UNIVERSITY OF CAPE COAST

FINANCIAL LITERACY, FINANCIAL BEHAVIOUR AND SAVINGS BEHAVIOUR AMONG OWNER-MANAGERS OF SMALL AND MEDIUM-SCALE ENTERPRISES IN AWUTU SENYA EAST DISTRICT

HENRY BONNEY ARTHUR

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BY

HENRY BONNEY ARTHUR

Dissertation submitted to the Department of Finance of the School of Business, College of Humanities and Legal Studies, University of Cape Coast in partial fulfilment of the requirements for the award of Master of Business Administration in Finance.

APRIL 2019

DECLARATION

Candidate's Declaration

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

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

Candidate's Name: Henry Bonney Arthur

Supervisor's Declaration

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

Supervisor's Signature: …………………….. Date: ………………………….

Supervisor's Name: Dr. Anokye M. Adam

ABSTRACT

Financial literacy and behaviour have attracted increasing attention in both the developed and developing world due to its role in financial decision and their influence on savings habits of Small and Medium Enterprises (SMEs) owners. This study examined the influence of financial literacy, financial behaviour on savings habits of SMEs owners in the Awutu Senya District of Ghana. The study used across-section data set within a descriptive research design. The study employed quantitative approach in the study and data collection was done using questionnaire. A total of 201 SMEs owners were selected using censes method. Analyses of the data were done by using both descriptive and influential analyses. The study revealed that financial behaviour has positive influence on savings habit of SME owners. In addition, financial literacy has positive influence on savings habit of SMEs owners. Furthermore, the study revealed that age of the SME owners has positive influence savings habit of SME owners. Finally, educational level of the SME owner is also positively related to savings habit of the SME owners. The study therefore recommends that government and NBSSI must offer financial education to SME owners which will help their business operations. Also, National Commission for Civic Education should establish Financial Literacy Information Sharing Group to provide financial literacy education to SMEs owners. Also, government should set up special financial institutions that will cater for the financial needs of SME owners by giving soft loans in order to expand their business.

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DEDICATION

To my son Nigel Adom Bonney Arthur and my late mother Elizabeth Ekua Essoun Bonney.

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LIST OF ACRONYMS

ANOVA	Analysis of Variance
NBSSI	National Board for Small Scale Industries
NCCE	National Commission for Civic Education
OECD	Organisation for Economic Co-operation and Development
SME	Small and Medium-sized Enterprises
TIPCEE	Trade and Investment Programme for Competitive Export Economy
TPB	Theory of planned Behaviour
USAID	United States Agency for International Development
UNCTAD	United Nations Conference on Trade and Development

CHAPTER ONE

INTRODUCTION

Financial literacy and financial behaviour have been identified as the key competencies required for effective savings as well as for the establishing, management and thriving of SMEs. However, the exact effect they have on the savings of SMEs has not been fully established by the available literature thus the need for further research in this area. The main purpose of this study is to examine the effect of financial behaviour and financial literacy on savings among small scale enterprises in the Awutu Senya District. This section presents the overview on the study which includes the background to the study, statement of problem, purpose of the study, objectives of the study, research questions, significance of the study, delimitations of the study, and organisation of the study.

Background to the Study

Small and medium-sized enterprises (SMEs) are the backbone of economies in advanced industrialised countries, as well as emerging and developing countries, as they are a key source of economic growth, innovativeness, and poverty reduction (Mahmuud, 2011). SMEs constitute the dominant form of business organisation, accounting for over 95 percent and up to 99 percent of enterprises depending on the country (Hassen & Svensson, 2014). Small and medium sized enterprises in both developing and developed countries play important roles in the process of industrialization and economic growth, by significantly contributing to employment generation, income generation and catalysing development in urban and rural areas (Hassen & Svensson, 2014; Kihonge, 2014; Williams, 2006).

Haggblade, Hazell and Reardon (2010) affirm that Africa and Asia have the majority of their population living in rural areas where small scale enterprises deliver about 20% - 45% of full-time employment and 30% - 50% of rural household income. Latin America, which is more urbanised, has an estimated 50 million micro and small-scale enterprises, employing 120 million people (Hillary, 2017). In Sub-Sahara Africa, the SME sector accounts for over 90% of all enterprises of which 70% - 80% are micro and very small enterprises. In spite of the significant role SMEs play in socio-economic development of developing countries in general and Ghana specifically, the sector continues to be plagued with a myriad of challenges such unstable government policies, gross under capitalization, high operating costs, lack of clear-cut government support and assistance, and difficulty in assessing credit from financial institutions and banks (Aryeteey, 2008).

The one most pervasive and predominant challenge which confront SMEs and hinder majority of entrepreneurs from success is the finance factor (Hillary, 2017). Having access to finance gives SMEs the chance to develop their business and to acquire better technologies for production, therefore ensuring their competitiveness. However, there is a huge challenge for SMEs globally when it comes to sourcing for initial and expansion capital funds from traditional commercial banks. The situation is even dire in developing countries and in Ghana in particular where, access to and cost of credit is so prohibitive.

Financial literacy has attracted increasing attention in both the developed and developing world due to its role in financial decision. For example, in

January 2008, the United States government set up a President's Advisory Council on Financial Literacy tasked to improve financial education at all levels of the economy. Developing economies have also not been left behind; countries like Indonesia and Ghana have set up programs that are aimed at increasing financial literacy. Financial literacy encompasses the knowledge and skill required by individual to function effectively in the money economy and make informed judgments in respect to their own and their family circumstances.

In developing countries including Ghana, individuals, especially owner/managers, are expected to have a considerable level of financial literacy in order to exhibit positive financial and savings behaviour during their active working periods (Ardjouman, 2014). In view of this, the need for financial literacy among owner/managers has become increasingly vital. Evidently, governments and other stakeholders in various developing countries have placed more emphasis on continuously increasing the level of financial literacy among owner/managers as this would help in attaining several goals such as promoting understandable and knowledgeable financial systems and reducing financial crimes.

Moreover, the need for financial literacy among entrepreneurs and business owners has henceforth become an issue of interest in both developed and developing economies (Dendup, Gyeltshen, Penjor & Dorji, 2017). Though it might not be an absolute state, it enables individuals to be able to respond effectively to ever changing personal, social and economic circumstances. Financial literacy is hypothesized to be a major determinant of the firm's success or failure. It is for this reason, many countries have created task forces to study and evaluate the level of the financial literacy of their citizens (Van Rooij, Lusardi & Alessie, 2011).

Studies have found that, individuals who have a high level of financial literacy are more likely to plan, succeed and invariably enjoy a successful retirement (Mandell & Klein, 2007, 2009; Njuguna & Otsola, 2011; Xu & Zia, 2012). This is because, individuals are more likely to rely on formal methods such as retirement calculators, financial experts and retirement seminars and rely less on referent groups. Additionally, individuals who display higher financial literacy tend to save and invest in assets and/or stocks for future benefits (Lusardi & Mitchell, 2011). In this regard, individuals who are better off during retirement are known to have higher financial literacy and vice versa (Hastings, Mitchell & Chyn, 2011). It is on this note that the study examines financial literacy, financial behaviour and savings behaviour among owner/managers of Small-scale enterprises in the Awutu Senya District. Ghana.

Statement of the Problem

In Ghana, the SME sector is recognised as one of the key sectors in the economy which has the potential of helping achieve the stimulating and growth for development and job creation agenda of the government (Andoh & Nunoo, 2014). Most businesses in Ghana fall within the category of micro, small and medium enterprises, with the potential of employing close to 70 percent of the Ghanaian labour force (Andoh & Nunoo, 2014). While many studies have provided documentary evidence suggesting that financial literacy education is effective (Eniola & Entebang, 2016; Behrman, Mitchell, Soo & Bravo, 2012;

Plakolovic, 2015; Olawale, 2014), there is surprisingly little rigorous, academic evidence (Andoh & Nunoo, 2014; Adomako & Danso, 2014).

By comparison, owner-managers in Uganda were found to use only informal methods of financial record keeping and relied largely upon their memories when tracking accounts receivable and inventory. There was also little formal cash flow forecasting and poor credit management. A similar pattern was found in Ghana where the majority of owner-managers surveyed did not keep formal financial records. This was due in part because there was no requirement for them to do so, but also as a consequence of them fearing that to do so would disclose how much money they were making and the risk that this would incur tax penalties. For example, in the Czech Republic SME owner-managers were found to devote a lot of attention to monitoring accounts receivable, but were less effective at speeding up their cash conversion cycle through incentives or penalties.

With the exception of Cole, Sampson, and Zia (2011), which used two surveys from two of the most populous countries in the world (Indonesia and India), to show that financial literacy is an important predictor of financial behaviour in the developing world, there is no completed study testing the significance of financial behaviour, financial literacy and savings in utilising basic financial services particularly in sub-Saharan Africa and for that matter Ghana. This study attempts to fill in this gap by providing an empirical analysis of the financial behaviour, financial literacy savings among small scale enterprises in Ghana particularly Awutu Senya District.

Awutu Senya District is chosen because it has the required sample size making up of two hundred and one (201) which is representative enough of study population. Specifically, the study empirically identifies the channels through which financial behaviour and financial literacy translate into savings decision making. In this way the study contributes to the literature by analysing the role of financial behaviour and financial literacy in addressing the problem of voluntary financial exclusion of small businesses in Ghana. In some ways, the analysis takes a different perspective from previous research. Unlike previous studies which concentrated on households and individuals, this study focuses on owner-managers.

A study by Ripain, Amirul and Mail (2017) concluded that, financial literacy has a strong significant effect on the performance of SMEs. They added that, owner/managers who are financially literate and thus exhibit positive financial and savings behaviours are able to enhance the overall performances of their businesses. This in turn helps to improve upon the economic growth of the various economies. Similarly, other studies by Marlina and Irawati (2018), Plakalovic (2015) and Usama and Yusoff (2016) found financial literacy of owner/managers to positively influence the performance levels of their businesses. These are clear indications that, financial literacy of owner/managers contribute immensely to the performance and growth of firms in the countries within which these studies were conducted. Thus, it is vital to examine it within the Ghanaian context in a bid to support or disapprove existing findings.

Again, despite the importance of small businesses in many economies, the major research done so far is mainly focused on personal finance issues of general public, leaving a gap for the analysis of the levels of financial behaviour, financial literacy and savings among small businesses (Gallery, Newton & Palm, 2011). So, considering the importance of small businesses at national economy and the little attention that scientific community has given to the measurement of financial literacy levels among this business community, the present study is fulfilling this gap by examining the effect of financial behaviour, financial literacy on savings among small scale enterprises in the Awutu Senya District.

Moreover, similar studies have been conducted in various countries (Garman & Gappinger, 2008; Huston, 2010; Kefela, 2010; Lusardi & Mitchell, 2011) but, only a couple of them is attributable to Ghana (Ansong & Gyensare, 2012; Nunoo & Andoh, 2012). However, in Ghana, existing studies have focused more on the determinants of financial literacy while failing to research into its effect on savings behaviour. These existing studies have ignored owner/managers in the SME sector despite their immense contributions to the Ghanaian economy. These limitations in existing studies have created a gap which the study investigated.

Purpose of the Study

The purpose of this study was to examine the effect of financial behaviour, financial literacy and savings among the owner/managers of the Small-scale enterprises in the Awutu Senya District.

Research Objectives

Specifically, the study developed the following specific objectives to:

1. examine the savings habit of owner-managers of the Small-scale enterprises in the Awutu Senya District.
2. assess the level of financial literacy among the owner/managers of the Small-scale enterprises in the Awutu Senya District.

3. examine the effect of financial behaviour on the savings of owner-managers of the Small-scale enterprises in the Awutu Senya District.
4. analyse the effect of financial literacy on savings of owner-managers of the Small-scale enterprises in the Awutu Senya District.

Research Questions

The following research questions guided the study:

1. What are the savings habits of small-scale enterprises in the Awutu Senya District?
2. What is the level of financial literacy among the owner/managers of the Small-scale enterprises in the Awutu Senya District?
3. What is the effect of financial behaviour and savings among owner/managers of the Small-scale enterprises in the Awutu Senya District?
4. What is the effect of financial literacy on savings of the Small-scale enterprises in the Awutu Senya District?

Significance of the Study

This study will contribute to the body of knowledge on the existing debate on the financial literacy among owner-mangers. It is hoped that the findings of this study will provide managers of the SMEs and policy makers with insights to put the appropriate strategies and measures in place to boost the performance of their businesses through financial education. Further, the findings of this research will also be useful for organisations, businesses and the corporate world. The findings can be explored and implemented by managers and leaders of SMEs concerned. Lastly, the study will serve as a reference material for future researchers.

Delimitation

This study only focuses the level of financial behaviour, financial literacy and savings among small scale enterprises in the Awutu Senya District. This is due to the time and cost involved in undertaking a boarder study.

Organisation of the Study

The study is organised into five chapters; chapter one presents the Introduction and background to the study, the statement of the problem, purpose of the study, the research objectives, hypotheses of the study, significance of the study, delimitation, limitations of the study and organisation of the study. Chapter two reviews the literature of previous study comprising both theoretical and empirical review and chapter three deals at the research methods to carry out the study including research design, specification of the model, definition and measurement of variables, estimation techniques, sources of the data in the study, and tools for data analysis. Chapter four presents the results and discussions and chapter five presents summary, conclusions and policy recommendations.

CHAPTER TWO

LITERATURE REVIEW

Introduction

This chapter presents the review of relevant literature on the financial behaviour, financial literacy and saving among small enterprises. It sets out the theoretical foundation of the study into three sections. The first section presents discusses the theoretical foundations including the definition of financial behaviour, financial literacy, savings and theories. The second section examines empirical literature and conceptual framework of interest to the topic. The last section draws conclusions from both the theoretical and empirical literature.

Theoretical Review

This section discusses theoretical perspectives that underpin financial literacy among owner/managers. On this note, the study employed the theory of reasoned action due to its direct relatedness to the study's research objectives.

Theory of reasoned action

Fishbein and Ajzen (1980) in understanding financial literacy joined forces to explore ways to predict behaviours and outcomes. According to them, individuals are usually quite rational and make systematic use of information available to them. Thus, people consider the implications of their actions before they decide to engage or not engage in a given behaviour. They developed this theory to predict and understand behaviour and attitudes. Their framework, which has become known as the theory of reasoned action, looks at behavioural intentions rather than attitudes as the main predictors of behaviours.

One of the greatest limitations of this theory was with people who have little or feel they have little power over their behaviours and attitudes. They described the aspects of behaviour and attitudes as being on a continuum, from one of little control to one of great control (Fishbein & Ajzen, 1980). To balance these observations, they added a third element to the original theory. This element is the concept of perceived behavioural control. The addition of this element has resulted in the newer theory known as the theory of planned behaviour. The purpose of the theory is to predict and understand motivational influences on behaviour that is not under the individual's volitional control; to identify how and where to target strategies for changing behaviour; to explain virtually any human behaviour such as why a person buys a new car, votes against a certain candidate, is absent from work or engages in premarital sexual intercourse.

The theory further provides a framework to study attitudes toward behaviours. According to the theory, the most important determinant of a person's behaviour is behaviour intent. The individual's intention to perform a behaviour is a combination of attitude toward performing the behaviour and subjective norm. The individual's attitude toward the behaviour includes; Behavioural belief, evaluations of behavioural outcome, subjective norm, normative beliefs, and the motivation to comply.

According the theory, if a person perceives that the outcome from performing a behaviour is positive, she/he will have a positive attitude forward performing that behaviour (Davis, Bagozzi & Warshaw, 1989). The opposite can also be stated if the behaviour is thought to be negative. If relevant others see performing the behaviour as positive and the individual is motivated to meet the exceptions of relevant others, then a positive subjective norm is expected. If relevant others see the behaviour as negative, and the individual wants to meet the expectations of these "others", then the experience is likely to be a negative subjective norm for the individual. Attitudes and subjective norm are measured on scales (as an example the Likert Scale) using phrases or terms such as like/unlike, good/bad, and agree/disagree.

The intent to perform a behaviour depends upon the product of the measures of attitude and subjective norm. A positive product indicates behavioural intent (Glanz, Rimer & Viswanath, 2008). The theory of planned behaviour (TPB) was developed to predict behaviours in which individuals have incomplete volitional control. The major difference between TRA and TPB is the addition of a third determinant of behavioural intention, perceived behavioural control. Perceived Behavioural control is determined by two factors; Control Beliefs and Perceived Power. Perceived behavioural control indicates that a person's motivation is influenced by how difficult the behaviours are perceived to be, as well as the perception of how successfully the individual can, or cannot, perform the activity.

Furthermore, if a person holds strong control beliefs about the existence of factors that will facilitate a behaviour, then the individual will have high perceived control over a behaviour. Conversely, the person will have a low perception of control if she holds strong control beliefs that impede the behaviour. This perception can reflect past experiences, anticipation of upcoming circumstances, and the attitudes of the influential norms that surround the individual (Mackenzie, 1993). This theory relates to the study in such a way that individuals are usually quite rational and make systematic use of information available to them in terms financial knowledge in SMEs.

Concept of financial literacy

Financial literacy has been variably defined as a specific form of knowledge, the ability or skills to apply that knowledge, perceived knowledge, good financial behaviour, and even financial experiences have been one of the striking things about the literature (Hung, Parker & Yoong, 2009). Financial literacy as sufficient knowledge about facts on personal finances and is the key to personal financial management (Hogarth, 2002). Their study likewise reviews that the barrier to financial literacy is lack of knowledge in personal finance, intricate financial situations, in addition to a large range of choices for making decisions on financing, and time constraints on learning about personal finance.

Financial literacy has been defined by many researchers in many studies in the area of personal finance; with the concept of financial literacy many failed to define it properly due to the fact that it does not capture the managers and business people. Gitman (2003) pointed out that the delivery of financial products to individuals is part of financial services. one of the critical managerial competencies in owner managers and development is Financial literacy (Eniola & Entebang, 2016). Most scholars agree that entrepreneurs are consistently engaged in decision-making activities concerning resource procurement, allocation and utilization regardless of their age. There are financial consequences with such activities and entrepreneurs must be financially literate in order to be effective (Oseifuah, 2010).

The importance of managing money is based on only this reference and only individual and household management process have been described but there is no clear description of SME owners/managers financial literacy. However, there are definitions of financial literacy specifically addressed to managers and business people,

"*a financially literate owner manager was defined as someone who knows what are the most suitable financing decisions on the business performance at the various growth stages of the business, knows where to obtain the most suitable products and services; and interacts with confidence with the suppliers of these products and services*" (Eniola & Entebang, 2016).

Likewise, Marriott and Mellett (1996) they defined the manager's ability to act accordingly and to understand and analyse financial information. Lusardi and Tufano (2009) emphasised the aspect of financial literacy on managers' ability and decision-making. Likewise, a particular form of financial literacy (debt literacy) was targeted. Lusardi (2008) emphasis that practical experience on the other hand provides basis for knowledge and other faces of financial literacy. How firms manage and strategize financial knowledge, which significantly affect decision makers' behaviours, awareness and attitudes, concerning sound decision making and eventually achieving organisational performance is what conceptually financial literacy is about in this study.

Importance of Financial Literacy

Financial literacy equips people to make sound decisions with accuracy to manage financial resources and to improve financial capability to call for better financial services with requisite information and ideals (Ahsan, 2013). In all financial engagements the concept then enables people to be prudent. It does not necessarily depend on a person's level of education to correspond with how individuals understand and apply the concept in their human endeavours. Since an in-depth knowledge in financial literacy tends to have a direct impact on the management of the economy it is therefore prudent for all and sundry to pay attention to personal finance literacy (Ali, 2013). the most concerned issues confronted by many economies since financial decisions have become very difficult to make or challenging is financial education.

Furthermore, what then urges consumers to make informed choices in order to achieve a maximum satisfaction is the proliferation of financial products available on the market. This calls for consumers in in order to improve decision making must be financially literate. Since consumers are faced with intriguing financial decisions or complicated products financial literacy and its education then become imperative (Ali, Rahman & Bakar, 2013).

In general, essential benefits is derived from learning financial literacy earlier in life because in the long run any financial distress that would be encountered individuals to withstand. Marital distress which may increase the chance of people losing their marriage is as a result of inadequate financial literacy as shown by earlier researchers. in the survival of their relationship couple's financial discipline then plays a vital role. Thus, to promote marital happiness one need to have the ability to live within planned budget, reduce debt and increase savings (Ali et al., 2013). This shows that marital relationships transcend around financial literacy issues and for that matter, in order to sustain their marriage couple, need to be abreast of financial literacy. An in-depth knowledge in personal finance helps individuals as well as the communities to improve their decision-making capacity.

According to Fonseca, Mullen, Zamarro and Zissimopoulos (2012), *"people who are not inclined in financial literacy tend to have higher anticipation for inflation which consequently affects their whole being since inadequate personal finance knowledge will limit a person's ability to make well versed financial decisions and eventually engaged in impulse buying"*.

Financial Literacy in Ghana

In spite of the fact that there are a few exact reviews on money related education in generally progressed economies, there is constrained research and proof on financial education and its consequences for money related choice in most creating economies including Ghana. There is subsequently a monetary proficiency crevice between the propelled economies and creating economies. Individual fund has a tendency to be deficiently low in Ghanaians particularly among tenants in the northern part of the nation. Scholastic research work among Ghanaian grown-ups in 2009 shows that the level of individual back is around 38% which is generally most reduced contrasted with different parts of the nation.

Another review directed by the Unified States Office for Universal Advancement Aggressive Fare Economy (TIPCEE) likewise uncovers that there is low of level money related education in the nation. Scholarly research works led in the nation thusly presume that there is the requirement for natives to end up distinctly mindful of the different financial and venture openings in the money related scene for them to get to (Allgood & Walstad, 2016). Monetary proficiency is in this manner seen as a method by which Ghana can accomplish quickened advancement particularly when it has been uncovered that the nation's close to home back is to a great degree low among subjects.

Financial education is then depicted as a basic apparatus for advancement because of the way that an all-around educated money related choice on spending plans, funds, ventures and administration of obligations assumes a key part in financial development and improvement. This clarifies why most created nations like U.S.A, U.K, and so forth have given genuine thoughtfulness regarding money related education. The legislature of Ghana in the mission of spanning the financial proficiency hole has propelled a money related education week in the nation.

The thought behind the program is to enhance the comprehension and familiarity with Ghanaians on the requirements for fund proficiency. The money related proficiency week in Ghana is along these lines seen as a stage to impart citizenry with the sufficient individual fund training required to settle on cool headed choices on ventures, reserve funds, family spending plans and administration of obligations for themselves and the family (Allgood & Walstad, 2016).

Financial Behaviour and Financial Attitude

As indicated by Lewis and Messy (2012), monetary instruction is the procedure in which customers propel their pondered money related items and thoughts in view of data and target guidance to settle on choices on the premise of good data with a specific end goal to enhance their riches. An instruction that assists people to build up the abilities fundamental with making educated choices furthermore proposes measures that enhance their financial prosperity (Oanea & Dornean, 2012). Money related training then gives learning, data and information which prepare people to settle on sound decisions which enhance their monetary prosperity. Monetary training is reliably turning into a fundamental issue being experienced by most economies because of the element and intricacy nature of the financial markets.

According to Borio and White (2004), financial behaviour is defined as the process of how individuals understand and act on financial knowledge so as to make sound investment decisions. It then explains how human beings are able to apply financial ideas, concepts and knowledge in their actions or inactions. Financial behaviour therefore is the effects of financial literacy on the behaviour of consumers or people. Further, recent empirical evidence suggests a strong correlation between financial literacy and behaviour (Cole, Sampson & Zia, 2011) and that an important determinant of stock market participation is financial literacy (van Rooij et al., 2011). For example, the literature suggests that individuals with more financial knowledge are more likely to engage in a wide range of recommended financial practices (Huung et al., 2009).

Disposition toward monetary matters and practices is an imperative indicator of financial conduct. States of mind, qualities and convictions toward financial practices affect money related basic leadership and are reflected in a person's financial practices and propensities. A person's monetary state of mind, esteem or convictions can impact their financial dependability and objective setting, and be a marker of money related administration practices, for example, investment funds, spending, advance wrongdoing, and MasterCard obligation (Chien & Devaney, 2001; Dowling, Tim & Hoiles, 2009). Having an inspirational demeanour toward money related administration can positively affect an individual's goals to use a few sorts of funds/speculation vehicles, restrain charge card utilize, and deal with their accounts in more helpful ways (Dowling et al., 2009).

Financial literacy is said to be emphatically and decidedly identified with attitudes of owner managers towards financial product consumption (Lewis & Messy, 2012). To be particular, an informed proprietor of a business who knew about insurance and retirement funds points more likely to know about insurance and risk diversification than a person with not as much as a secondary school training and had no retirement reserve funds (Lusardi & Mitchell, 2011). In another example, given that many creating nations have a substantial number of their populace occupied with small scale enterprise, the majority of these organisations are particularly powerless against wage stuns which result from climate hazard and price volatility in the products they deliver.

In that capacity, information about knowledge about financial insurance can be critical in permitting SMEs to smooth utilization and bolster longer-term investments in human and physical capital (Mandell & Klein, 2009). While research connecting financial literacy of SMEs attitude towards funds and speculation choices stays constrained in creating nations especially Ghana, rich strand of research exists for created nations. A review by Lusardi (2008) showed that attending employer-sponsored retirement planning workshops is connected with an expansion in both budgetary and aggregate total assets, especially for SMEs that are at the base of the wealth distribution.

Lusardi (2008) additionally presumed that, while a significant part of the attention on financial literacy in the US concentrates on speculation choices, financial specialists routinely ask why, for instance, a few organisations make due in the market, charging moderately high expenses, when ease options exist. In this manner, owner managers may not see a major contrast between two businesses, for instance each acquiring 7 percent preceding expenses, however with the capacity to comprehend these subtleties can drastically change the monetary prosperity of a person.

Such computations are essential in creating nations also. Inflation risk is often substantial, and financial literacy is required to understand financial policies in relation to knowledge of insurance which provide protection against inflation. In this way, proprietor supervisors Attitudes towards money related administrations are found to connect well with monetary education, as additionally contemplated by Cox, Brounen and Neuteboom (2015).

Empirical Review

This section presented the empirical review of the study. This was achieved by extensively reviewing existing studies related to the study. The accompanying writing clearly achieves the review's goals. Braunstein and Welch (2002) called attention to the fact that getting extra data can lead to enhanced money related state of mind. Morgan, Kaleka, and Katsikeas (2004) focused on the significance of linkages among realistic assets and capacities, aggressive technique choices, upper hand and execution results. These variables are conceptualized as far as experiential, money related, scale and physical assets; item improvement, systems administration and learning potential; cost-based favourable position; the most minimal cost of operation, promoting, item separation; item based, financially, merchant and end-client.

Level of Financial Literacy among owner/managers

Around the globe, the estimation of financial education is for the most part worried with individual back issue of the overall population (Cox et al., 2015). Lusardi and Mitchell (2011), in their work allude the trouble of measure the money related states of mind and budgetary practices with a specific end goal to accomplish financial education levels. In view of that, and remembering four key standards: straightforwardness, pertinence, curtness and ability to separate, they plan three inquiries which give answers to three vital monetary ideas that people ought to have so as to settle on money related choices.

Moreover, these include comprehension of enthusiasm exacerbating; comprehension of swelling; and comprehension of hazard expansion. These inquiries have been utilized as a part of a few reviews as a benchmark to take into account global examinations of money related education levels, for example, Lusardi and Mitchel (2011). According to Capuano and Ramsay (2011), one's level of financial literacy can be determined by one's knowledge in money management in relation to four critical factors such as financial control, budgeting, living within means and borrowing and debt literacy. This element (money management) as a determinant of the level of financial literacy has been adopted in studies by (Gustman, Steinmeier & Tabatabai, 2010; Kempson, 2009; Brown, 2013). However, a study by Fatoki (2014) in South Africa identified employees' level of financial literacy based on their knowledge in savings.

In Hastings and Mitchell's (2011) study, they revealed that, one's knowledge in investment could determine his/her level of financial literacy. They suggested that, individuals who are not aware of all the investment avenues available to them have low level of financial literacy and this affects them in terms of planning towards retirement. This finding was in line with a study by Agnew, Bateman and Thorp (2012) who stressed that, individuals who have high levels of financial literacy invariably have adequate knowledge in investment issues. Other studies have also added that, knowledge in insurance, resource management and retirement planning could be used to determine the level of financial literacy among employees (Collins, 2012; Van Rooij et al., 2012; Worthington, 2013).

Similarly, one's knowledge in finance could also determine his/her level of financial literacy or knowledge in savings, investment and resource management (Bruhn & Zia, 2011; De Bassa & Scheresberg, 2013; Klapper & Panos, 2011; Wachira & Kihiu, 2012). Klapper and Panos (2011) for instance, revealed that, employees who are knowledgeable about financial issues are able to make relevant financial decisions. De Bassa and Scheresberg (2013) also revealed that, individuals with high knowledge in finance are highly inclined to anticipate retirement and thus are more inclined to accumulate riches and are more opened to investments avenues.

In regards to this, the study employed the various elements identified above in bid to assess business owners' level of financial literacy in the study area. Specifically, elements such as knowledge in money management, knowledge in savings, knowledge in investment, knowledge in insurance and retirement planning and knowledge in finance (Capuano & Ramsay, 2011; Collins, 2012; De Bassa & Scheresberg, 2013; Fatoki, 2014; Klapper & Panos, 2011) were employed to access the business owner/managers' general level of financial literacy. This is because, these elements have been empirically proven and widely accepted in studies related to financial literacy in various countries including Ghana.

Financial behaviour and Saving Behaviour of SMEs' owner/managers

Kidwell and Turrisi (2004) demonstrated that organisations with better monetary learning keep point by point firm money related records and have a more upper hand in getting to outer subsidizing than their partners who keep not. While, Henry et al. (2003) demanded that a solid connection between budgetary information and monetary conduct subsist. Monetary learning would influence in increment firm aggregate wellsprings of financing (Marcolin & Abraham, 2006). Morgan et al. (2004) explained that education or information is picked up by means of useful experience and dynamic combination of learning. At the end of the day, individuals will turn out to be more advanced as far as back when they are more educated.

Moreover, another specialist, Huston (2010), stressed that an individual or association who had money related education, learning and capacity to put to utilize this information, may not demonstrate the expect conduct or upgrade his or her budgetary prosperity as a consequence of different impacts, for example, subjective and conduct that is one-sided, discretion issues, family, peers, monetary and institutional conditions that may influence the monetary propensities and monetary prosperity (Huston, 2010). Nonetheless, specialists concurred that there is no settled instrument connected to gauge money related proficiency and that budgetary education can't be measured straightforwardly.

Mindfulness goes under the area of the administrative, where it is the obligation of the director to care for association for the prosperity of the business.

The capacity to peruse, examines, oversee and talk about different money related conditions that in the end prompt to people's financial prosperity (Lusardi & Tufano, 2009; Rahmandoust, Shan, Norouzi, Hakimpoor & Khani, 2011; Vitt & Ward, 2000). Deakins, Logan, and Steele (2001) found that proprietors directors have distinctive methodologies concerning business arranging. Essentially arranging was key to those organisations under developing development and times of quick changes.

Be that as it may, Lusardi and Tufano (2009), Mandell and Klein (2007), accentuated on capacity and basic leadership part of budgetary proficiency. Berman, Knight and Clein (2008) certainly expressed that money related proficiency needs to wind up part of each business culture. Audet and St-Jean (2007) found that the SME proprietor/supervisors, who saw increasingly and mindful about the outer specialist organisations, make utilization of those administrations more than proprietor chiefs who did not hold any data about these administrations. While demeanour is identified with hazard taking, it is the firm deliberately submitting assets to ventures with a shot of higher returns yet may likewise involve a probability of high disappointment (Lumpkin & Dess, 1996).

All things considered, hazard taking is additionally typically connected with entrepreneurial conduct and that for the most part effective business people are daring individuals (Hodgetts & Kuratko, 2001). Lusardi and Tufano (2009) in like manner focused on a specific example of monetary literacy–debt education. Audet and St-Jean (2007) goes far as consolidating convenient involvement in the contention that it gives the premise of information and alternate points of view budgetary related capability. Berman et al. (2008)

inspected successful elements of individuals' monetary education. He watched that more work understanding, larger amounts of instruction, hazard craving, parental occupation, higher age, family pay, and preparing going to classes will support budgetary education.

Oparaocha (2015) opined that credit terms likewise decided the degree to which SMEs get to back. They noticed that when credit terms are good the SMEs administrators' mentalities to getting to that credit has a tendency to be sure and they are urged to get and, subsequently, extension of the capital base prompting to expanding business action. In this review, it is implied that the best individuals in their profession and individual lives are profoundly fiscally proficient. Their budgetary concerns were well lower and they had long haul reserve funds and ventures and set off a superior future with all the more long-haul vision. Monetary proficiency is accounted for having a negative relationship to money related requirements (Sabri & MacDonald, 2010).

As indicated by the investigation of Atkinson and Messy (2012), notwithstanding being engaged in individual fund issues, these creators expressed that male sex show higher money related education levels. Bowerman and Van Wart (2014), in her examination of money related proficiency levels among business visionaries, additionally tried the contrasts amongst male and female business people monetary education levels and, despite the fact that overall the female business visionaries displayed lower levels of budgetary education contrasted with male sexual orientation, she didn't discover measurable importance in her tests.

Atkinson and Messy (2012) discovered confirmation that low levels of instruction were connected with lower levels of money related education.

Coussens (2006) led a review where it was exhibited the expansion of budgetary proficiency levels among proprietor directors, during a time program of money related instruction. It was discovered likewise to prove that business people with instruction in financial aspects region exhibited larger amounts of money related education. Facilitate, a review by Cole et al. (2009) recommends a solid connection between monetary education and conduct.

Hastings and Tejeda-Ashton (2008) inspected the connections between speculator attributes, for example, money related proficiency, data configuration, and venture decision utilizing information gathered from an overview and field explore in Mexico's privatised government disability framework. They found that while numerous members in the framework were very much educated about their decisions, few had encounter putting resources into budgetary resources, for example, stocks, securities, or shared supports outside of their required reserve funds and retirement account. Furthermore, they demonstrated that money related proficient respondents set much higher significance on charges in respect to brand name when selecting stores.

Testing the speculations of low interest for money related administrations in developing markets, Cole et al. (2009) consolidated novel review confirm from Indonesia and India with a field examination and found a solid relationship between budgetary proficiency and conduct. Be that as it may, a monetary training program had an unassuming impact, expanding interest for ledgers just for those with constrained instruction or budgetary education. The review additionally exhibited that costs matter both for opening of ledgers and for funds, and that, people who opened financial balances in light of motivating forces tended to keep them open for the long haul.

Lusardi and Mitchell (2014) demonstrate that one critical determinant of securities exchange investment that should be joined in our hypothetical and observational work is budgetary proficiency. Absence of comprehension of financial matters and fund is a huge obstruction to stock ownership. Other factors that have been found to impact money related administration use are wage, and also training (Lusardi & Mitchell, 2014). Lusardi and Mitchell (2014) uncover that the individuals who show low education are less inclined to get ready for retirement furthermore aggregate a great deal less riches. It likewise finds that among more established grown-ups, the individuals who showed better money related learning will probably plan, to prevail with regards to arranging, and to put resources into complex resources.

Hogarth and Hilbert (2003) find that people with more money related learning will probably take part in an extensive variety of suggested monetary practices, while Lusardi and Mitchell (2014). So also, Stango and Zinman (2013) demonstrate that the individuals who are not ready to effectively compute loan costs out of a surge of instalments wind up getting progressively and aggregating lower measures of riches while Bernheim and Garrett (2003) propose that working environment money related instruction activities expanded investment in funds arranges, while budgetary training commands in secondary school fundamentally expanded grown-up inclination to spare.

Lusardi and Mitchell (2013) bring up that hypothetical models connect budgetary education to purchaser conduct particularly the parts of funds and utilization. The hypothetical models expect that individuals can detail and execute sparing and utilization arranges and these require aptitude in managing the budgetary markets, learning of obtaining force, and the ability to embrace complex monetary counts. Accordingly, customer conduct and its connection to monetary education can be connected to the works of Jonubi and Abad (2013). As indicated by Fatoki (2014) individual gets utility just from present and imminent utilization. The rate of utilization in any given period is a feature of an arrangement which reaches out over the adjust of the individual's life, while the salary accumulating inside.

Andoh and Nunoo (2011) find that the monetary proficiency of proprietors of SMEs is an essential calculate clarifying use of money related administrations by SMEs. Low levels of monetary education can keep SMEs from comprehension and surveying budgetary items from money related foundations. The Agnew et al. (2012) calls attention to that one of the difficulties confronting budgetary foundations is therefore the most part of low level of money related mindfulness among SMEs.

Financial Literacy and Saving Behaviour of SMEs' owner/managers

There is considerable evidence that financial literacy predicts savings both at cross-country and individual levels. Bottazzi, Jappelli and Padula (2011) analysed data for 39 countries and find that financial literacy is a determinant for the level of national savings and that the impact of literacy is potentially large: one standard deviation increase in overall financial literacy score drives 3.6% increase in national savings. On the individual level, most empirical studies are done for developed countries such as the United States, The United Kingdom, Italy and Netherlands. The only study conducted for developing countries is work by Klapper and Panos (2012) on retirement planning in Russia.

While analysing households' behaviour in developed countries numerous studies demonstrate that financial literacy may have acute implications for retirement planning and saving decisions. It has been shown by Lusardi and Mitchell (2011, 2013) that fewer literate people are less likely to save for retirement. This argument was supported by Lusardi and Mitchell (2011) and Banks, O'Dea and Oldfield (2009) who observe that more financially sophisticated individuals are more likely to have higher retirement income.

Moreover, several studies reveal that low financial literacy translates into lack of retirement planning (Lusardi & Mitchell, 2011; Alessie, Van Rooij & Lusardi, 2008). This fact may be explained by several factors. First of all, it has been demonstrated that lack of numerical skills impacts perceived financial security (Banks & Oldfield, 2007) and retirement expectations (Banks et al., 2010). Secondly, low financial literacy raises planning costs, meaning economic and psychological barriers to obtain information required for saving and investing (Alessie et al., 2008).

Concerning the developing countries, Klapper and Panos (2012) investigate the impact of financial literacy on the retirement saving in Russia. They find that higher literacy is positively related to retirement planning and investing in private pension funds. However, while studying the impact of financial literacy on saving behaviour one should be careful because of reverse causality issue since one can acquire financial knowledge in the process of developing and implementing a savings plan.

Conceptual Framework

The system underneath delineates how the review conceptualizes the connection between budgetary education and different factors of proprietor administrators. From the received meaning of money related proficiency, which is the information of fundamental monetary and budgetary ideas, and the capacity to utilize that learning and other budgetary aptitudes to oversee money related assets adequately for a lifetime of monetary prosperity, it can be seen that budgetary learning, budgetary abilities and money related certainty speaks to especially essential types of monetary education.

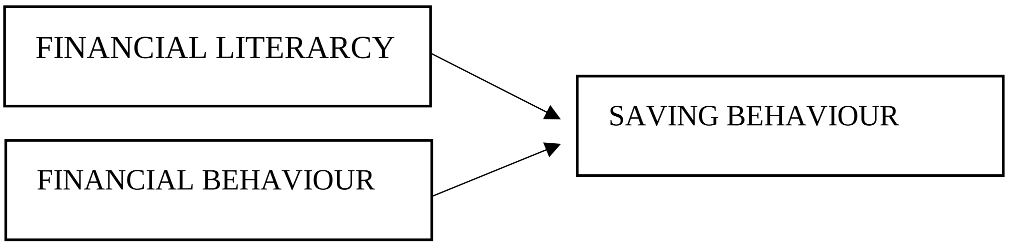

Figure 1: Conceptual framework of the study
Source: Author's Construct, Arthur (2019)

This system has been taken from the hypothetical standards of the examination in which the factors, for example, disposition, conduct, sexual orientation, age, instruction, and innovation have been considered as autonomous factors and the variable, for example, money related proficiency has been considered as the reliant variable. From the above conceptual frame, savings can be seen to be influenced by the financial behaviour and financial literacy variables. Thus, the above framework gives a clear picture of the relation among the variables.

Chapter Summary

This research depends on the financial literacy and behaviour theory as well as financial education theory to demonstrate the level of financial literacy among the small and medium enterprises (SMEs) in the Awutu Senya District. The planned behaviour and financial education theory are a premise of much of what is educated. Likewise, researchers in strategic management effectively seek after planned behaviour and financial education research in the contemporary time and it is being projected into the future of a series of exciting theoretical and empirical developments. The performance of owner managers leads to some critical issues and many studies dealt with the subject matter from many angles.

Current review talks about one of the critical issues: money related proficiency is a specific issue of proprietor administrators, organisation have a tendency to have much higher rates of occupation development, additionally will probably leave business or stay hindered because of institutional and monetary education issues. The importance of the little and medium undertakings (SMEs) part is recognized in economies around the world, paying little respect to the economy's propelling stage.

The motivation behind the above writing survey was to audit the different observational reviews identifying with budgetary proficiency among proprietor supervisors of some chose firms. The section talked about the mentality, conduct, and sex contrasts and their association with budgetary education. Viewpoints of various researchers and scientists were displayed in order to build up what had as of now been done that was significant for the review. On both the hypothetical and experimental side, the writing uncovered that budgetary education is incredibly affected by the different components under research.

Surely, exact reviews on dissecting the money related proficiency among proprietor chiefs for creating nations cases including Ghana utilizing quantitative approach have been exceptionally subtle.

CHAPTER THREE

RESEARCH METHODS

Introduction

This chapter presents the research methods employed to carry out this study. This specifically includes the research design, target population, sample size, sampling and sampling technique, data collection procedure (instrumentation) regression model, and data analysis as well as summary of the chapter.

Research Approach

Discussion of a research approach is an important part of any scientific study irrespective of the research area (Creswell, 2014). A research approach is a plan and procedure for a research which spans the steps from broad assumptions to detailed methods of data collection, analysis and interpretation (Creswell, 2014). Creswell and Creswell (2017) stressed that, a research approach has been identified in three (3) main approaches to comprise qualitative, quantitative and mixed approaches respectively (Creswell & Creswell, 2017; Saunders, Lewis, Thornhill & Bristow, 2015). The choice of an approach is dependent on the purpose of the study. In this regard, the quantitative approach was employed because the study examines the cause and effect relationships between variables.

Quantitative research approach/method is a type of approach in which quantitative techniques in the form of descriptive and inferential statistics are used to describe issues in the study (Creswell, 2014). This approach allows the study to collect and analyse data in quantitative terms in order to achieve its purpose. It is therefore suitable for examining the strength and magnitude of relationships likewise the effect or impact of a variable on another. Moreover, the approach ensures generalisations of the study's outcomes since the views are more objective than being subjective (Creswell & Creswell, 2017).

Research Design

The choice of a research design is dependent on the type of research method/approach employed by a study (Creswell, 2014). A research design has three major types and they comprise exploratory design (qualitative study), explanatory/causal design (quantitative study) and descriptive design (mixed study) respectively (Creswell, 2014; Saunders et al., 2015). The study employed the explanatory/causal research design despite the availability of the other alternatives. This is because, an explanatory design aims to establish cause and effect relationships between variables (Saunders et al., 2015) of which the study intends to achieve. Practically, the study seeks to examine the effect of financial behaviour and financial literacy on the savings behaviour of owner/managers and thus, the research questions require quantitative analysis.

Additionally, the explanatory research design has both strength and weaknesses (Creswell, 2014; Creswell & Creswell, 2017). The major strengths of this design include the increase in understanding on a given subject, flexibility of obtaining sources, better conclusions and generalisation of findings. However, this design comes with weaknesses such as obtaining biased information from respondents, findings could be affected by other uncontrolled variables and time consuming in ensuring a representative sample. In spite of these weaknesses and availability of the other designs, the explanatory design was more preferable due to the objectives of the study and the approach employed.

Study Area

The study area chosen for this study is Awutu Senya District. The choice of this area is due the geographical proximity. Awutu Senya District is quite big. It is made up many businesses and firms and has quite big population. The District is very busy and is noted for business activities attracting people from all over its shores. This area is specifically chosen for this study because it is where many firms particularly enterprises are located which makes it easy for soliciting information needed to achieve the objectives of the study. The majority of its constituent firms have established for themselves enviable reputations as premier centres which have led to the success of some of the enterprises in the area.

Population

Target population is defined by Kitchenham and Pfleeger (2002) as the group or the individuals to whom the survey applies. The target population for the study is the firms or enterprises in the Cape Coast Metropolis of Ghana. The enterprises are made up of two hundred and one by many researchers, sampling is a vital component of any research. It is very difficult and impossible to use the general population for any scientific research. This is due to the fact that researchers would find it difficult in getting access to the entire target population as a result of time constraints and the cost involved. It is therefore prudent for the researchers to use sample size for research especially in the case where the population size is too large.

However, the general population size could be used when the study population itself is small and also not very scattered. Sample size is defined as a subgroup or part of a larger population (Saunders et al., 2015). It is therefore a set of units chosen from a larger population which gives a true reflection of the population (Creswell, 2014). The confidence in data analysis in research and the extent to which one can generalize would therefore depend on the suitability of the sample size and the way it is chosen. For the purpose of conducting this study, all the two hundred and one (201) respondents from the enterprises will be given questionnaires for the study. The main reason for considering all the respondents is as a result of the small size of the small-scale enterprises in the District.

Sampling Procedure

Purposive sampling technique will be used for the research. This method is chosen to enable the researcher to elicit vital and quality information from respondents who have reasonable knowledge about the issues under investigation and were in position to provide the information needed for the study.

Data Collection Instrument

In this study, both structured and unstructured questionnaire as a primary data collection method will used to collect the data. Questionnaires are data collection instruments that enable the researcher to pose questions to subjects in his/her search for answers to the research questions. The questionnaires will contain both closed and opened ended questions. A covering letter will be attached to the questionnaire to assure respondents of their anonymity. In addition, the Likert scale format was used. A Likert scale format involves the use of a special rating scale that asks respondents to indicate the extent to which they agree or disagree with a series of statements about a given subject (Uma & Roger, 2003).

However, the questionnaires were pretested using 30 owner/managers of SMEs within the Awutu Senya West district and obtained a Cronbach Alpha of 0.854 indicting reliability of the research instrument. This was to ensure that the questionnaires designed solicited the appropriate responses from the respondents to answer the research questions for the achievement of research stated objectives. The use of closed ended questions allowed the researcher to make easy categorization and analysis. To establish the content validity of the instruments, pilot study or testing will be used to correct unclear, biased and deficient items, and evaluate the appropriateness of items in the various sections.

Aside the descriptive analysis, a regression analysis was conducted to show the actual relation between financial literacy, financial behaviour and savings of the small-scale enterprises. This involves both the focus and control variables. The empirical model is based on the theory of financial literacy and behaviour as seen in the literature review. Thus, the regression equation in relation to the theory is specified below:

$$\mathrm{S_{it}} = \alpha + \beta_1\mathrm{FB_{it}} + \beta_2\mathrm{AGE_{it}} + \beta_3\mathrm{EDU_{it}} + \varepsilon_{\mathrm{it}} \qquad (1)$$

$$\mathrm{S_{it}} = \alpha + \beta_1\mathrm{FL_{it}} + \beta_2\mathrm{AGE_{it}} + \beta_3\mathrm{EDU_{it}} + \varepsilon_{\mathrm{it}} \qquad (2)$$

Assumption about the model;

Where $\varepsilon_{i,t} \sim iid(0, \sigma_{\varepsilon}^{2})$ and $\mu_{i,} \sim iid(0, \sigma_{\mu}^{2})$

S_{it} = Savings for individual SME owner at time t

FL_{it} = Financial literacy of individual SME owner firm at time t

FB_{it} = Financial behaviour of individual SME owner at time

AGE_{it}= Age of the SME owner at time t

EDU_{it}= Educational level of the SME owner at time t

α = Constant (the intercept, or point where the line cuts the Y axis when X= 0)

β = Regression coefficient (the slope, or the change in Y for any corresponding change in one unit of X)

ε = Within-Firm error

i = SME

t = time

The apriori expected signs of the variables in two models are:

$\beta_1 > 0$, $\beta_1 > 0$, $\beta_2 > 0$ and $\beta_3 > 0$

Data Collection Procedure

To facilitate easy collection of the questionnaire, the researcher handed over a letter of introduction obtained from the Department of Accounting and Finance, University of Cape Coast, Business of School, to the owner/managers of the enterprises. the study relied on a primary data source specifically structured questionnaires during the exercise. After obtaining permissions from the respondents, the questionnaires were distributed to them. Maximum and timely response rate was ensured by using a period of three (3) weeks (18 working days) for the collection exercise. The exercise begun on 13th of June, 2018 and ended successfully on the 2nd of July, 2018. The exercise was mostly carried out at the respondents' stipulated time periods. This period was the most convenient for the respondents. However, some of them were allowed to fill the questionnaires at their own.

The exercise was carried out with the help of two (2) well trained and motivated National Service Personnel. These two (2) assistants had maximum control over each question item to assist the respondents whenever called upon. Some difficulties encountered during the exercise included unfavourable time periods of the respondents due to busy work activities, fear of information leakages despite assurances. Also, unwillingness of some of them to fully participate in the exercise because they considered it as time wasting and unprofitable was another major challenge.

Data Processing and Analysis

After gathering sufficient data from respondents, the data was rigorously scrutinised to ensure that any error arising from incomplete and wrongly filled questionnaires were eliminated or minimised drastically. The error-free data were then carefully coded and edited to avoid missing values (if any). After these, the data were entered and processed using IBM SPSS Statistics version 22 software and the results obtained were displayed in tables. Moreover, statistical tools such as descriptive and inferential tools were used to analyse the data. The descriptive statistical tools comprised frequencies, percentages, means and standard deviations, while the inferential statistical tool consisted of linear regression.

In relation to demographic characteristics of respondents, data was analysed using descriptive tools such as frequencies and percentages, whereas the first and third objectives were also analysed using descriptive tools such as means and standard deviations. As such, for each scale item under the objectives, the mean scores and standard deviations were computed. Finally, the second and third objectives were analysed using an inferential statistical tool known as linear regression because, the objective sought to examine a cause and effect relationship between financial literacy, financial behaviour and savings behaviour.

Chapter Summary

The chapter discussed the research methods employed to achieve the study's purpose. The chapter therefore discussed key elements of research methods in relation to approach, design, population, sampling procedure, data collection instrument, among others used in the study. The explanatory research design was adopted because the study employed the quantitative research approach. Both descriptive and inferential statistical tools such as percentages, frequencies, means, standard deviations and correlation were used to analyse the data from questionnaires in bid to answer the research questions of the study.

CHAPTER FOUR

RESULTS AND DISCUSSION

Introduction

This chapter presents the analysis of the data collected from the field. Specifically, it presents the findings of the study. This chapter is divided into sections. The first section deals with the demographics of the respondents while the second, third, and fourth sections deal with the objectives of the study.

Demographics of the Respondents

This section presents the demographics of the respondents contacted during the data collection exercise. Table 1 presents the gender of the respondents. From Table 1, the results show that one hundred and thirty (130) of the respondents (Small-Scale Owners) representing about (64.7%) were males whereas seventy-one (71) of them representing about (35.3%) were females. Thus, the results imply that male respondents or SME owners in the study area were more than their female counterparts.

Table 1 also presented the age categories of the respondents in the study area. From the results, it can be seen that Sixty (60) of the respondents representing about (29.9%) were between the ages of 21 to 25 years while Fifty (50) of the respondents representing about (24.9%) were between the ages of 26 to 30 years. In addition, thirty (30) of the respondents representing about (14.9%) were between the ages of 31 to 35. In addition, twenty-five (25) of them representing about (12.4%) were between the ages of 36 to 40 years, twenty of them (20) representing about (10%) were between the ages of 41 to 45 years. Further, ten (10) of the respondents representing about (5%) were 51 years and above. Finally, six of the respondents (6) representing about (3%) were between the ages of 46 to 50 years.

Table 1: Demographic Characteristics

	Frequency	Percent
Sex		
Male	130	64.7
Female	71	35.3
Age		
21-25 years	60	29.9
26-30years	50	24.9
31-35years	30	14.9
36-40years	25	12.4
41-45 years	20	10.0
46-50years	10	5.0
51-years and above	6	3.0
Level of Education		
Primary	20	10.0
JHS/Middle School	40	19.9
SHS	70	24.8
A'level	28	13.9
Tertiary	30	14.9
None	10	5.0
Others	3	1.5
Years in SME business		
Less than a year	20	10.0
Between 1-3years	70	34.8
4-6years	40	19.9
7-9years	11	5.5
10years and above	60	29.9
Type of Account		
Current Account	81	40.3
Savings Account	120	59.7
Total	201	100.0

Source: Field Survey, Arthur (2019)

Furthermore, the results in Table 1 show that the respondents between the ages of 21 and 25 years were more followed by those between the ages of 26 and 30 years up to those who were 46 to 50 years. This implies that majority of the SME owners in the area understudy were in their youthful age and for that matter they can contribute immensely to the success and development of the SME business and the district at large.

Table 1 also indicates the level of education of the respondents. From the results it can be shown that, seventy (70) of the respondents representing about (24.8%) have SHS education, whereas forty (40) of the respondents representing about (19.9%) were in the JHS education rank whereas Thirty (30) of them representing about (14.9%) were in the Tertiary education rank. In addition, twenty-eight (28) of the respondents representing about (13.9%) were in the A'level rank level of education.

Moreover, twenty (20) of the respondents representing about (10.0%) were in the primary school rank level of education. Lastly, ten, three (10, 3) of them representing about (5.0%, 1.5%) were in the "no" education and others ranks respectively as indicated in Table 3. This by implication suggests that majority of the respondents in the area under consideration have high level of education which is good for human capital development and economic development within the district and the country at large.

Table 1 indicates the number of years the respondents have been in the SME business. The results showed that, seventy (70) of the respondents representing about (34.8%) said they have been in the business for 1 to 3years whereas sixty (60) of them representing about (29.9%) indicated 10years and above, forty of them representing about (19.9%) indicated 4 to 6years. In addition, twenty (20) of the respondents representing about (10.0%) indicated that they have been in the business for less than a year.

Lastly, eleven (11) of the respondents representing about (5.5%) indicated 7 to 9 years. The results imply that majority of the respondents in the area under investigation have been in the SMS business for 1 to 3 years followed by 10 years and above, 4-6years, and finally 7 to 9 years. The results also imply that the respondents have prospects of doing business for expansion and opportunities which is good for further boost in their endeavours and economic development within the district.

Table 1 presents the type of account SME owners have in their respective locations. The results indicate that, one hundred and twenty (120) of the respondents representing about (59.7%) have savings accounts whereas Eighty (81) of them representing about (40.3%) have current accounts. Thus, the results imply that majority of the SME owners have some financial knowledge and prefer having savings account compared to current account. The many savings accounts are an indication that owners have good plans to cushion the future of their business in case of any uncertainty.

Descriptive Statistics

Table 2 presents the results of the descriptive statistics on the variables under consideration. Respondents were presented with a set of measuring items captured under the objectives and respondents were to respond to each item using a rating scale measurement. Thus, from Table 2, an aggregated mean (M) and standard deviation (SD) were calculated for individual items in the questionnaire as well as the overall measuring indicator for the purpose of comparison. As depicted in Table 2, the picture that emerged from the analysis of responses given by respondents suggested that on average, “I compare interest rates and terms when deciding to borrow money” is (M = 4.20, SD = 1.01) which is high. This indicates how SME Owners act on the financial knowledge they acquire.

In addition, respondents gave quite high approval rating (M =3.87, SD = 0.64) to the statement "My spending is always based on prior planning". The next same approval rating (M = 3.87, SD =0.64) was given to the statement that "I keep close personal watch on my finances (what I spend and receive)". Also, in terms of "I consider a product from different market outlets before making the decision to buy it" has a mean and standard deviation of (M = 3.80, SD = 0.94). Finally, the approval rating is in terms of "I budget for my weekly/monthly financial services" (M = 3.60; SD = 1.06) which is moderate. The results imply that within the area under investigation, SME owners have financial knowledge in managing their businesses which is good for sustainability of their businesses.

Table 2: Descriptive Statistics

Variables	N	M	SD
Comparison of interest rates and terms	201	3.87	0.64
My spending is always based on prior planning	201	3.80	0.94
I keep close personal watch on my finances	201	3.87	0.64
Purchase decision	201	3.87	0.64
I budget for my weekly/monthly financial services	201	3.60	1.06

Source*:* Field Survey, Arthur (2019)

Examining the Savings Habit of Small-scale Enterprises' Owners

This section presents the results concerning examining the savings habit of small-scale enterprises owners in the Awutu Senya District which addressed the first objective of the study. This was done using a 5-point likert scale (strongly disagree, disagree, somehow agree or disagree, agree, strongly agree) where the respondents were asked to indicate their agreement or disagreement to some questions. When the respondents were asked whether they have cultivated the habit of having a savings account, they indicated their responses which are presented in Table 3. The results show that, one hundred (100) of the respondents representing about (49.8%) strongly agreed that they have savings account. In addition, seventy-five (75) of them representing about (37.3%) said they agree indicating that have savings account.

Moreover, eleven (11) also representing about (5.5%) indicated that they disagree and for that matter do not have savings account. The results further show that, ten (10) of them representing about (5.0%) strongly disagree of having savings account. Finally, five (5) of them representing about (2.5%) indicated they are indecisive of the question. The results imply greater of the SME owners have savings account as seen in Table 3. Also, the results indicate that owners have cultivated savings habit which was informed by their financial knowledge and behaviour. In linking the results to the theories and available empirical evidence, the results are line with studies such as Cole, et al. (2009), van Rooij et al. (2007), and Hilgert et al. (2003) who concluded that cultivating savings habit help to cushion SME operators to sustain their businesses.

Table 3: Having Savings Account

Response	Frequency	Percent
Strongly Disagree	10	5.0
Disagree	11	5.5
Somehow Agree/Disagree	5	2.5
Agree	75	37.3
Strongly Agree	100	49.8
Total	201	100.0

Source: Field Survey, Arthur (2019)

Planned Savings for Future Contingencies

Table 4 presents the results of planned savings for future contingencies SME operators contacted in the course of the study. This was also done using the same 5-point likert scale (strongly disagree, disagree, somehow agree or disagree, agree, strongly agree) where the respondents were asked to indicate their agreement or disagreement to some questions. When the respondents were asked whether they have cultivated the habit of having a savings account, they indicated their responses which are presented in Table 4. The results show that, one hundred (100) of the respondents representing about (49.8%) strongly agreed that they have made for future contingencies to safeguard their businesses.

Further, eighty-one (81) of them representing about (40.3%) said they agree indicating that they also have planned savings for the future of their businesses. Moreover, ten (10) also representing about (5.0%) indicated that they disagree and for that matter do not have planned savings for any future contingencies. The results further show that, six (6) of them representing about (3.0%) strongly disagree of having planned savings for future contingencies.

Finally, four (4) of them representing about (2.0%) indicated they are indecisive of the question. The results imply greater of the SME owners have planned savings for future contingencies for their businesses. Thus, the results by implication suggest that owners have cultivated planned savings habit as a result of uncertain environment within they operate based on their financial knowledge and behaviour. Still the results are line with theories and studies by Cole, Sampson and Zia (2009), van Rooij, Bank and Lusardi (2007), and (Hilgert, Hogarth and Beverley (2003).

Table 4: Planned Savings for Future Contingencies

Response	Frequency	Percent
Strongly Disagree	6	3.0
Disagree	10	5.0
Somehow Agree/Disagree	4	2.0
Agree	81	40.3
Strongly Agree	100	49.8
Total	201	100.0

Source: Field Survey, Arthur (2019)

Level of financial literacy among owner/managers of SMEs

This section presented the results on the second research objective in relation to assessing the level of financial literacy among owner/managers of SMEs within the Awutu Senya East District. The data gathered was analysed using descriptive tools such as means and standard deviations. The mean scores were ranked with the higher mean score of any given indicator implying that it was a major determinant of financial literacy levels. The results were presented in Table 5 and discussed thereof.

Table 5: Level of financial literacy among owner/managers

	Mean	Std. Deviation
Adequate knowledge about saving	4.19	.934
Resource management	3.96	.985
Knowledge about budgeting	3.74	1.147
Living within budget	3.56	1.378
Knowledge about investment avenues	3.55	1.216
Knowledge about insurance packages	3.53	1.194
Personal finance decisions	3.38	1.249
Control over financial issues	3.22	1.266
Knowledge about debt management	3.20	1.115
Keeping good financial records	3.07	1.276

Source: Field Survey, Arthur (2019)

From Table 5, it was revealed that, owner/managers of SMEs had high level of financial knowledge in savings. This result had the highest mean score with standard deviation (M=4.19; SD=.934). This means that, the owner/managers have in-depth knowledge about savings and as such make proper saving decisions. This implies that, they are highly engaged in saving activities which helps them to prepare adequately towards retirement and also to cater for any unforeseen events. Savings have been regarded as an important and inevitable aspect of owner/managers basically due to the need to prepare towards unforeseen circumstances. This finding was in line with studies by Capuano and Ramsay (2011), De Bassa and Scheresberg (2013) and Fatoki (2014). Fatoki, for instance, found that having adequate savings knowledge is a key aspect of financial literacy as it ensures effective and efficient money management.

The table also revealed that, owner/managers of SMEs have high level of financial literacy in terms of resource management. This result had a higher mean score with standard deviation (M=3.96; SD=.985). This means that, owner/managers have better understanding of the need to manage available resources in bid to ensure that they are well utilised. Resources including capital is vital for the survival and development of organisations. This implies that, having employees with adequate knowledge in managing resources available to them help the company to cut down unnecessary operating costs. A large portion of firm's capital are invested in resources thus poor utilisation could affect the firm's overall activities and survival. This finding was in line with studies by Collins (2012), Wachira and Kihiu (2012) and Worthington (2013). Collins, for instance, concluded that organisations with employees who have better knowledge in resource management perform better and vice versa.

Table 5 also revealed that, the owner/managers of SMEs had high level of knowledge in budgeting. This result had a high mean with standard deviation (M=3.74; SD=1.147). The result implies that, the owner/managers have high knowledge in budgeting which help them to match their income against expenditure for a given period of time. Budgeting has been found as a daunting task to prepare, but, having adequate knowledge about it helps the employees to plan their spending well. this result was supported by to Capuano and Ramsay (2011) who concluded that, budgeting is among the four critical factors that determines one's level of financial literacy. They added that, one's ability to understand the rudiments of budgeting is able to make positive and proactive financial decisions.

Moreover, the table revealed other factors that moderately determine the owner/managers of SMEs' level of financial literacy to include living within one's means (M=3.56; SD=1.378), having adequate knowledge about investment avenues (stocks, bonds, mutual funds) (M=3.55; SD=1.216), adequate knowledge in insurance packages (M=3.53; SD=1.194) and making good personal financial decisions (M=3.38; SD=1.249). From the table, these results had moderate means implying that the owner/managers of SMEs had adequate knowledge in them. For instance, the table revealed that, owner/managers of SMEs know how to live within their means and also have adequate knowledge about investment and insurance packages. These help them to have adequate control over their personal finances thus help them to prepare well towards savings.

It is to note that, these findings were in line with existing studies including Capuano and Ramsay (2011), Hastings and Mitchell (2011), Agnew, Bateman and Thorp (2012) and Wachira and Kihiu (2012). Capuano and Ramsay (2011), for instance concluded that, individuals who live within their means have adequate of financial literacy or knowledge. This is because, living within one's means require efficient money management. According to Hastings and Mitchell (2011), individuals who are not aware of all the investment avenues available to them have low level of financial literacy and this affects them in terms of planning towards retirement. Agnew, Bateman and Thorp (2012) found that, individuals who have high levels of financial literacy invariably have adequate knowledge in investment issues.

However, the table revealed that, the owner/managers of SMEs had low level of financial knowledge in controlling their financial issues. This result produced a low mean with standard deviation (M=3.22; SD=1.266). This means that, although owner/managers have adequate knowledge in various aspects including savings, investment and insurance, they have less knowledge in overcoming financial issues. This implies that, whenever owner/managers are exposed to financial challenges, they struggle to overcome them. This finding could explain why employees prefer to plan their finances well to avoid having financial challenges. Overcoming financial issues mostly require the intervention of financial experts (financial managers, accountants, consultants, etc) depending on the magnitude and impact of those issues. This finding contradicted the conclusion by Klapper and Panos (2011).

According to Klapper and Panos (2011), owner/managers of SMEs who are knowledgeable about financial issues are able to make relevant financial decisions. However, this difference in findings could be explained by differences in geographical areas within which these studies were carried out.

For instance, Klapper and Panos' study was conducted in Russia focusing on 1400 individuals and households which could include people who have in-depth knowledge in handing financial issues. On the other hand, this study was carried out in Ghana specifically on owner/managers of SMEs within the Awutu Senya East District. This study area is dominated by small businesses and thus are not mandated to have high level of knowledge in overcoming financial issues.

Also, the table revealed that, the owner/managers of SMEs had lower financial knowledge about debt management. This finding had a lower mean with standard deviation (M=3.20; SD=1.115). This implies that, owner/managers of SMEs struggle to manage or overcome issues associated with debt. This is because, having lower level of knowledge in debt management makes it difficult for employees to reduce outstanding or unsecured debts which could affect their control over their finances. Most individuals have been found to consult financial experts to manage their debt finances on their behalf due to the difficulties associated with it. For instance, calculating interest on loans is a daunting task to several individuals including owner/managers across the globe.

Finally, the table revealed that, the owner/managers of SMEs had less knowledge about how to keep good financial records. This result had the lowest mean with standard deviation (M=3.07; SD=1.276). This means that, the employees' level of knowledge in relation to keeping good financial records is very low. This implies that, majority of the owner/managers of SMEs either do not prepare proper financial records/ books of accounts such as statement of financial performance (Profit or Loss account) and statement of financial position (Balance sheet) or they struggle to do so in times of preparing them. This is not surprising because, preparing proper financial records require one to follow laid down procedures which require financial experts. Therefore, having low financial knowledge in preparing financial records does not imply overall poor financial literacy.

It is to note that, this finding was in line with studies by Agnew *et al.* (2012), Capuano and Ramsay (2011) and Van Rooij *et al*. (2011). For instance, Capuano and Ramsay (2011) concluded that, one's level of financial literacy can be determined by one's knowledge in money management in relation to four critical factors such as financial control, budgeting, living within means, and borrowing and debt literacy. Agnew *et al.* (2012) also found that one's level of financial knowledge is highly determined by having adequate knowledge in investment. Collins (2012) and Worthington (2013) also found that, knowledge in insurance, resource management and retirement planning could be used to determine the level of financial literacy among employees. It could be seen that none of the studies had knowledge in financial records as a key determinant of one's level of financial knowledge in their respective study areas.

It could therefore be deduced that, owner/managers of SMEs level of financial literacy were highly and primarily determined by their adequate knowledge in money management in terms of savings, resource and budgeting. On the other hand, owner/managers of SMEs knowledge in preparing financial records was a least or minor determinant of their level of financial literacy. These findings have been supported by existing studies.

Financial Behaviour and Saving Behaviour among SMEs' Owner/Managers

This section presents the results concerning examining the financial behaviour in relation to savings among small scale enterprises' owners in the Awutu Senya District which addressed the second objective of the study. Table 6 presents the results of how SMEs owners' knowledge of financial products affecting their financial behaviour. This was also done using the same 5-point likert scale where the respondents were asked to indicate their agreement or disagreement to some questions. When the respondents were asked whether their financial knowledge on financial products have influenced their financial behaviour, they indicated their responses which are presented in Table 5.

From Table 6, the results show that, one hundred (100) of the respondents representing about (49.8%) agreed that their knowledge on financial products have influenced their financial behaviour. Further, ninety (90) of them representing about (44.8%) said they strongly agree suggesting that their financial behaviour have been influenced by their knowledge on financial products. Moreover, five, five (5, 5) also representing about (2.5%, 2.5%) respectively indicated that they strongly disagree. disagree to the question. The results further show that, one (1) of them representing about (0.5%) was indecisive.

By implication, greater part of the SME owners as seen in Table 5 through their knowledge on financial products have acted on proper financial management which is an indication of continuity of their businesses. Thus, the results by implication suggest that owners have cultivated financial plans within global uncertain business environment. Still the results are line with theories and studies by Cole et al. (2009), van Rooij et al. (2007) and Hilgert et al. (2003).

Table 6: Influence of Financial Knowledge on Financial Behaviour

Response	Frequency	Percent
Strongly Disagree	5	2.5
Disagree	5	2.5
Somehow Agree/Disagree	1	0.5
Agree	100	44.8
Strongly Agree	90	49.8
Total	201	100.0

Source: Field Survey, Arthur (2019)

Effect of Financial Behaviour on Saving Behaviour among owner/manager of SMEs

This section presents the regression results regarding the effect of financial behaviour on savings as part of the addressing the second objective of the study. This section first presents the model summary and ANOVA results. The R^2 indicates that (70%) of the variations in savings habit is explained by the model. The ANOVA test shows that the whole model is statistically significant.

Table 7: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.840[a]	.705	.453	.660

Source: Field Survey, Arthur (2019)

Table 8: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	7.305	3	2.435	2.793	.023[b]
1	Residual	86.328	198	.436		
	Total	93.633	201			

Source: Field Survey, Arthur (2019)

The results of the regression are presented in Table 9. From the results, the coefficient of financial behaviour is positive at 0.116 and it is statistically significant at 1 percent significance level. This means that 1 percentage increase in the level of financial behaviour of SME owners will increase their savings capacity by 0.116 percentage point holding all other factors constant. This implied that as SME owners act on the financial knowledge they acquire, it positively impacts on their savings habit which in effect the operations of their businesses. The result confirmed the studies by Cole, Sampson and Zia (2009), van Rooij, Bank and Lusardi (2007), and (Hilgert, Hogarth and Beverley (2003).

Furthermore, the coefficient of the age of the SME owner is positive and statistically significant at 1 percent significance level implying that as the age of the SME owner increases by 1 year, it increases their savings habit by 0.130 percentage point holding all other factors constant. This also implied that age of the SME owner positively impacts on savings decisions. Thus, age is an important variable in influencing savings capacity of SME owner. This confirmed the theorized sign and in studies by Yenealem (2006), Deribe (2007) and Haba (2004) confirmed the results of this study.

Finally, the coefficient of educational level of the SME owner is positive and statistically significant at 5 percent significance level and it is 0.100. This means that as the level of education of the SME owners increases by 1 percent, their savings habit will also increase by 0.100 holding all other factors constant. This implied that as SME owners have some level of education to carry out their business activities it will positively impact on their savings capacity. Thus, level of education has a potential effect on savings of SME owners. In a study by Rehman et al. (2013) and Zuta (2009) confirmed the results of this study.

Table 9: Regression Results (Dependent variable: Savings)

Variable	Coefficient	Std. Errors	T-statistic	Sig.
Constant	1.502	0.205	7.327	0.000***
FB	0.116	0.038	3.053	0.003***
AGE	0.130	0.038	3.452	0.001***
EDU	0.100	0.046	2.174	0.050**

Note: *** and ** denote significance levels at 1% and 5%.

Source: Field Survey, Arthur (2019)

Financial Literacy and Saving behaviour of Small-scale Enterprises

This section presents the results concerning the effect of financial literacy on savings of SME owners which addressed the last objective of the study. The section first of all presents the financial literacy level among the SME owners. The study wanted to find more about the financial literacy level of SME owners and how it affects their savings and operations. Figure 1 reveals further details.

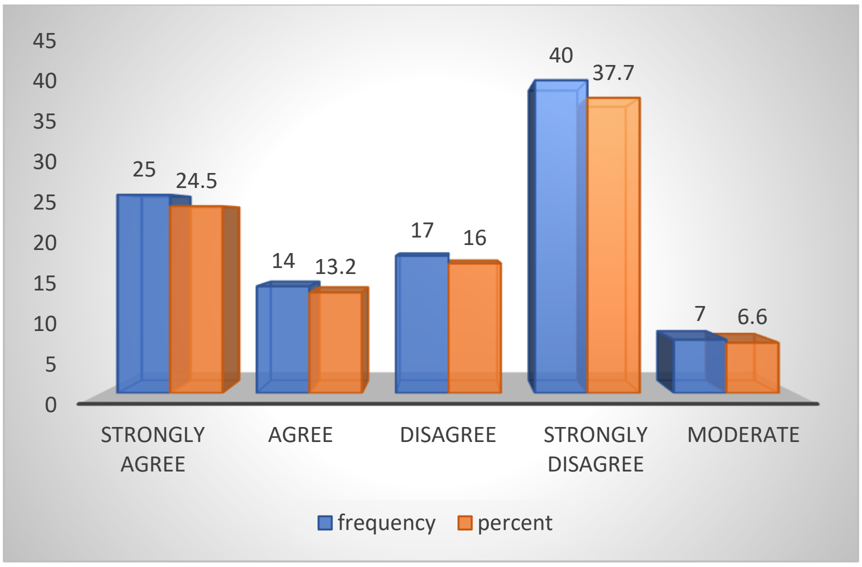

Figure 2: Prepare written budget for income and expenditure regularly
Source: Field Survey, Arthur (2019)

The respondents were about whether they prepare a written budget for their income and expenditure regularly. 26 respondents signifying (24.5%) strongly agreed to the fact that they do prepare written budget for their income and expenditure regularly. 14 respondents, representing (13.2%) also agreed to the question asked. However, 41 respondents, also representing (37.7%) strongly disagreed and indicated that they did not prepare a written budget for their income and expenditure regularly. Moreover, 18 respondents, signifying (16%) also disagreed to the question asked. Only 7 respondents, representing (6.6%) did claim they moderately did prepare a written budget for income and expenditure regularly. From the above analysis, it is clear that majority of SEM owners do not prepare any written budget for income and expenditure regularly.

Effect of Financial Literacy on Savings

This section presents the regression results regarding the effect of financial literacy on savings as part of the addressing the last objective of the study. Here too, the R^2 indicates that (67%) of the variations in savings habit is explained by the model. The ANOVA test indicates that the whole model is statistically significant.

Table 9: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.820[a]	.673	.542	.598

Source: Field Survey, Arthur (2019)

Table 10: ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	7.355	3	1.839	5.138	.016[b]
	Residual	70.884	198	.358		
	Total	78.239	201			

Source: Field Survey, Arthur (2019)

Further, the results are presented in Table 11. From the results, the coefficient of financial literacy is positive at 0.211 and it is statistically significant at 1 percent significance level. This means that 1 percentage increase in the level of financial literacy of SME owners will increase their savings capacity by 0.211 percentage point holding all other factors constant. This implied that as SME owners become financially literate through their on the financial products, it positively impacts on their savings habit and the operations of their businesses. The result also confirmed the studies by Lusardi and Mitchell (2006; 2007; 2008), Klapper and Panos (2011) and Jappelli and Padula (2011).

In addition, the coefficient of the age of the SME owner is positive and statistically significant at 1 percent significance level indicating that as the age of the SME owner increases by 1 year, it increases their savings habit by 0.166 percentage point holding all other factors constant. This also implied that age of the SME owner positively impacts on savings decisions. Thus, age has the potential influence on savings capacity of SME owners. This confirmed the theorized sign and in studies by Yenealem (2006), Deribe (2007) and Haba (2004) confirmed the results of this study.

Finally, the coefficient of educational level of the SME owners is positive and statistically significant at 1 percent significance level and it is 0.311. This means that as the level of education of the SME owners increases by 1 percent, their savings habit will also increase by 0.311 holding all other factors constant. This implied that as SME owners have some level of education to carry out their business activities it positively impacts on their savings capacity. Thus, level of education has a potential effect on savings of SME owners. In a study by Rehman et al. (2013) and Zuta (2009) confirmed the results of this study. The

R^2 indicates that (70%) of the variations in savings habit is explained by the model. The ANOVA test indicates that the whole model is statistically significant.

Table 11: Regression Results (Dependent variable: Savings)

Variable	Coefficient	Std. Errors	T-statistic	Sig.
Constant	1.220	0.306	3.987	0.000***
FL	0.211	0.045	4.689	0.000***
AGE	0.166	0.056	2.964	0.005***
EDU	0.311	0.046	6.479	0.000***

Note: *** denote significance level at 1%.

Source: Field Survey, Arthur (2019)

Chapter Summary

This chapter presented the analyses of the data presented from the field based on the stated objectives. The results were presented in the form of graphs and tables. The results of the study showed that on average, “I compare interest rates and terms when deciding to borrow money” is (M = 4.20, SD = 1.01) which is high indicating how SME Owners act on the financial knowledge they acquire. In addition, respondents gave quite high approval rating (M =3.87, SD = 0.64) to the statement “My spending is always based on prior planning”. The next same approval rating (M = 3.87, SD =0.64) was given to the statement that “I keep close personal watch on my finances (what I spend and receive)”. Also, in terms of “I consider a product from different market outlets before making the decision to buy it” has a mean and standard deviation of (M = 3.80, SD = 0.94). Finally, the approval rating is in terms of “I budget for my weekly/monthly financial services” (M = 3.60; SD = 1.06) which is moderate.

Further, the regression results regarding the effect of financial behaviour on savings as part of the addressing the second objective of the study revealed that the coefficient of financial behaviour is positive and statistically significant at 1 percent significance level. This means that as SME owners act on the financial knowledge they acquire, it positively impacts on their savings. Furthermore, the study revealed that the coefficient of the age of the SME owner is positive and statistically significant at 1 percent significance level implying that as the age of the SME owner increases, it increases their savings habit.

Finally, the coefficient of educational level of the SME owner is positive and statistically significant at 5 percent significance level suggesting that as the level of education of the SME owners' increases by 1 percent, their savings habit will also increase. From the regression results regarding the effect of financial literacy on savings as part of the addressing the last objective of the study, the results revealed that the coefficient of financial literacy is positive and statistically significant at 1 percent significance level. This means that 1 percentage increase in the level of financial literacy of SME owners will increase their savings capacity.

In addition, the coefficient of the age of the SME owner was positive and statistically significant at 1 percent significance level indicating that as the age of the SME owner increases by 1 year, it increases their savings habit. Finally, the coefficient of educational level of the SME owners is positive and statistically significant at 1 percent significance level indicating that as the level of education of the SME owners' increases by 1 percent, their savings habit will also increase.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

Introduction

The purpose of this chapter is to present the summary, conclusions and recommendations of this study. The summary presents a brief overview of the objective, research methods and findings made in the study. On the other hand, the conclusions encapsulate the overall outcomes regarding the findings of the study in the light of the research objectives and questions. The recommendations also present specific remedies to be implemented by specific institutions. The chapter also presents some suggestions for future research in the area of the above topic of interest.

Summary

Small and medium-sized enterprises (SMEs) are the backbone of economies in advanced industrialised countries, as well as emerging and developing countries, as they are a key source of economic growth, innovativeness, and poverty reduction. SMEs constitute the dominant form of business organization, accounting for over (95%) and up to ((99%) of enterprises depending on the country. Small and medium sized enterprises in both developing and developed countries play important roles in the process of industrialization and economic growth, by significantly contributing to employment generation, income generation and catalysing development in urban and rural areas.

Financial literacy and behaviour have attracted increasing attention in both the developed and developing world due to its role in financial decision.

For example, in January 2008, the United States government set up a President's Advisory Council on Financial Literacy tasked to improve financial education at all levels of the economy. Developing economies have also not been left behind; countries like Indonesia and Ghana have set up programs that are aimed at increasing financial literacy. Financial literacy encompasses the knowledge and skill required by individual to function effectively in the money economy and make informed judgment in respect to their own and their family circumstances. The need for financial literacy among entrepreneurs and business owners has henceforth become an issue of interest in both developed and developing economies.

Though it might not be an absolute state, it enables individuals to be able to respond effectively to ever changing personal, social and economic circumstances. Financial literacy is hypothesized to be a major determinant of the firm's success or failure. It is for this reason many countries have created task forces to study and evaluate the level of the financial literacy of their citizens. With the exception of Cole et al. (2009) which used two surveys from two of the most populous countries in the world (Indonesia and India), to show that financial literacy is an important predictor of financial behaviour in the developing world, there is no completed study testing the significance of financial behaviour, financial literacy and savings in utilising basic financial services particularly in sub-Saharan Africa and for that matter Ghana.

This study therefore was to examine effect of financial behaviour and financial literacy on savings SMEs in the Awutu Senya District. The study used across-section data set within a descriptive research design. The study employed descriptive statistics in analysing the data. The results from the descriptive statistics showed that on average, “I compare interest rates and terms when deciding to borrow money” was the highest indicating how SME Owners act on the financial knowledge they acquire. In addition, respondents gave quite high approval rating to the statement “My spending is always based on prior planning”.

The next same approval rating was given to the statement that “I keep close personal watch on my finances (what I spend and receive)”. Also, in terms of “I consider a product from different market outlets before making the decision to buy it” has a quite mean and standard deviation. Finally, the approval rating is in terms of “I budget for my weekly/monthly financial services” has a moderate mean.

Also, in relation to the level of financial literacy among owner/managers, the study found that, their level of financial literacy was highly and primarily determined by their knowledge in money management. This implies that, the owner/managers with in-depth knowledge regarding money management in terms of savings, resource and budget preparation have high levels of financial literacy. This in turn helps them to plan adequately toward saving. Thus, the higher owner/managers’ level of knowledge in managing his or her money, the higher his or her level of financial literacy. This finding explains why owner/managers need to develop money or financial management skills.

Further, the regression results regarding the effect of financial behaviour on savings revealed that financial behaviour is positive and statistically significant in influencing savings habit of SME owners. Furthermore, the study revealed that age of the SME owner is positive and statistically significant at influencing savings habit of SME owners. Finally, educational level of the SME owner is also positive and statistically significant at influencing savings habit of the SME owners.

In addition, the regression results regarding the effect of financial literacy on savings as part of the addressing the last objective of the study revealed that the coefficient of financial literacy is positive and statistically significant at influencing savings decisions of SME owners. In addition, age of the SME owner was positive and statistically significant at influencing savings habit. Finally, educational level of the SME owners is positive and also statistically significant at influencing savings habit.

Conclusions

The results obtained in this study clearly indicates that the objectives of this studty was achieved. Based on the results obtained in this study the following conclusions were reached;

First of all, concerning the first objective, when the respondents were asked whether they have cultivated the habit of having a savings account, the results show that, one hundred (100) of the respondents representing about (49.8%) strongly agreed that they have made for future contingencies to safeguard their businesses. Further, eighty-one (81) of them representing about (40.3%) said they agree indicating that they also have planned savings for the future of their businesses.

Moreover, ten (10) also representing about (5.0%) indicated that they disagree and for that matter do not have planned savings for any future contingencies. The results further show that, six (6) of them representing about (3.0%) strongly disagree of having planned savings for future contingencies.

Finally, four (4) of them representing about (2.0%) indicated they are indecisive of the question. The results imply greater of the SME owners have planned savings for future contingencies for their businesses.

Further, the regression results regarding the effect of financial behaviour on savings as part of the addressing the second objective of the study revealed that the coefficient of financial behaviour is positive and statistically significant at 1 percent significance level. This means that as SME owners act on the financial knowledge they acquire, it positively impacts on their savings. Furthermore, the study revealed that the coefficient of the age of the SME owner is positive and statistically significant at 1 percent significance level implying that as the age of the SME owner increases, it increases their savings habit.

Finally, the coefficient of educational level of the SME owner is positive and statistically significant at 5 percent significance level suggesting that as the level of education of the SME owners' increases by 1 percent, their savings habit will also increase. From the regression results regarding the effect of financial literacy on savings as part of the addressing the last objective of the study, the results revealed that the coefficient of financial literacy is positive and statistically significant at 1 percent significance level. This means that 1 percentage increase in the level of financial literacy of SME owners will increase their savings capacity.

In addition, the coefficient of the age of the SME owner was positive and statistically significant at 1 percent significance level indicating that as the age of the SME owner increases by 1 year, it increases their savings habit. The coefficient of educational level of the SME owners is positive and statistically significant at 1 percent significance level indicating that as the level of education of the SME owners' increases by 1 percent, their savings habit will also increase.

Recommendations

Based on the results obtained from the study, the following recommendations are made;

There is the need for the NBSSI to offer financial education to SME owners which will help their business operations. This can be achieved through properly organising seminars on financial products to SME owners. Thus, since financial literacy level among the SME owners relating to savings was low the government in collaboration with NBSSI should offer some level of financial education to enable the SME owners save for their future contingencies.

This can be done through community radios, information centres, televisions, farmer groups. Financial literacy should be incorporated into educational system**.** Thus, financial literacy should be incorporated into the primary and secondary school curricula where there will be the development and dissemination of supplementary materials and the training of teachers in promoting financial literacy.

Another major problem at stake was that, owner/manager's with poor financial decisions have low levels of retirement planning. These owner/managers are found to misuse available funds because they mostly careless of its future consequences on their finances. Based on this, the study recommended that, owner/managers of the SMEs should collaborate with notable financial institutions to educate their employees on financial issues. This can be achieved through regular counselling, compulsory attendance of meetings, seminars and workshops concerning financial issues. This collaboration should also focus on establishing pension savings account where a percentage of employees' salaries are automatically deducted and channelled to that account. Owner/managers can only be able to access their funds during retirement or over an established long period of time, say, after 20 years.

Moreover, the National Commission for Civic Education should establish Financial Literacy Information Sharing Group. This group will comprise a wide range of stakeholders and other partners including government institutions, banks and other stakeholders in the financial industry. This group would provide a forum for the broad community of stakeholders and partners to discuss developments and potential developments, to highlight examples of good financial practices from which others can learn useful lessons and to provide feedback.

Also, government should set up special financial institutions that will cater for the financial needs of SME owners by giving soft loans in order to expand their business. The government in collaboration with the NBSSI should setup educational programmes that seek to educate SME owners on basic financial principles that will go a long way to help them to boost their investments and savings rates. Since age and educational level variables have a potential influence on the savings of SME owners, the government and NBSSI should educate the SME owners to put in place proper measures to check these variables.

Suggestions for Future Research

The current study investigated the effects of financial behaviour and financial literacy on the savings of SME owners. Since savings is influenced by other factors, future studies consider the other determinants of savings of SME owners with the use of a different econometric technique in studying their relationships with the savings of SME owners.

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APPENDICES

QUESITONNAIRE

Dear Sir/Madam

You are kindly invited to serve as a participant to this study which seeks to investigate **"the effect of Financial Literacy, Financial Behaviour on Savings among Self- Employed in the Awutu Senya District"**. This exercise is strictly for academic research purposes, and respondents' responses shall be treated with the utmost confidentiality. Respondents are therefore entreated to provide impartial responses. Thank you.

1. Sex
   Male [ ] Female [ ]
2. Age:
   18- 30 years [ ] 31-40 years [ ] 41-50 years [ ]
   51- 60 years [ ] Over 60 years [ ]
3. Educational Qualification
   Certificate [ ] Diploma [ ] Degree [ ]
   Master's Degree [ ] Other (Please specify) ……………………….
4. Job Position……………………………………………....
5. Number of years spent in business.…….……………………………….

SECTION B: KNOWLEDGE, BEHAVIOUR AND ATTITUDE OF FINANCIAL LITERACY

Knowledge on financial products, services and concepts: Respondents are being asked about the extent of their knowledge in terms basic financial products, services and concepts. Clear explanation of the products, services and terms will enable respondents give correct description of the terms.

Please can yo u tell me whether you have heard of any of these types of financial products/services and terms with 0= No, 1=Yes, 97=Don't know (DK)				If yes, what is your understanding of it
	No	Yes	DK	
Pension fund				
Investment account				
Unsecured bank loan				
Current account				
Savings account				
Microfinance loan				
Insurance				
Stocks and shares				
Bonds				
Mobile money				
Hire purchase				
Income tax				
Unemployment subsidy (or LEAP related issues)				
Property tax				

VAT				
Interest rate				
Inflation				

FINANCIAL BEHAVIOUR

Financial behaviour emanates from financial knowledge. The statements describe the extent of respondents' behaviour with regards to financial products, services and concepts. With 1- Strongly Disagree, 2- Disagree, 3- Somehow, 4- Agree and 5- Strongly Agree

	SD	D	SH	A	SA
I budget for my weekly/monthly financial activities					
My spending is always based on prior planning					
I consider a product from different market outlets before making the decision to buy it					
I compare interest rates and other benefits when deciding to save my money					
I compare interest rates and terms when deciding to borrow money					
I keep close personal watch on my finances (what I spend and receive)					
I usually pay my bills on time					

FINANCIAL ATTITUDES:

This section captures the attitude of respondents towards the use of financial products and services. With 1- Strongly Disagree, 2- Disagree, 3- Somehow, 4- Agree and 5- Strongly Agree

	SD	D	SH	A	SA
Money must be spent					
I spend for today and let tomorrow cater for itself					
I find it more satisfying to spend than save money for the medium-long term					
If I save money regularly, my future is likely to be secure					
I am prepared to use technology (e.g. ATM, E-Zwich) to manage my finances					
Buying on credit ends up being more expensive than paying with cash					
Taking multiple loans (3 or more) should be avoided as much as possible					
Insurance is a must					

SAVINGS

Indicate your agreement on the following statements using the scale from 1- least agreement and 5-highest agreement

	1	2	3	4	5
My knowledge of the financial products affects my savings habit					
I have savings Account					
I save for future contingencies					
If I save money regularly, my future is likely to be secure					
I have savings plan for my business					

SECTION C: LEVEL OF FINANCIAL LITERACY

1. On a scale of 1 – 5, please rate your level of agreement to each of these statements. **With 1 – Least Agreement and 5 – Highest Agreement**

Factors	**1**	**2**	**3**	**4**	**5**
I have adequate knowledge about investments (stocks, bonds, mutual funds)					
I have adequate knowledge about insurance packages					
I am able to live within my means					
I have adequate knowledge about budgeting					
I have adequate knowledge about saving					
I know how to make good personal finance decisions					
I am able to keep good financial records					
I have adequate knowledge about debt management					
I have good control over financial issues					
I know how to manage resources available to me					

THANK YOU FOR PARTICIPATING