enterprises in the Cape Coast Metropolis. Performance was measured by requesting managers/owners to score their performance on a scale of 1 to 5. These items were growth in profit, increase in sales, increase in market share and customer satisfaction. Kim and Patel (2017) have argued that the performance of any business setting has to do with objective setting, which the business intends to achieve over time. On the note Eniola Ojo and Ajala, (2019) have established that enterprise performance encompasses growth, innovation, competition, survival, and profitability.

These outcomes are crucial for micro-enterprises to sustain their role as economic development and wellbeing pillars. As a result, micro-enterprise performance is considered a vital avenue for economic growth, employment, and poverty reduction leading to development (Gherghina,Botezatu, Hosszu, &

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Simionescu, 2020). Micro-enterprise performance entails growth that manifests in the expansion in sales and generating profit. Chatterjee and Kar (2020) opine that performance is generally about the enterprise's success. As a result, these key items were used to measure the performace of the micro-enterprise.

Table 9: Descriptive statistics of performance of managers/owners

Item	Min	Max	Mn	Md	SD	Sk	Qd
Growth in profit	1	5	2.48	2	0.973	0.152	0.5
Increase in sales	1	5	2.69	3	0.699	0.397	0.5
Increase in market share	1	5	2.63	3	0.795	0.242	0.5
Customer satisfaction	1	4	2.95	3	0.847	0.340	1
Average Score	1	4.75	2.69	2.75	0.8285	0.2826	0.625

Source: Field data, 2021

The first item examined in terms of performance of the micro-enterprise was growth in profit. As averred by Eniola and Entebang (2015), enterprise performance is often used as a health index for micro-enterprises per period. The median score for the distribution on the growth in profit was 2 (mean = 2.48, skewness = 0.152) with a quartile deviation of 0.5. This shows that there is lower performance of micro enterpises in terms of growth in profit. The next item concerning the performace of micro enterprises was increase in sales. The median score for the distribution was 3 (mean = 2.69, skewness= 0.397) with a quartile deviation of 0.5. This indicates the micro enterprises perform averagely regarding increase in sales.

The next item used to measure the performace of micro enterpises was increase in market share. The median score for the distribution was 3 (mean =2.63 , skewness =0.242) with a quartile deviation of 0.5. In essence, the result

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implies that the performance of micro enterpise pertaining to market share was average. Lastly, customer satisfaction was used to measure performace. Per the analysis, it was evident that the median score was 3 (mean =.2.95, Skewness =0.340) with a quartile deviation of 1. The result indicates that in terms of customer sastisfaction, the performance of micro enterprises was average.

The findings implies that the micro enterprise did not give much attention to customer satisfaction in the business activities. Broadly, the aggregate median score was 2.75 (mean =2.65, skewness = 0.2826) with a quartile deviation of 0.625. In essence, the aggregate result indicates that there was low perfomance of micro enterprises in the Cape Coast Metropolis. In line with the conceptual framework high level of financial literacy tranlate to higher performance. As a result, the low performance implies that there is low level of financial literacy among the micro enterprise managers/ownerss

Further analysis was conducted to ascentain the performance of micro enterprises across the nature of the business. Table 10 presents evidence on the performance of micro enterprises in terms of growth in profit for the business activities. Pertaning to trading/retailing, it became evident that majority (31) performed low in terms of growth in profit. Similarly, those enterprises such as hairdressing and dressingmaking/tailoring also has low performance when it comes to growth in profit. Majority of the enterprises that engage in manufacturing performed averagely as indicated in the Table 10. The result inplies that to some extent the various enterprises do not increase their profit. This has economic implications on the performance growth and sustainability of the enterprsies.

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Table 10: Nature of Business and Growth in Profit

		Growth in profit					Total
		Lowest	Low	Average	High	Highest	
Nature of business	Trading/Retailing	11	31	23	11	0	76
	Manufacturing	1	5	9	3	0	18
	Hairdressing	2	10	4	5	0	21
	Dressmaking/Tailoring	13	17	13	7	1	51
Total		27	63	49	26	1	166

Source: Field data, 2021

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The next analysis focuses on the performance of the various categories of micro enterprise in terms of increase in sales. The evident as indicated in Table 11 established that the sales of all the four categories of micro enterprises average. In essence these enterprises have increase in their sales over the year under the study. To be precise, those involve in the trading/retailing business performed more than the other categories. The second highest was the dressmaking/tailoring activities while the least was enterprises that engage in manufacturing. The results implies that the margin of sales among the micro enterprises in not encouraging within the Cape Coast Metropolis.

Table 11: Nature of Business and Increase in Sales

		Increase in sales					
		Lowest	Low	Average	High	Highest	Total
Nature of business	Trading/Retailing	3	27	40	5	1	76
	Manufacturing	0	6	11	1	0	18
	Hairdressing	0	7	14	0	0	21
	Dressmaking/Tailoring	1	17	28	3	2	51
Total		4	57	93	9	3	166

Source: Field data, 2021

The next analysis was on the performance of micro enterprise in terms of market share within the Cape Coast Metropolis. As indicated in Table 12 , the analysis revealed that most (35) of the managers/owner involve in trading/ retailing had low perfomance when it comes to incresing market share. It means these enterprise do not expnad their customers over the years. For those involve dressmaking/tailoring business, the result inducates that most (24) of them

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performed averagely on the score of market share. Similarly, those venture into manufaction and hairdressing business activities performed averagely.

Table 12: Nature of Business and Growth in Market Share

		Growth in market share					
		Lowest	Low	Average	High	Highest	Total
Nature of business	Trading/Retailing	5	35	26	9	1	76
	Manufacturing	2	5	9	2	0	18
	Hairdressing	0	8	10	3	0	21
	Dressmaking/ Tailoring	1	19	24	7	0	51
Total		8	67	69	21	1	166

Source: Field data, 2021

The last analysis regarding the performance of the categories of micro enterprises was on customer satisfaction. This indicator of performance is key to the growth and sustainability of business activities (Fonseca, Ramos, Rosa, Braga, & Sampaio, 2016). Per the result as indicated in Table 13 , it was evident that all the four categories of micro enterprises perfomed on average in terms of customer satisfaction. Precisely, it was clear that most (32) of the managers/owner managers involve trading/ retailing business activities performed averagely pertaining customer satisfaction. Similarly those most of the people in engage in manufacturing, hairdressing and dressmaking/tailoring indicated average performance.

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Table 13: Nature of Business and Customer Satisfaction

		customer satisfaction				
		Lowest	Low	Average	High	Total
Nature of business	Trading/Retailing	3	14	32	25	74
	Manufacturing	1	5	7	4	17
	Hairdressing	0	5	10	6	21
	Dressmaking/Tailoring	3	17	18	12	50
Total		7	41	67	47	162

Source: Field data, 2021

Extent of Financial Inclusion of Micro Enterprises Managers/Owners

This section presents the second objective, the extent of financial inclusion of respondents. The objective sought to examine the extent of financial inclusion among micro-enterprise managers/owners in the Cape Coast Metropolis. In the views of Atkinson and Messy (2013), financial inclusion can only happen if financial products and services are available, and the people are aware of them, and the benefits accrued to them. Consequently, the respondents' opinions on the extent of financial inclusion were measured by asking them to indicate whether they were aware of financial products and services and have access to them in business activities. Broadly, a dichotomous response of yes or no was used to examine the extent of financial inclusion among the respondents. The percentage score was used to distinguish between the rate of micro-enterprise managers/owners who were aware and have access to the various financial products and services. The awareness of financial products and services plays a pivotal role in determining the extent of financial inclusion.

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According to Kumar and Pathak (2022), financial awareness is significantly associated with financial inclusion. The respondents who are aware of financial products and services have a high probability of accessing those products and services (Hasan & Hoque, 2021). As a result, the awareness of various financial products and services is imperative to the financial inclusion of micro-enterprise managers/owners. The analysis has shown that the majority (69%) have access to financial products and services, while the rest indicated they were not.

The study further disaggregated the extent of financial access among different categories of micro-enterprise managers/owners by types of enterprise, level of education, type of ownership and sex. The study examined the association between financial awareness and the nature of the enterprise. The result indicated that half of the respondents who were aware of financial products and services were involved in trading/retailing. In contrast, approximately 31 per cent of the respondents were dressmakers or tailors (Table 14). The rest of the managers who were aware of the various financial products and services were almost equally distributed among manufacturing and hairdressing activities.

Table 14: Type of Enterprise and Access to Financial Products and Service

	Acess					
Types of Enterprise	Yes	No	Total	% of Yes	% of No%	% of total
Trading/Retailing	54	22	76	50.0	43.1	46
Manufacturing	12	6	18	10.4	11.8	11
Hairdressing	13	8	21	11.3	15.7	13
Dressmaking/Tailoring	36	15	51	31.3	29.4	30
Total	115	51	166	100.0	100.0	100

Source: Field data (2021)

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The next issue examined was the association between educational level and access to financial products and services. Per the analysis, it became evident that the number of respondents who have access to financial products and services had some level of education. Most of the respondents have at least basic education. Table 15 indicated that about 46 per cent of the respondents had basic education while 44 per cent were senior high school leavers. Per the educational level, the data show that all the micro-enterprise managers who had some forms of formal education have access to financial products and services.

According to Kumar and Pathak (2022), socio-economic characteristics such as educational level, age, gender, and income of the respondents influence their financial awareness and usage of financial products and services. Similarly, Sanderson, Mutandwa and Le Roux (2018) found an association between financial inclusion and the level of education. These researchers opine that a person's level of education influences their access to and usage of financial products and services. Similarly, the finding of Park and Mercado (2018) maintains that level of education influence the ability of people to be financially included or excluded.

Precisely, these researchers established that people with at least primary education are more likely to be financially included in Singapore. Mhlanga and Denhere (2020) also confirmed that education is a key determinant among the various determinants of financial inclusion. As the human capital theory explains, education influences the level of competencies leading to prudent financial decision-making about accessing and using various products and services (Agarwalla, Barua, Jacob & Varma, 2015)

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Table 15: Educational level and Access to Financial Products and Services

	Awareness			% of	% of	% of
Level of education	Yes	No	Total	Yes	No	Total
None	3	5	8	3	9	5
Basic	53	35	88	46	69	53
S.H.S	51	7	58	44	14	35
Tertiary	8	4	12	7	8	7
Total	115	51	166	100	100	100

Source: field data (2021)

The association between type of ownership and the awareness of financial products and services was explored using the chi-square test. The social learning theory posits that social factors such as sources of information and financial advice influence people's behaviour regarding financial issues. Table 11 shows the association between ownership and financial products and services awareness. As shown in the table, most (90%) of the micro-enterprise managers who were aware of the various financial products and services were sole proprietors. The association between type of ownership and awareness was tested using Pearson's Chi-square Statistics. It became evident that the association was significant (Chi-square = 16.702, p-value =0.001).

A further analysis was carried out to calculate Yates Correction Factor. The argument necessitates this in the extant literature that both Pearson's and McNemar's are biased upwards in the case of a 2 by 2 contingency table. The bias is attributed to the fact that data in the 2 by 2 contingency table are dichotomous while the statistical chi-square distribution is continuous hence the

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Yate Correction becomes the lever. A 2 by 2 contingency table analysis was conducted to evaluate the association between type of enterprise and access to financial products and services. The analysis indicated that Pearson Chi-square (1, N=166) = 0.256, less than the critical value of 3.85. The result shows that there is no association between the type of enterprise and awareness of financial products and services.

Table 16: Type of Ownership and Access to Financial Products and Pervices

	Access					
Type of Ownership	Yes	No	Total	% of Yes	% of No	% of Total
Sole proprietorship	104	51	51	90	100	90
Partnership	11	0	11	10	0	10
Total	115	51	166	100	100	100

Source: Field data (2021)

The association between awareness of financial products and services and sex was explored. The data show that more females were aware of financial products and services than males (Table 17). The association between type of ownership and financial awareness was conducted using Pearson's Chi-square statistics. Per the outcome of the analysis, the association was no significant (Chi-square =1.438, p-value = 0.508).

The result contradicts the observation by Garg and Singh (2018) that sex affects financial literacy. Garg and Singh's study established that socio-economic and demographic factors influence the financial literacy level of youth, and there is an interrelationship between financial knowledge, financial attitude, financial behaviour, and financial inclusion. Similarly, the finding is

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not in line with Fanta and Mutsonziwa (2016) that there is a gender gap in financial inclusion. The study revealed that the gender gap in usage is wider than in access to financial products and services. Again, a study by Kairiza, Kiprono and Magadzire (2017) pointed out an association between gender and financial inclusion. Kairiza et al suggested that policies should be instituted to address the gender gap by paying keen attention the females.

Table 17: Sex and Access to Financial Products and Services

	Awareness					
Sex	Yes	No	Total	% of Yes	% of No	% of Total
Male	50	25	75	43	49	45
Female	65	26	91	57	51	55
Total	115	51	166	100	100	100

Source: Field data, (2021)

Relationship between Financial Literacy and Financial Inclusion

The fourth objective assessed the relationship between financial literacy and inclusion among the micro enterprise managers/owners. Financial literacy was defined based on finanacial knowledge, behaviour and attitude. An index for financial literacy was created per the three dimensions. Access to financial products and services were used a proxy for financial inclusion. Financial inclusion was scored by creating a dichotomous response of zero and one. With zero indicating not included and one depicting inclusion. Thus, zero inclusion measures micro enterprise managers/owners who do not access or use the financial products and services while one represents inclusion measured managers/owners who do access the financial products and services.

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Initially, the study assessed the relationship between financial knowledge and financial inclusion. Per extant literature, it was evident that people who have high level of financial knowledge have high probability to be financially included through access to financial products and services (Hasan & Hoque, 2021). This relationship was demostrated in the conceptual fromework. The analysis from the field data solicited indicate that micro enterprise managers/owners with financial knowledge were more included as compare with their counterparts. The means score for financially included (M=2.6976, SD=0.41169) was higher than those who were financially excluded (M=2.6221, SD= 0.25659). There was no significance difference (t(118) = 1.402, p =0.063). This implies that respondents with financial knowledge are more financially included than those without financial knowledge but the difference was not statistically significant.

The study also assessed the relationship between financial behaviour and financial inclusion. Farida, Soesatyo, and Aji (2021) posited that financial behaviour influence the use of financial products and services. The independent sample t test indicated that there was a significance difference (t(95) = 3.000, p =0.03) in the scores with means score for financially included (M=2.6788, SD=0. .34803) was higher than those who were financially excluded (M=2.5233, SD= 0. 27115). In essence, the micro enterprise managers/owners with financial behaviour were more likely to used financial products and service. The finding support the previous study by Grohmann, Klühs and Menkhoff, (2018) which explained that financial literacy has beneficial effect on the use of financial products and services.

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The last dimension of financial literacy, finanicial attitude was used to assses how the respondents were included or excluded in the financial market. According to OECD (2015), financial attitude is an essential element of financial literacy. As a result, managers/owners with good financial behaviour are more likey to access the various financial producst and services. The independent sample t test established that there was no significance difference (t(73) = 1.82, p =0.856) in the scores with means score for financially included (M=2.9468, SD=0. .37143) was higher than those who were financially excluded (M=2.9349, SD= 0. 36961). This means that managers/owners with good financial behaviour are more financially included than those those with bad financial attitude.

Further analysis was conducted to asesss the composite relationship between financial literacy and financial inclusion. Financial literacy influence financial inclusion postively (Allen et al., 2016). Klapper and Lusardi (2020) indicated that descriptive evidence estabished that there is a link between financial literacy and financial inclusion. To that end, an independent sampled t test was used to assess the relationship between financial literacy and financial inclusion. This was used because financial literacy was measured on continous scale and financial inclusion was categorical. Broadly, the analysis sought to assess how financial literacy varies among both the financially included and excluded micro enterprise managers/owners.

Consequently, an independent samples t-test was conducted to compare financial literacy among the financially included and the financially excluded micro enterprise managers/owners. The result indicated that there was no significance difference (t(165) = 1.875, p =0.062) in the scores with means

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score for financially included (M=2.7744, SD=0.25584) was higher than those who were financially excluded (M=2.6934, SD= 0.20511). The magnitude of the differences in the mean (mean difference = -.08096, 95% CI: -.16620 to 0.00427) was not significant. The magnitude of the differences in the mean was small (eta squared = 0.021) based on Cohen (1988) criteria. The finding contradict a study conducted by Grohmann, Kluhs and Menkhoff (2018) to analyse the effect of fincial literacy on financial inlcusion. In this study, it was evident that financial literacy has significant positive effect on financial inclusion.

Table 18: Group Statistics for Financial Literacy and Financial Inclusion

Financial inclusion		N	Mean	Std. Deviation	Std. Error Mean
Financial literacy	.00	43	2.6934	.20511	.03128
	1.00	124	2.7744	.25584	.02297

Source: Field data, (2021)

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Table 19: Independent Samples Test for financial literacy and Financial Inclusion

	Levene's Test for Equality of Variances		t-test for Equality of Means						
	F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95%Confidence Interval of the Difference	
								Lower	Upper
Financial lit. Equal variances assumed	1.173	.280	-1.875	165	.062	-.08096	.04317	-.16620	.00427
Equal variances not assumed			-2.086	90.545	.040	-.08096	.03881	-.15806	-.00387

Source: Field data, (2021)

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Effect of Financial Literacy on the Performance of Micro Enterprise

The fourth objective of the study examined the effect of financial literacy on the performance of micro-enterprises in the Cape Coast Metropolis. As a result, financial literacy was conceptualised in terms of financial knowledge, behaviour, and attitude. Financial knowledge was measured using indicators such as budgeting of business activities, the interest rate on investment, insurance policies, interest on debts, financial concepts and products, the opportunity cost of financial decisions, risk diversity and ability to interpret financial information (Allgood & Walstad, 2016).

Financial behaviour was measured using enterprise budget for monthly financial activities, enterprise plan before spending, consideration of alternative prices before buying, saving behaviour, borrowing behaviour and prompt payment of bills. In the case of financial attitude, the business's ability to seek financial advice, invest in other ventures and insurance cover for the business were used as indicators. The performance of the micro-enterprise was measured using an increase in profit, increase in sales, increase in market share as well as customer satisfaction. The aggregate of these indicators form the performance of the micro-enterprises. The structural equation modelling (SEM) results were scrutinised to ensure the model fitting ability. The quality of constructs used in the study was examined per evaluation of the measurement model. The examination of the quality criteria commenced with the evaluation of the factor loadings or items, followed by the construct reliability and construct validity.

Factor loading

The item reliability measurement model is used to measure item loadings. It refers to how the individual items correlate with the principal

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component. From Table 13, PME1 to PME4 represents the various indicators used in undertanding the manger/owners performace, FK2 to FK8 captures the indicators of financial behaviour. Likewise, FB1 to FB4 represents the indicators of financial behaviour while FA1 to FA4 provides details of the indicators of financial attitude. It is worthy to note that the indicators that do not meet the 0.5 criteria were deleted from the various constructs.

The measurement model is termed to have satisfactory item reliability when each item loading estimate exceeds 0.5, as argued by Hair et al. (2016). Per the analysis in this thesis, all items in the measurement model showed loading exceeding 0.5. The items varied from a lower bound of 0.532 to an upper bound of 0.791. Broadly, all the items used for the study largely demonstrate satisfactory indicator reliability. It is worth mentioning that some of the items were deleted. It is due to the argument by Hair et al. (2017a) that indicators with nonsignificant weight should be eliminated unless there is high support for their significance based on measurement theory.

Reliability analysis

Reliability is the extent to which the measuring instrument is stable and consistent. The level of repeatability of the outcome if the same instrument is administered several times. The most common method for establishing reliability in Smart PLS is composite reliability. Using the partial least square (PLS), the various individual factor consistency is assessed by examining the loadings of the key factors that constitute the latent constructs (Wong, 2013). As a rule, higher loading signifies a more common variance between the construct and the measures. The required threshold for composite reliability is 0.7. Thus, construct reliability is established when the reliability statistic is

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above the threshold. From Table 13, it became evident that the composite reliability statistics vary from 0.708 to 0.875, which indicates that the construct reliability is established for the constructs of the study.

Convergent validity

In the views of Hair, Howard, & Nitzl (2020) convergent validity is the degree to which the various items measuring the same concept concurred. Thus, it measures the extent to which the construct converges to explain its items variance. The average variance extracted (AVE) is used to assess the construct validity. It is worth noting that the AVE is the mean value of the square of the loadings of each indicator in the construct (Hair et al., 2021). Hair et al., 2021 establish that the rule of thumb is that AVE should be more than 0.5, indicating that the construct explains 50 per cent or more of the variance of the items that constitute the construct. Following the decision rule, it is evident that convergent validity exists as AVE varies from 0.511 to 0.579 as shown in Table 20.

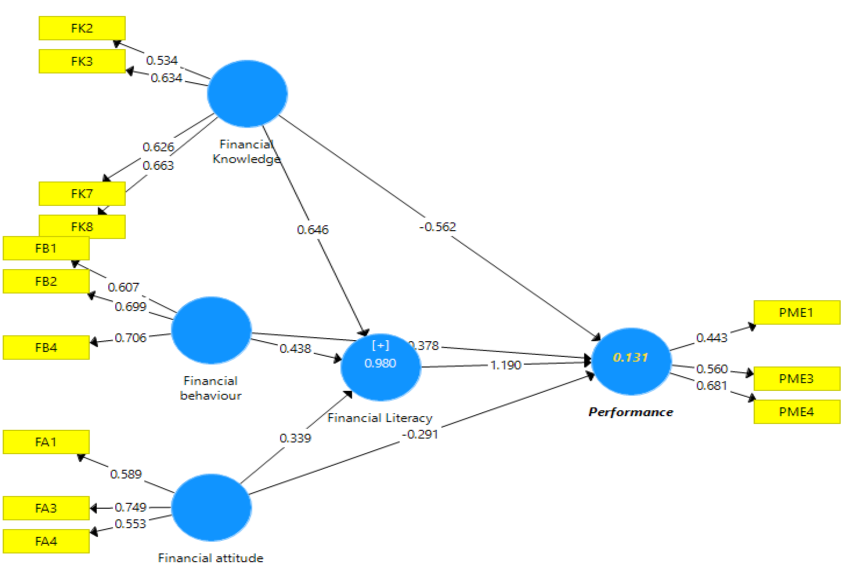

Figure 4: Final Mode Extrated

Source: Author’s construct, (2021)

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Table 20: Factor Analysis, Reliability and Validity of Constructs

Construct/Indicators	Factor Loading	T-Statistic	Composite Reliability	AVE
Performance			0.875	0.511
PME 1	0.443	1.700		
PME 3	0.560	1.934		
PME 4	0.681	1.730		
Financial Knowledge			0.708	0.579
FK 2	0.534	2.938		
FK 3	0.634	3.523		
FK 7	0.626	2.766		
FK 8	0.663	4.857		
Financial Behaviour			0.713	0.553
FB1	0.607	3.478		
FB2	0.699	4.201		
FB4	0.706	4.052		
Financial Attitude			0.764	0.511
FA1	0.589	2.227		
FA3	0.749	3.896		
FA4	0.553	1.607		

Source: Field data, 2022

Discriminant validity

Discriminant validity assesses the extent to which a construct is empirically distinct from other constructs in the same model. In other words,

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the degree to which measures of different constructs are distinct. The study tested for discriminant validity, as asserted by Hair et al. (2021). The discriminant validity helps to ensure that the study's constructs are independent of each other. According to Hair et al. (2016), discriminant validity can be used to examine the collinearity of the structural model. Fornell and Larcker (1981) noted that discriminant validity is established by comparing the AVE of the construct to the squared inter-construct correlation of the same construct. Discriminant validity is achieved when the factorial loadings in each construct are more than all the other correlation values among the latent variables (Fornell & Larcker 1981).. Based on the cross loading, it became evident, as shown in Table 20, that the factor loading of all the items is stronger on the underlying constructs to which they belong as against other constructs in the model. Hence, discriminant evaluation is established per the cross-loading evaluation.

Table 21: Fornell-Larcker Criterion of Constructs

	Financial Knowledge	Financial attitude	Financial behaviour	Performance
Financial Knowledge	0.76			
Financial attitude	0.15	0.71		
Financial behaviour	0.202	0.206	0.74	
Performance	0.272	0.008	0.136	0.71

Source: Field data, (2022)

Table 19 shows that all the factorial loading in each latent variable is more than all the other correlation values among the latent variables. To this end, it implies that each construct was distinct from the other, ensuring the

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measurement's distinctiveness. On this note, discriminant validity was assessed by scrutinising the cross-loadings of the various indicators. Hair et al. (2016) stated that the measurement indicators on their assigned latent variable should be of a higher magnitude than their loading on the constructs. It can therefore be confirmed from the table that the model indicates the appropriate level of discriminant validity.

Collinearity statistics

It explains the collinearity among the various items that constitute the constructs. The VIF should not exceed 3 (Ringle,Wende, & Becker, 2015). As indicated in Table 15, all the V.I.F.s were less than 3; hence, there are no collinearity issues. Hair et al. (2017b) posits that if there is a collinearity problem, a frequently used alternative is to create higher order models that can be augmented by theory. There is no collinearity issue; the next step is to examine the coefficient of determination as indicated in Table 20.

Table 22: Collinearity Statistics

Construct	Financial Literacy	Performance
Financial Attitude	1.074	
Financial Behaviour	1.085	
Financial Knowledge	1.061	
Financial Literacy		1.000

Source: Field data, (2022)

Path Coefficient

Path coefficient assists the researcher in confirming or disconfirming hypotheses. To that end, it helps to helps to understand the strength of the relationship between the independent and the dependent variables. The path

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coefficient can be interpreted as the standardised beta coefficients presented in partial least square regressions. In this case, the Bootstrapping technique is used to determine the significance of the path coefficient coupled with the t-statistics. According to Hair et al. (2016), the path coefficient value should be at least 0.1 to account for a certain degree of impact in the model.

Coefficient of determination (R^2)

This section presents the predictive accuracy using the R^2 outcomes in Hair et al. (2020) views. A model's R^2 indicates the combined effect of the independent variables on the dependent variable. Thus, the coefficient of determination value describes the extent of variance in the dependent variable explained by the independent variable. The proportion of variability in the dependent variable that the measurement model explains. In this case, the degree to which financial literacy explains performance among micro-enterprises. In the viewss of Hair et al. (2019), coefficient of determination shows the effect of exogenous dimensions of financial literacy (knowledge, behaviour and attitude) on the endogenous variable which is performance.

Broadly, the coefficient of determination ranges from 0 to 1. It implies that the higher the value, the higher the explanatory factor. As a guideline articulated by Henseler et al. (2016), the R^2 values of 0.75, 0.50, and 0.25 are considered substantial, moderate and weak, respectively. As presented in Table 21, the coefficient of determination based on the R Square Adjusted result was 10.6 %. This means that the three exogeneous variables comprising of financial knowledge, behaviour and attitude weakly explained 13.1 percent of the variation in the performance of micro enterprises. It could be argued that financial literacy contribute postively to the perfomance of these enterprise.

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Robustness check

The model's robustness assesses the PLS path prediction accuracy by computing the Q^2 value (Stone, 1974). Sarstedt et al. (2014) maintain that this matric is grounded on the blindfolding method that eliminates single points in the data matrix, imputes the eliminated points with the mean, and proceeds to estimate the model parameters. Consequently, Shmueli et al. (2016) indicated that Q^2 is not a measure of out-sample prediction but a combination of aspects of the out-of-sample predictions and in-sample explanatory power.

The next robustness test captures a sensitivity analysis of the model's F Square (F2) statistics. Lowry and Gaskin (2014) established that the F^2 assesses the effect of a specific construct on the other. In this regard, Cohen (1988) pinpointed that F^2 values of 0.02, 0.15 and 0.35 are termed small, medium, and large effect sizes. From Table 21, the F^2 of 0.026 of financial literacy statistics on performance is within the small categories 0.02, indicating that financial literacy has small effect on the performance. Again, in the views of Wong (2016), examining Stone – Geisser's prediction relevance (Q^2) is essential as it determines whether the indicator's data points appropriately measure the endogenous construct. In this sense, Q^2 value greater than 0, 0.25 and 0.5 represents the PLS path model's small, medium and large prediction. The statistic presented in Table 23 shows a predictive relevance of approximately 7 per cent.

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Table 23: Model Summary Statistics

Latent Variables	R Square	R Square Adjusted	F^2	Q^2
Financial Literacy			0.026	
Performance	0.127	0.131		0.069

Model Fit Statistics	Saturated Model	Estimated Model
SRMR	0.000	0.000
NFI	1.000	1.000

Source: Field data (2022)

As shown in Table 23, the model fits the rationale since it meets the quality criteria for the PLS-SEM model estimation. For instance, the Standardised Root Mean Square Residual (SRMR) and Normed Fit Index (NFI) thresholds of SRMR < 0.008 and NFI > 0.90 are termed as for the model (Hair et al., 2017; Henseler, 2017). To this end, it is evident that both the SRMR and the NFI have met the decision criteria of a model fit.

There is a postive effect of financial literacy of the performance of micro-enterprises in the Cape Coast Metropolis . This is because the financial knowledge, behaviour and attitude of the managers/owners in taking financial decisions have a ripple effect on the performance of the enterprise, as argued by the human capital theory. The result implies a significant direct relationship between the level of financial literacy among owners/managers and micro-enterprises performance. Thus, improving the financial literacy of the micro-enterprise owners/managers tends to spur the enterprises' growth and performance (Sabana, 2014). Hence, the ability of the owners to use financial

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knowledge in their daily decision-making would assist in proper planning, which culminates in the business's success. The result is consistent with the findings of Tuffour, Amoako and Amartey (2022), who conducted a survey on the effect of financial literacy among managers of Small-Scale Enterprises' performance and established that financial literacy has a significant effect on firm performance (financial and non-financial performance).

The finding also agrees with Agyapong and Attram (2019), who found a positive relationship between financial literacy and firm performance. Again, as demonstrated in the conceptual framework from work, the level of financial knowledge, financial behaviour, and financial attitude influence micro enterprises' performance. Similarly, the finding supports Adomako et al. (2016) that the financial skills of the owners/managers serve as leverage regarding financial decision-making, such as costing, budgeting, and making effective decisions. The acquisition and use of financial knowledge enhance the efficient allocation of resources leading to the growth and survival of the business activities (Zarrouk, Ghak & Bakhouche, 2021). Broadly, financial literacy comprises knowledge, behaviour and attitude, skills acquired through financial education and improving the human capital of the owners/managers. It enables them to make prudent financial decisions to grow their business activities. Thus, micro-enterprises who wish to increase their performance and scale up need to take financial literacy seriously as one of their resources as explained resource based theory.

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Chapter Summary

The fourth chapter of the thesis has been presented on the financial literacy, financial inclusion, and performance of micro-enterprises in the Cape Coast Metropolis. Financial literacy was analysed in terms of financial knowledge, financial behaviour, and financial attitude. Access to financial products and services was given keen attention to financial inclusion. The results indicated that the micro-enterprise owners/managers in the Cape Coast Metropolis have a moderate financial literacy. Again, it became evident that some are aware of the various financial products and services. Broadly, financial literacy influences the performance of micro-enterprises. That is, financial literacy is central to the performance of business activities. The next chapter gives credence to the summary, conclusions, and recommendations.

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CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

Introduction

This chapter captures the summary and key findings of the thesis. The initial section provides the summary and the study's key findings. While the next section covers the conclusions drawn from the study's key findings, the last section outlines the study's recommendations. Lastly, limitations and suggestions for further studies on financial literacy, financial inclusion and performance of micro-enterprises were indicated.

Summary

Micro-enterprises serve as the pivot of economic growth and development of Ghana, for that matter, CCM. However, literature suggests that these enterprises encounter obstacles that inhibit their vital role in the economy. Among these constraints includes lack of access to finance and proper management skills. The constraints were attributed to inadequate or lack of knowledge of managers/owners on financial literacy. As a result, the study sought to understand the level of financial literacy level of the micro-enterprise managers, assess the performamce of micro enterprises, examine the extent of financial inclusion among the micro-enterprise managers, and analyse the effect of financial literacy on the performance of the micro-enterprises.

The study was quantitative with a descriptive cross-sectional design. The data used for the study were elicited via a structured questionnaire. The target population for the study was the managers/owners of micro-enterprises in the Cape Coast Metropolis. The sample size of 167 respondents from the target population of 508 was used. But then, 167 questionnaires representing 77

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per cent were used for the study analysis. A simple random technique was used to sample the respondents. The study used both descriptive and inferential statistical techniques in the data analysis. Statistical Product and Service Solutions version 26 coupled with Microsoft Excel 2016 and Smart PLS were used for the data analysis. The data were described using descriptive statistics such as frequency and percentages. Below are the key findings of the study:

The study's first objective addressed the financial literacy level of micro-enterprise managers. The major findings were that:

1. The median financial knowledge aggregate score was 21. It is indicated that the respondents' financial knowledge level was low. According to OECD (2015), a score of three or more signifies that the business manager/owner has good financial knowledge. In this case, with 8 items, the minimums aggregate score should be 24.
2. The median financial behaviour of 15 was lower than the OECD (2015) criteria of 18 for the five items. It implies that the respondents had negative behaviour toward financial activities in their decision-making. The negative behaviour is revealed in budgeting for financial activities, planning for expenditure and other financial decisions.
3. The median financial attitude aggregate score was 14. Juxtaposing this score to the OECD (2015) criteria of 18 for the five items, it became evident that the respondents had a negative attitude regarding finances.
4. Generally, it became evident that financial literacy among micro enterprises managers/owners was low. Thus, micro-enterprise managers/owners in the Cape Coast Metropolis had low level of financial literacy.

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The second specific objective assess the extent of performance among micro-enterprise managers. Among the key findings were that:

1. It was evident that there is low performance of micro enterprises in Cape Caost Metropolis with the aggregate median score of 2.75
2. In terms of growth in profit among the categories of micro enterprise, it was evident that there is low performance among the categories with exception of those involve in manufacturing whose performance was average.
3. Regarding the increse in sales, it was evident that there was average increase in sale among the categories.
4. Pertaining to market share, the analysis revealed that performace was low for trading/retailing business while the others performed on average.
5. Lastly, the data analysis established that all the four categories had average performance when it comes to customer satisfaction.

The third specific objective examined the extent of financial inclusion among micro-enterprise managers. Among the key findings were that:

1. Most (69%) of the micro-enterprise managers/owners were aware of financial products and services, while the rest indicated otherwise. In essence, it can be inferred that most of the respondents were financially included.
2. The result was disaggregated based on the nature of business; it became evident that half of the respondents who were aware of financial products and services were involved in trading/retailing. While the minority (10.4%) of the respondents who were aware of the financial products and services belong to the manufacturing category.

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3. Regarding educational level, 46 per cent of the respondents who have access to the financial products and services had basic education, while 7 per cent had tertiary education.

4. Pertaining to ownership and awareness of financial products and services, 90 per cent of the micro-enterprise managers who have access to the financial products and services engaged in sole proprietorship business and the rest were involved in partnership ventures.

5. Female micro-enterprise managers/owners have access financial products and services than their male counterparts (Chi-square = 1.438, p-value = 0.508) at a 5 per cent alpha level. The magnitude of the association was moderate (Phi = 0.051, alpha = 0.05, p-value = 0.508)

The fourth objective assessed the relationship between financial literacy and financial incluison of the micro enterprise manages/owners in the Cape Coast Metropolis. Central to the key findings entailed:

1. Financially knowledgeable respondents were more financially included. However, there was no significance difference (t(118) = 1.402, p =0.063)
2. Financial behaviour directly influence financial inclusion. Those with good financial behaviour are more financially included that those with bad financial behaviour. There was asignificance difference (t(95) = 3.000, p =0.03)
3. Fiancial attitude has a direct relationship with financial inclusion. Bu then there was no asignificance difference (t(73) = 1.82, p =0.856)

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4. Financial literate respondent were more included than those without financial literacy. However, there was no significance difference (t(165) = 1.875, p =0.062)

Finally, the last objective captured the effect of financial literacy on micro-enterprises performance. Based on the analysis, it became that financial literacy influences micro enterprises' performance. Financial literacy accounted for approximately 11 per cent of the variation in the performance with a p-value of 0.042. Hence, it can be established that financial literacy significantly affects the performance of the micro micro-enterprises in the Cape Coast Metropolis.

Conclusions

The study assessed the effect of financial literacy, financial inclusion, and micro-enterprises performance in the Cape Coast Metropolis. Based on the result, it became evident that the respondents had a moderate level of financial literacy. Specifically, the result indicated that most micro-enterprise managers/owners have low financial knowledge that reflected in their financial behaviours and attitudes. The study further examined the extent of financial inclusion among micro-enterprise managers. Evidence shows that most respondents have access to the financial products and services. In terms of gender, more females were aware of financial products and services than their male counterparts. In the case of the nature of business, micro-enterprise managers who engaged in trading/retailing characterised most of the respondents who are aware of the financial products and services and hence access them for their business activities. It was evident that those with high financial literacy were more financially included than their counterparts.

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Finally, the last specific objective of the study indicated that financial literacy influences the performance of micro-enterprises within the Cape Coast Metropolis.

Recommendations

Based on the key findings and conclusions of the study, the following recommendations were put forward to aid financial literacy and financial inclusion sensitisation among micro enterprise managers/owners.

1. The managers/owners should invest in financial education to increase their level of financial literacy since this will enable them to make prudent financial decision. As managers/owners with higher level of financial literacy can access more financial products and services to expand their business activities. This can be done by taking courses in accounting and finance.
2. It was evident that there is low level of perfomance among micro enterprises in the Cape Coast Metropolis. Therefore, it is recommended that micro enterorise manager/owners must be deliberate in apply accounting principles in their biusness activities. They can also employ a professional accountants to handle the accouting issues.
3. It became evident that managers/owners who engaged in trading/retailing business activities were more aware of financial products and services than those into manufacturing, hairdressing, and dressmaking/tailoring activities. It is therefore recommended to manufacturing, hairdressing, and dressmaking/tailoring enterprises to familiarise themselves with the financial products and services through financial education.

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4. It was evident that financial literacy has positive relationship with financial inclusion. It is recommended that micro enterprise manager/owners to seek more financial education to use the financial products and services. This can be done by seeking clarification from their bankers on the various products and services
5. The study found that financial literacy positively influences the performance of micro enterprises. It is therefore, recommended that managers/owners should seek more financial education through self learning or enroling in accounting and finance courses.

Limitation of the Study

Indeed, this study should have covered a greater portion of the micro-enterprises beyond the Cape Coast Metropolis. Besides, the study design was cross-sectional, allowing limited data to be gathered from the respondents. The data were elicited at only one point without giving attention to the different points. Again, the study did not include the financial institutions. As a result, only the demand side of financial inclusion was used in the study.

Suggestion for Further Study

The study suggests that future research should give credence to qualitative studies to gather more evidence on the nexus of financial literacy, financial inclusion, and performance of the micro-enterprise managers in the Cape Coast Metropolis. Better still, other researchers can employ the mixed method, using both quantitative and qualitative methods. Again, due to the limited time to finish this research, the study was cross-sectional and confined to only micro-enterprise managers in the Cape Coast Metropolis of Ghana. Therefore, a longitudinal study should be conducted to assess the effect of

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financial literacy and financial inclusion on the performance of micro-enterprise managers. Lastly, researchers can involve the financial institutions in the study to address the supply side of financial inclusion.

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APPENDIX

QUESTIONNAIRE FOR MICRO ENTERPRISE MANAGERS

UNIVERSITY OF CAPE COAST

SCHOOL FOR DEVELOPMENT STUDIES

DEPARTMENT OF INTEGRATED DEVELOPMENT STUDIES

QUESTIONNAIRE FOR MICRO ENTERPRISE MANAGERS IN CAPE COAST METROPOLIS

Dear Sir/Madam,

This questionnaire examines the relationship among financial literacy, financial inclusion and the performance of micro enterprises in the Cape Coast Metropolis. The study aims at assessing the level of financial literacy among micro enterprise managers as well as determining the factors that influence financial literacy among the micro enterprise managers. It also examines the extent of financial inclusion of micro enterprises managers. Finally, it examines the effect of financial literacy on the performance of micro enterprises in the Cape Coast Metropolis. This research is purely for academic purposes. It is in partial fulfilment of the award of a master of philosophy degree at the School for Development Studies at the University of Cape Coast. Consequently, any information given would be treated with the utmost confidentiality and anonymity.

Thank you.

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Section A: Background characteristics of the respondent

1. Sex of respondents: Male [ ] Female [ ]
2. Age of respondent: Below 20 years [ ] 21- 30 years [ ] 31- 40 years [ ] 41- 50 years [ ] 51 – 60 years [ ] Above 60 [ ]
3. Marital status: Single [ ] Married [ ] Divorced [ ] Widowed [ ]
4. Level of education None [ ] Basic [ ] SHS [ ] Tertiary [ ]
5. Types of ownership
   a. Sole proprietorship
   b. Partnership
   c. Limited liability
   d. Others
6. What is the nature of your enterprise?
   a. Trading/Retailing [ ] b. Manufacturing [ ] c. Hairdressing [ ] d. Dressmaking/ Tailoring [ ]
7. Number of years spend in operation……………………..

Section B: Level of financial literacy among micro enterprise managers.

Financial Knowledge

8. Rate your **financial knowledge** based on the following factors on a scale of 1 as lowest and 5 as the highest

Key Issues	1	2	3	4	5
Budgeting of business activities					
Consider interest rate before investing					
Undertake insurance policies					
Consider interest rate before borrowing					

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Have knowledge on financial concepts and products					
Consider opportunity cost of financial decisions					
Consider risk diversification when investing					
Ability to interpret financial information					

Rate your **financial behaviour and attitude** based on the following factors on a scale of 1 as lowest and 5 as the highest

Financial Behaviour	1	2	3	4	5
The enterprise budget for monthly financial activities					
The enterprise plan before spending					
The business considers alternative prices before buying					
Saving depends on interest rate					
Interest rate are considered for borrowing					
The enterprise pays bills promptly					
Financial Attitude					
The business seeks financial advice					
The enterprise invests in other ventures					
There is insurance cover for the business					
Enterprise saves reqularly					
Enterorise reinvest profit					

Section C: Extent of financial inclusion for micro enterprises managers

9. Do you use access the financial services and product available?

   A. Yes [ ] B. No [ ]

   If no, skip 15 to 18

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10. Have you accessed any of such services and product?

A. Yes [ ] B. No [ ]

11. How often do you access the financial products and services?

………………………………………………………………….

12. What informs your decision to access financial products and services?

…………………………………………………………………………

13. Do the services and products meet your needs?

A. Yes [ ] B. No [ ]

Section D: Performance of Micro Enterprises.

Please rate the effect of financial literacy on the performance of your enterprise over the past three (3) years based on the listed indicators using the following 5-point scale.

Precisely:

1 = Lowest performance

2 = Low performance

3 = Average performance

4 = High performance

5 = Highest performance

Indicators of Performance	1	2	3	4	5
Growth in Profit					
Increase in Sales					
Growth in Market Share					
Customer Satisfaction					

THANK YOU FOR YOUR RESPOND.

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