

UNIVERSITY OF CAPE COAST

FINANCIAL LITERACY AMONG OWNER-MANAGERS OF SMALL
AND MEDIUM-SIZED ENTERPRISES IN SEKONDI-TAKORADI
METROPOLIS

KENNETH OWUSU SEKYERE

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METROPOLIS

BY

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DECLARATION

Candidate's Declaration

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

Candidate's Signature Date.....

Name: Kenneth Owusu Sekyere

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.....

Name: Dr. Mohammed Zangina Isshaq

ABSTRACT

The low level of financial literacy among owners of SMEs is detrimental to the collapse of many SMEs in Ghana. As at 2015 about 46% of SMEs failed to exist and this was attributed to the low level of financial literacy among the owner- managers of the SMEs. The purpose of this research is to examine the financial literacy among owner-managers in small and medium-sized enterprises in the Sekondi-Takoradi Metropolis. The study used correlational research design with quantitative research approach. With this the t-test, and correlation analysis were performed to investigate the relationship between gender, age, educational level and financial literacy. The study used primary data from a sample of 375 of which 368 valid responses were obtained. The study concluded that gender, age and educational level of the owners of the SMEs have some relationship with their financial literacy. There was no significant relationship between gender and financial literacy. However, there was a moderate positive and significant relationship between age, educational level and financial literacy among the owner-managers of the SMEs. It was recommended that, the owners of the SMEs should focus on furthering their education on financial aspects, since it was noted that high level of education have significant and positive relationship with financial literacy level.

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DEDICATION

To my dear and lovely parents, Mr. Edward Owusu Sekyere (Rtd) Prison

Officer and the late Ms. Martha Ofori

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LIST OF ACRONYMS

GDP	Gross Domestic Product
NBSSI	National Board for Small Scale Industries
SMEs	Small and Medium-Sized Enterprises
SPSS	Statistical Package for Social Sciences

CHAPTER ONE

INTRODUCTION

Many organizations and individuals have acknowledged the importance in financial literacy in our businesses today. Making sound financial decisions for the progress of business is highly shaped by financial literacy. Prior studies across the globe have indicated that many institutions including the small and medium scale enterprises (SMEs) have failed due to poor level of being financially literate among the owner-managers. Some characteristics of demographics like age, educational level of SMEs owner-managers and gender are noted by some researchers as being significant determinants of financial literacy. This goes a long way to affect owner-managers in SMEs who do not discern the concept of finance by running up bigger debts, spending much on transaction fees, and incurring high loan interest rates.

This current research is aimed to examine the financial literacy among owner-managers of SMEs in the Sekondi-Takoradi Metropolis. The research will review literature on financial literacy and how demographic characteristics affects financial literacy in Ghana and other countries.

Background to the Study

Lusardi and Mitchell (2014), defined financial literacy is the individuals capacity to fully or partly comprehend and use information on economics and make sound decisions that relates to accumulation of wealth, debts, pensions and financial planning. Individuals who are financially literate demonstrates the ability to make important decisions on finances, both in the long-term and short term period.

In the wake of financial literacy in SMEs, making informed decisions and financial planning remains the responsibility of the employer. According to Mitchell and Lusardi (2011); Jappelli and Padula, (2013), financial behavior and shaping of cost effective financial planning which enhances accumulation of asset is influenced by financial education.

In the African terrain Ampado (2017), observed that most owners of SMEs are financially illiterate. He added that some SMEs owners fail to keep records of their transactions, and wrongly follow the book keeping procedures and as a result such SMEs fails. In countries that are developed where financial education is treated as important for the survival of SMEs, most of the owners of SMEs are financially literate (Rathnasiri, 2015). This is from the fact that owner-managers of SMEs in such countries like the UK, and the USA follow some accounting principles like proper book keeping in their daily transactions. With the owners of SMEs being financially literate, their businesses were able to survive.

Tambunan (2008) states that in both developing and developed countries, SMEs performance is very key for the growth of the country in the area of economic growth and generating employment. On a similar occasion, Qureshi and Herani (2011) opined that SMEs make important assistance toward the generation of income, GDP, contributions towards tax, creation of jobs, promoting innovations, bringing about human capital, increase in revenue, improving the standard of living of individuals, improving the life quality of peoples in a country and lessening poverty. UNIDO (1999), estimates that in developing countries, 22% of the adult population is employed by SMEs. With reference to United Nations Industrial Development

Organisation (UNIDO, 1999), in most African countries, more than 90% of private jobs are represented by SMEs and provide over 50% of GDP and employment. In the case of Ghana, SMEs add 70% to GDP, make up 80% in the private sector and constitute 92% of all businesses (Abor & Quartey, 2010). The private sector is thus tagged as the engine of economic growth in Ghana and there is no doubt that SMEs are central in this agenda.

Boohen (2006), asserted that owners of SMEs who are financially literate experience growth in their businesses. Such SME owners are able to make sound investment and financial decisions and expand their businesses. According to Rathnasiri (2015), after comparing financially literate and financially illiterate owners of SMEs found that owner-managers who are literate financially are able to experience growth in business and secure loans based on their financial book keeping procedures to expand their businesses whilst the owners who are financially illiterate experience business failure.

Financial ignorance carries significant costs especially for SMEs who face keen competition from large and powerful firms particularly when accessing finance from external sources (Amero, 2017). Therefore, owner-managers in SMEs run up bigger debts and are spending much on transaction fees by not discerning the full concept of interest compounding (Willis, 2017), and suffer higher loan interest rates (Lusardi & Tufano, 2015; Lusardi & Bassa Scheresberg, 2013).

Some authors have argued that socio-economic variables and demographic features do affect the financial decisions of peoples. For instance, Onyango (2014) disclosed that level of education, age and specialisation on personal financial management strongly influenced personal

financial management. Similar findings were reported by Agarwalla, Barua, Jacob and Varma (2015). Akoto (2015) added that the geographical location of cocoa farmers significantly affected the level of financial knowledge. Potrich, Vieira and Kirch (2015) also showed that men with higher educational level, no or low level of dependent family and both family income levels and individual income have the possibility of being categorized under the group with high levels of financial literacy. With this in mind, the current study seeks to examine financial literacy among owner-managers in SME in the Sekondi-Takoradi Metropolis.

In the Sekondi-Takoradi Metropolis alone, there is a total of 13,984 SMEs operating in the metropolis. Out of these total number of SMEs in the Metropolis, 1,253 representing 8.96% of the SMEs failed to exist as a result from poor financial management practices. A critical examination from the collapsing of these SMEs is about low financial literacy level of the owner-managers. Due to poor financial records keeping, the collapsing of these SMEs was not observed by the owners till they identified no amount of money to further operate their businesses. This alarming rate of closure of the SMEs as a result from poor financial literacy rate of the owners warrants this study.

Statement of the Problem

Investigating how demographic characteristics of SMEs owner-managers affect their financial literacy level is a critical issue worldwide. This is evidenced from the fact that, some SMEs have failed to exist whereas some are expanding their businesses and operating (Amero, 2017). For instance, there is a 36% of SMEs that have collapsed in Uganda as against 42% in Ghana which were evidenced from poor financial literacy level of the owners.

Most of these SMEs failures emanate from owners who mostly have poor educational background and owners who are young adults. The question that needs to be answered is why the collapse of the SMEs is from owners with this background? Are the owners from this background not financially literate to properly manage the finances of their businesses? This issue faces both firms and financial institutions that provide financial assistance to the SMEs. They are either not aware of how the demographic characteristics of the owner-managers affects their level of literacy in finances or have limited information on that.

Having a good financial literacy level among SMEs owner-managers in order to maximize the financial strength of their businesses remains a big challenge. Although the impacts of low level of financially literate negatively affect the finances of the SMEs, detecting the demographic characteristics those impacts on the level of financial literacy among the SMEs owner-managers is quite difficult task. For instance, Potrich et al. (2015) indicated that the losing of profits and collapse of most SMEs is as a consequence from the minimal level of financial literacy among the business operators.

Despite interventions that have been made to combat the challenges in the finances of the SMEs that include financial workshops for the SMEs, the volatility of their financial literacy still continue to grow. According to Appea-Oteng (2017), the collapsing of SMEs in the Takoradi Metropolis is alarming. From 2016 to 2018, the collapse of SMEs alone from 4%, 7% and 9% respectively for those years, irrespective of the oil discovery in the region. Furthermore, research in the SMEs mostly focused on SMEs contribution to poverty alleviation (Rahman, 2010), SMEs development (Abor & Quartey,

2010), credit rationing and financing of SMEs (Ahiawodzi & Sackey, 2013; Agrebi, 2009) and financial constraints to SMEs (Kira, 2013). Unfortunately, research conducted on financial literacy such as those from Akoto, (2015); Amero, (2017); and Appea-Oteng, (2017) did not consider the demographic characteristics of the owners in relation to their financial literacy level. To fill the gaps in the previous research in financial literacy and owners of SMEs necessitates this study.

Purpose of the Study

In general, the research seeks to determine the financial literacy among owner-managers of SMEs in the Sekondi-Takoradi Metropolis.

Research Objectives

The following specific objectives are generated in order to achieve the general objective of the study.

1. To establish the association between gender and financial literacy among owner-managers in SMEs;
2. To test the association between age and financial literacy among owner-managers in SMEs; and
3. To analyse the association between level of education and financial literacy among owner-managers in SMEs.

Research Hypotheses

Basing on the objectives proposed from the research, the hypotheses below are formulated to give the study direction:

H₀: There is no significant relationship between gender and financial literacy among owner-managers in SMEs

H₁: There is significant relationship between gender and financial literacy among owner-managers in SMEs

H₀: There is no significant relationship between age and financial literacy among owner-managers in SMEs

H₁: There is significant relationship between age and financial literacy among owner-managers in SMEs

H₀: There is no significant relationship between level of education and financial literacy among owner-managers in SMEs

H₁: There is significant relationship between level of education and financial literacy among owner-managers in SMEs

Significance of the Study

This study provides insight into financial literacy among owner-managers in SMEs located at the Sekondi-Takoradi Metropolis. In the field of academics, the study would add to the literature and provide benchmark data for researchers who wish to study the financial literacy of owners of SMEs. The study would also bridge the gaps in studies under SMEs by introducing how demographic characteristics of owners of SMEs influence their financial literacy level. The study would further help policy makers in making decisions concerning the need to make financial education a necessity for entrepreneurs. By documenting the views of the owner-managers on their literacy level in finances, it will reveal the areas of weakness of the SMEs owner-managers in their finances.

Delimitations

The scope of this study is narrowed towards the features of demographics like age, gender, and educational level of the SMEs owner-

managers that relates to their literacy level in finances. This is based on the fact that, demographic characteristics of individuals are instrumental to their financial literacy level. The financial behavior and the financial attitude of the SMEs owner-managers are covered in this study. However, financial knowledge areas that include, investment decisions and savings, bonds, stocks, numeracy, risk management in finances, and some other money practices were not covered in the study.

Limitations of the Study

The confinement of the research area to Sekondi-Takoradi Metropolis makes the findings of the research applicable mainly to such jurisdiction. Moreover, the use of close-ended Likert-type scale statements limits the amount of information respondents may provide with respects to the main variables of the study.

Definition of Terms

SME: This is defined as a project, an industry, an economic activity or an undertaking whose total asset base with the exclusion of building and land is not more than the cedi equivalent of US\$1 million in value and which has but not more than 100 persons as employees.

Financial Literacy: This is defined as the capacity of someone to process information that relates to economic and make important decisions about accumulation of wealth, debts, pensions and financial planning.

Organisation of the Study

This research work is segregated into five main chapters. The first chapter introduces the study. This consists of the study background, the problem of the research, research objectives, hypothesis, significance of the

study, delimitations and limitations, definition of terms and how the study is organized. Chapter two is the review of literature, which looks at briefly work undertaken by some researchers on the topic. Chapter three is the research methods. Chapter four contains the data analysis and discussions. Chapter five looks at summary, conclusion, recommendation of the analyzed data and suggestions for more advanced studies.

CHAPTER TWO

LITERATURE REVIEW

Introduction

The section highlights on a review of previous studies that relates to this current study. It consists of theoretical review, empirical review, and conceptual framework. The empirical review documented the findings from previous research which are closely related to this study. Last, but not the least, the conceptual framework showed how the research topic was explored.

Theoretical Review

Education, gender and age are an important behavioural intervention tool for families and individuals who operate businesses. There are numerous theories that relates to human behavior; nonetheless, human behavior theories like the theory of planned behavior (TPB), and the transtheoretical model (TTM), have been successfully applied to have linkage to education, gender, age and financial literacy (Glanz & Bishop, 2010). Since the predictability of TPB, and TTM, is less questionable and provide more explanation of how the behavior of peoples can be shaped through their age, gender and interventions on financial education, hence it is the suggestion of the researcher that these theories be applied in this research.

Theory of Planned Behavior

The planned behaviour theory is attributed to the research work by Icek Ajzen (1985). The planned behavior theory stipulates that, the intension of peoples is demonstrated by their attitudes, to perform or act in an intended behaviour, influences the overall behaviour (Ajzen, 2012). The theory further provides and explanation to how peoples' attitude and intentions variable can

be joined together to in order to affect change in behavior. Important information required being successful in making better attitudes towards debt reduction, management of money and savings decisions can be provided by the educational level of the individuals. This situation also applies to owners of SMEs. As Moore, (2003) posited, the educational background of owners, age, their experience, and financial behaviors have some relationship with their financial literacy level.

As maintained by Eugster (2013), while educational background, age, and experience may positively influence financial literacy level of owners of SMEs, the nonexistence of these would negatively impact on the SMEs owners financial behaviors. Elan and Goodrich (2011), are of the view that there are some disparities among financial education and the level of financial literacy. Huston specifically posited that, educational level and age not only influences financial literacy level but also impacts the financial appropriation of business.

Transtheoretical Model

Prochaska in the year 1977 proposed the transtheoretical behavioral model. According to the model, there are some changes in the behavior of a person and these changes occur in different stages and that requires some interventions in order to bring about those changes (Kolundžija, 2011). A person's capability in terms of their age to change from their innate bad financial behavior for better behavior when there are changes in the person's age can be assessed by the model (Xiao, 2008). Since most owners of SMEs demonstrate poor attitude in terms of investment, savings and some other financial practices, then deepening the awareness as a result from age

differences and through education of the owners of SMEs is a better behavioral change intervention source which has the capability to induce a person to stop anti financial practices for better practices (Schuchardt, 2009).

Financial Literacy

Lusardi and Mitchell (2014), defined financial literacy as the capability of someone to make sound financial decisions, pensions, debt and accumulation of wealth by processing economic information. If someone is financially literate, such a person is able to create an avenue for better decisions on finances, both in the long-term and short-term period. Communities with peoples who are highly financial literate consumers are likely to experience efficient and stable market. Prior studies have showed that better financial behavior is impacted by sound financial literacy (Akoto, 2015; Brunson, 2016; Ghazali *et al.*, 2017; Onyango, 2014; Opoku, 2016; Owusu, 2015; Potrich *et al.*, 2015). From the camp of Jang *et al.*, (2014), individuals with minimal level of financial literacy usually experience debt problems. Mohamed (2016), is of the opinion that early age financial education can maximize the level of financial literacy and eliminate difficulties in finances significantly among the young adults.

Financial Literacy, Demographic and Socio-Economic Variables

Having considered the different ways financial behavior is affected by financial literacy (Lusardi & Mitchell, 2014), it is imperative to discern the extent of SMEs owner-managers' understanding and application of the basic concepts of finances and the extent to which the lapses in the skills of finances among the poor and the women groups. There are disparities in the rate of financial literacy in terms of characteristics like education level, gender, level

of income, age and geographical location (Akoto, 2015; Onyango, 2014; Potrich *et al.*, 2015). According to Klapper, Lusardi and Van Oudheusden, (2015), 35% of men are more financially literate as compared to females of which 30% are financial literate worldwide.

As constantly witnessed in other research works which includes that of Lusardi and Mitchell (2014), women fail to provide appropriate responses to the questions that relates to financial literacy as the women are more or less likely to propound that they don't know the correct response to a particular question that relates to financial literacy. For the economies which are in highly advanced, according to Klapper *et al.*, (2015), people who are old or are being categorized into the older generation have minimal financial literacy level than those found in the middle age groups. More to the point, adults who are rich possess high skills of financial literacy than the poor ones. Klapper *et al.*, (2015), further maintained that peoples with high levels of educational level have high level of financial literacy and is highly related more skills as well as income and age.

Gender and Financial Literacy

In Kenya, Onyango (2014) studied the effects of the level of financial literacy on the management of individual finances among the staff members from banks. One of the objectives of his research was to determine if there was any significant association that exists between personal financial management practices and financial literacy. The sampling method employed was the purposive sampling and the simple random sampling techniques. The purposive sampling was employed to choose the banks in Kenya, whereas the

simple random sampling technique chooses 100 participants from five different banks in Nairobi.

The questionnaire was self-administered to the participants, and after completion of the questionnaire by the respondents, the questionnaires were collected. The statistical tool used was the student's t-test which was employed to assess the data collected. Charts and Tables were used to present the responses. The results suggested that educational level, age and gender have high relationship with financial literacy. This is as a result from the differences in age distribution of the participants who were in the youthful age cohort of 20-40 years. This age cohort has minimal financial engagements with their family. The findings further indicated that, most of the participants were able to save small amount from their income. Onyango (2014), related this incidence to the individual's financial discipline and high living standard cost. The study concluded that educational level and age demonstrates positive association with financial literacy. Notwithstanding how effective is the financial literacy of the staff members from the commercial banks in Kenya, some of the staff members were not in good management of their personal finances.

In another study, Opoku (2016) assessed financially literacy level among senior high school students from the Ghanaian context specifically Kumasi Metropolis. A total sample size for the research was 320 students. Questionnaire was self-administered to the respondents who were students for assessing their financial literacy level. Descriptive and explanatory research design was adopted. Questionnaire in structured form was adopted to take primary data from the students. The software used for the analysis was SPSS

(v.21). The results from his research revealed that students needed to increase their level of individual knowledge in finances. It was further revealed that most of the respondents were observed to be more seen to be acquainted with matters that relates to compound interest, loan guarantees and simple interest. According to Opoku (2016), the male students were a bit more financial literate than the females, but there was no evidence of significant differences.

The study concluded that there was the need for the educational system stakeholders to make educational policies that will ensure that there is an improvement in the literacy level of finances among the students in the senior high school in Ghana as improving the financial literacy level would have positive implications on their future in terms of finances.

In another study conducted in Brazil, Potrich *et al.* (2015) assessed the factors that determines financial literacy level by including demographic and socio-economic variables. The researchers developed a model that explained the respondents financial literacy level by employing demographic and socio-economic indicators. A total sample size of 1,400 respondents were selected from Brazil, specifically those from Rio Grande do Sul. Multivariate analysis techniques and descriptive research design was employed to analyze the data. Questionnaire was used to collect primary data.

Potrich *et al.* (2015) results from their study showed an association which is significant between financial literacy and gender and that the females were more financial knowledgeable than the males. After applying ANOVA, the researchers identified high financial knowledge for those aged between 30 to 60 years than those from 18 to 20 years. Furthermore, the research was in suggestion that large percentage of the participants with 67.1% were noted to

possess financial literacy which is low. The results from the research confirmed the urgent need for developing actions which are effective to lessen financial illiteracy issues (Potrich *et al.*, 2015).

In the same year, Agarwalla *et al.* (2015) conducted a research on how different dimensions of socio demographic variables affect financial literacy by the using the urban Indian working youth. The research adopted the exploratory research design with quantitative research approach. The data was collected with the aid of a questionnaire which is structured. Cronbach alpha was used to test for data validity with SPSS being the software used. The authors noted a high financial literacy level for the males as compared to the females. The association between the level of financial literacy and gender was reported to be significant.

Age and Financial Literacy

In a study conducted in Ghana, Owusu (2015) determined the financial literacy level among teachers using evidence from Ghana particularly teachers at the Ashanti region in Sekyerer East District of Ghana. The primary purpose of his research was to assess the teachers' financial literacy level. Explanatory and descriptive research design was employed by the research. A total number of 1,486 teachers formed the research population. Both open ended and closed ended questionnaire were used to fetch data from the teachers. Statistical tool such as ANOVA and logistic regression analyses were used by the researchers to examine the association between the demographic characteristics of the research participants who were teachers and their financial literacy level. The results with respect to the financial literacy level showed that, generally, there are disparities in age groups in their financial literacy level. Teachers who

were old adults were more financial literate than those who were young adults. The disparities among the age groupings and the financial literacy level were significant.

Brunson (2016) assessed financial literacy among African American Community. Understanding the demographics differences among African Americans' on their financial literacy was the primary objective of the research. Snowball sampling and purposive sampling with exploratory research design were employed to determine the respondents have no unmanageable debt and educational courses on finance. The results from his study was that the respondents with an average age group of between 40 to 65 years scored high financial literacy level than the African American who were noted to be young adults. When Brunson (2016) used ANOVA to test how significant the relationship is, he noted some sort of relationship between the respondents age and financial literacy level. The association was tested by Brunson (2016) to be significant.

In U.K, Willis (2017) in his study on how influential demographics differences are on employee's financial literacy. One of his objectives was to determine the association between age and financial literacy level among the employees. The research design used for the research was the exploratory research design. ANOVA analysis was employed to achieve this objective. Primary data was obtained from the respondents with a structured questionnaire. Willis (2017) after his analysis witnessed that there was not much difference between the respondents age and their financial literacy level. Furthermore, the employees aged between 35 to 60 years showed a bit more financial literate than the employees aged between 18 to 30 years. The

relationship was found to be insignificant. The research concluded that individual's age is influential to their level of financial literacy.

Educational Level and Financial Literacy

Akoto (2015) used quantitative methodology to assess financial literacy of Ghanaian cocoa farmers. The research was motivated by the fact that a lot of the farmers lacked the required amount of time needed by different financial services and matters that relates to how money is used. The sampling technique used was the simple random sampling for selecting the farmers who were situated in the Twifo Praso and Assin Foso district which is in the central part of the country. Out of the total questionnaire of 677 distributed to the farmers, 569 of them provided valid responses. The results from the 569 respondents revealed that the respondents who were the cocoa farmers have minimal financial knowledge level. By using ANOVA, Akoto (2015) noted that the farmers' financial knowledge was significantly affected by their level of educational and that farmers who were more educated were more financial literate than the farmers who has had low level of education.

Allgood and Walstad (2016) examined the how demographic characteristics affects financial behaviors US adults. Both test score of self-rating and actual financial literacy was used as a combined measure of financial literacy. A large sample size of 28,146 households and adults in the U.S.A was used to examine the impact of financial behavior on the level of financial literacy which covers five financial topics: financial advice, credit cards, loans, insurance and investments.

The findings from the ANOVA analysis indicated that respondents with tertiary educational level demonstrated more of financial literate than the

respondents with basic and secondary level of education. The relationship was observed to be significant.

In Malaysia, Ghazali *et al.* (2017) utilised one-way ANOVA, descriptive analysis, and independent samples t-test in their methodology in an attempt to meet the research questions. Their study was motivated by the fact that personal financial literacy was still minimal in Malaysia. The primary objective of their study was to assess financial literacy among Malaysian students and extended to assess how ethnicity, gender, ownership of bank account and age affect the financial knowledge of the students. Moreover, the primary objective of their research was to assess the association between the students' financial literacy and their educational background.

The researchers found that respondents who have attained PhD, Master's degree and Bachelor's degree were more financial literate than their counterparts with Diploma and senior high school leavers. These authors noted an association which is significant between educational background and financial literacy among the respondents.

Lessons Learnt from the Literature Review

An extensive review of related literature clearly showed that the individuals' demographic features and financial literacy has attracted a large group of researchers comprising published research works from different journals. The review indicated that all previously discussed literature favours the quantitative research approach (Akoto, 2015; Klapper *et al.*, 2015; Opoku, 2016; Onyango, 2014; Owusu, 2015; Potrich *et al.*, 2015). In terms of study design, exploratory with the survey method was mostly employed by prior researchers (Akoto, 2015; Allgood & Walstad, 2016; Opoku, 2016; Onyango,

2014; Owusu, 2015). Additionally, some literature existed on the constructs for countries in Sub-Saharan Africa (Onyango, 2014) and Ghana in particular (Akoto, 2015; Opoku, 2016; Owusu, 2015).

Similarly, literatures exist for studies conducted in developed countries (Agarwalla *et al.*, 2015; Allgood & Walstad, 2016; Brunson, 2016; Cameron *et al.*, 2013; Ghazali *et al.*, 2017; Klapper *et al.*, 2015; Potrich *et al.*, 2015). Moreover, most prior studies have focused on individuals from different sectors, including farmers, senior high school students, teachers, employees of commercial banks, to name just a few. Contrariwise, related literature in the SME sector has been dearth. In other words, a dearth of knowledge pertaining to financial literacy exists with respect to the particularly important SME sector with emphasis on owner-managers due to the role they play in their enterprises.

Chapter Summary

This chapter covered the theoretical review, empirical review, and conceptual framework. The theoretical review explained the Theories behind human behaviour and how the theory related to the study. Successively, the empirical review documented the findings from other research works that were closely related financial literacy among owner-managers in SMEs. Last, but not the least, the conceptual framework showed the idea of the researcher on how ‘financial literacy among owner-managers in SMEs’ was explored.

CHAPTER THREE

RESEARCH METHODS

Introduction

This chapter seeks to present the research approach, research design, study area, study population, sample and sampling procedure, data collection issues, instrument design, ethics, field work, challenges encountered on the field, data preparation and analysis and chapter summary. It was important to follow these academic research procedures to ensure that it becomes replicable, easy to understand and can be compared to any other research work.

Research Approach

According to Saunders, Lewis and Thornhill (2012) research approach includes quantitative and qualitative research approach.

In qualitative research approach, data is gathered by spoken language or written procedure. In qualitative research numbers are not used to describe the data (Polkinghorne, 2005). Hence, such data can be gathered through observations and interviews with participants. This makes it not appropriate for this study.

With respect to the quantitative research approach, hypothesis is tested by comparing the data collected with what is expected to occur theoretically. Among the many advantages of quantitative research approach is its ability to enhance speed of conducting a research. Further, it offers a broader coverage of a series of events where statistics are combined from a larger sample (Amarantunga & Baldry, 2002). In addition, quantitative approach enhances the use of statistical data analysis methods, thus, making it easier to generalise

the findings from the study. In addition, quantitative approaches take the guesswork to a more concrete conclusion. This is because the results are usually based on quantitative measures rather than mere interpretation and therefore enables future application and comparison with other works.

It should however be noted that, this research approach lacks flexibility and, thus, makes it very challenging to apply same in assessing or gauging human behavior (Crotty, 1998). According to Boohene (2006), the choice of research approach should be based on the researcher's discretion, depending on the nature of a particular study. Therefore, considering the nature and purpose of this research in which a lot of the analysis would be in the nature of quantitative, hence that quantitative research approach was noted most applicable to this study.

Research Design

The study adopts the quantitative research approach. Among the many advantages of quantitative research approach is its ability to enhance speed of conducting a research. Further, it offers a broader coverage of a series of events where statistics are combined from a larger sample (Amarantunga & Baldry, 2002). In addition, quantitative approach enhances the use of statistical data analysis methods, thus, making it easier to generalise the findings from the study. In addition, quantitative approaches take the guesswork to a more concrete conclusion. This is because the results are usually based on quantitative measures rather than mere interpretation and therefore enables future application and comparison with other works.

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In terms of the design of the research, the correlational research design was employed for this research. The correlational study design was chosen since; it consists of cross-sectional design in accordance to the type of data collected by the use of interview or questionnaire (Bryman & Bell, 2015). It also provides evidence of a current situation, therefore it gives a vivid explanation and also gives an explanation to people's behavior and the perception of people based on the gathered data. More so, it provides the opportunity to obtain better responses from peoples in a highly economically way and also it gives the chance to acquire objective and accurate data to explain a phenomenon which is exiting (Nwandinigwe, 2005).

Furthermore, another reason for adopting the correlational research design was its accuracy in determining the association and strength of association between the research variables. This approach again was used to allow the researcher to get detail answers to all the three research objectives, that is, ascertain the association between gender and financial literacy among owner-managers in SMEs, test the association between the level of financial literacy and age among owner-managers in SMEs, and to determine the association between educational level and financial literacy among owner-

managers in SMEs. This makes the choice of the correlational study design the most appropriate.

Study Area

Western region which is one of the largest regions in Ghana has Sekondi-Takoradi as one of its largest cities in the region. Sekondi-Takoradi are always termed as the twin city. The district capital of the twin city is Sekondi and is situated at the region's south-eastern part. The city is surrounded by towns like Shama, Ahanta West, Eguafo-Abrem municipal and Komenda-Edina-Eguafo-Abrem. The city is found on the coast and its almost 200km from the Western part of Accra. However, it has a small population as compared to Accra and Kumasi but is one of the most developed cities among the thirteen districts in the region. In Ghana, the city forms the third largest Metropolis.

About 80,000 individuals troop into the city from the surrounding districts for civic, industrial activities and trade. The actual population of the city amassed about 360,000 inhabitants. English language is the official language of the inhabitants of the city. Nevertheless, there are some local dialects which includes; Nzema, Ahanta, Sefwi, Aowin/ Brosa, Wassa, Pepesa, and Gwira. Anankwari River at Inchaban and Daboase Pra river serves as the main supply of water for the twin city. The demand for the water supply is a bit high with 90% of the individuals being served with water.

Cassava, fish, sugar cane and palm nut are the main foods processed by the city. At suburbs such as Nkotompo, Takoradi, Aboasi, Shama and Aboadze, fish is the major smoked meat. The fish is smoked under discouraging condition by women. The women who smoke the fish are

exposed to health hazard as a consequence from high heat from the bad method of smoking the fish. At location such as Nkroful, Assakae, and Awuna Beach, Gari is produced from processed cassava usually under poor condition. Productions like akpeteshi, coconut oil and palm oil are produced from sugar cane, coconut and palm nut respectively. These productions are also done under poor environment and its contribution to the economy is low.

The twin city has few numbers of manufacturing companies as compared to other cities in Ghana. Medium scale enterprises are the major business types found in the city. This consists of dressmakers, hairdressers, grocery shops and traders. The ownership type of the businesses in the Metropolis is sole proprietorship and partnerships. With the discovery of oil in the region, a lot of SMEs have been established in the Metropolis.

In terms of investment, not more than 5% of Foreign Investors found in Ghana visit the twin city. Since, private capital investment is required to exploit the Export Processing Zone (EPZ) it is still at halt and waiting to be exploited. Small number of private investors have developed some interest in the Export Processing Zone so far, however the only few investors have shown interest in the EPZ but there has been slow discussions and consultations. STMAMTDP, (2013).

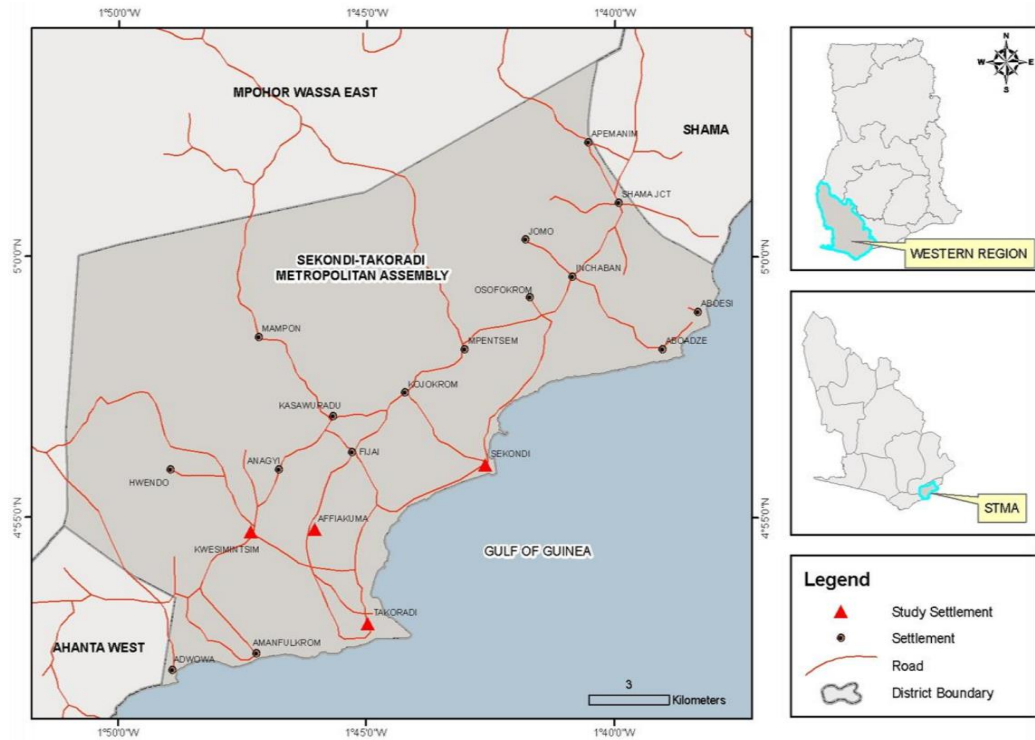


Figure 1: Map of Sekondi-Takoradi

Population of the study

A population was made up of all the units of the target group from which the study emphasizes on. According to Malhotra (1996), the members or units of the target group have to possess material facts relevant to the study and the researchers. Further to that, a target population is the theoretical and specific aggregate of the elements under study (Rubin & Babbie). Consequently, all 13,984 small and medium-scale enterprises operating in the Sekondi-Takoradi Metropolis (Table 1) constituted the target population of the study. The target population was made up of 7,614 males (constituting 54.45%) and 6,370 females (constituting 45.55%). In addition, the target population was made up of members who were 15 years and older. Businesses involved in the study were; Artisans, food processors, petty traders, micro and small scale manufacturers, tailors and dressmakers, hairdressers, food vendors, bakers, tie and dye makers, bakers and many more. Data was sourced from the

housing and population census in Ghana during the year 2010 (Ghana Statistical Service, 2014).

Table 1: Employed Population in the Sekondi-Takoradi Metropolis

Employment status	Number	Male	Female
Total Employed.	215,273	104,521	110,752
Employees.	78,772	54,619	24,153
Self-employed.	101,593	31,968	69,625
Small and medium-sized enterprises.	13,984	7,614	6,370
Casual worker.	5,098	3,815	1,283
Contributing family worker.	6,497	1,932	4,565
Apprentice.	7,928	3,931	3,997
Domestic employee (House help).	1,015	429	586
Other.	386	213	173

Source: Ghana Statistical Service (2014)

Sample and Sampling Procedure

A sample is a considerable number of respondents or observations that represent a target population (Evans, Hastings & Peacock, 2000). Sample size is usually represented by n or N . The study adopts the sample size formula for finite population proposed by the researchers Krejcie and Morgan (1970). From their table, a sample size of 375 is appropriate for a finite or known target population of 13,984 (approximately 15,000) as shown in Table 2. In other words, with a population proportion of 95% and confidence level of 95%, the sample size from the Table 2 is 375. Krejcie and Morgan (1970) argued that using the sample size determination formular is of not much need

since their table provides the necessary information the researcher needs to determine the perceived sample size for the research work.

Table 2: Determining Sample Size of a Known Population

N	S	N	S	N	S	N	S	N	S
10	10	100	80	280	162	800	260	2800	338
15	14	110	86	290	165	850	265	3000	341
20	19	120	92	300	169	900	269	3500	346
25	24	130	97	320	175	950	274	4000	351
30	28	140	103	340	181	1000	278	4500	354
35	32	150	108	360	186	1100	285	5000	357
40	36	160	113	380	191	1200	291	6000	361
45	40	170	118	400	196	1300	297	7000	364
50	44	180	123	420	201	1400	302	8000	367
55	48	190	127	440	205	1500	306	9000	368
60	52	200	132	460	210	1600	310	10000	370
65	56	210	136	480	214	1700	313	15000	375
70	59	220	140	500	217	1800	317	20000	377
75	63	230	144	550	226	1900	320	30000	379
80	66	240	148	600	234	2000	322	40000	380
85	70	250	152	650	242	2200	327	50000	381
90	73	260	155	700	248	2400	331	75000	382
95	76	270	159	750	254	2600	335	1000000	384
<i>Note: N is Population Size; S is Sample Size</i>					<i>Source: Krejcie & Morgan, 1970</i>				

Source: Krejcie and Morgan, (1970).

Regarding sampling method, the researcher adopted the proportional stratified sampling method of the probability sampling technique to select 375 small and medium-sized enterprises operating within the Sekondi-Takoradi Metropolis. Stratified sampling method is a method of dividing the population into two or more segments called strata (plural). Afterwards, samples were drawn from each stratum (singular) by employing the simple random sampling and these sub-samples were put together to form the complete stratified sample.

Using the total population in each of the 20 communities (Ghana Statistical Service, 2014) in the Sekondi-Takoradi Metropolis, the researcher used the proportional stratified sampling method to show how the 375 SMEs were selected to form a complete stratified sample. This sampling method allowed for SMEs operating in each of the 20 communities to have independent and equal opportunity to be selected, making it more accurate and representative. This is shown in Table 3.

Table 3: Proportional Stratified Sampling Method

Communities	Population	Workings	Sample Size
1. Takoradi	76,665	$(76,665/475,157)*375$	61
2. Effiakuma	60,932	$(60,932/475,157)*375$	48
3. Kwesimintsim	40,542	$(40,542/475,157)*375$	32
4. Kojokrom	37,722	$(37,722/475,157)*375$	30
5. West Tanokrom	35,616	$(35,616/475,157)*375$	28
6. Anaji	31,669	$(31,669/475,157)*375$	25
7. Sekondi	30,453	$(30,453/475,157)*375$	24
8. New Takoradi	21,924	$(21,924/475,157)*375$	17
9. Essikado	20,212	$(20,212/475,157)*375$	16
10. Aprembo	14,106	$(14,106/475,157)*375$	11
11. Kweikuma	13,570	$(13,570/475,157)*375$	11
12. Ntankoful	13,439	$(13,439/475,157)*375$	11
13. Ngyiresia	11,861	$(11,861/475,157)*375$	9
14. East Tanokrom	11,689	$(11,689/475,157)*375$	9
15. Effia-Village	10,936	$(10,936/475,157)*375$	9
16. Fijai	9,729	$(9,729/475,157)*375$	8
17. Assakai	9,139	$(9,139/475,157)*375$	7
18. Adiembra	8,519	$(8,519/475,157)*375$	7
19. Kansaworodo	8,228	$(8,228/475,157)*375$	6
20. Nkroful	8,206	$(8,206/475,157)*375$	6
Total	475,157		375

Source: Ghana Statistical Service (2014)

Data Collection Issues

The data needed from the respondents were their views on their financial literacy level. Two types of data exist. These are primary data and secondary data. According to Malhotra and Birks (2007), secondary data are data which is already prepared by a third person for use. The authenticity of the secondary data may not be known. The original data that the researcher collects from the respondents is considered as the primary data. Because of the purpose of this research work, primary data was used. Primary data used were the responses of the owner managers of the SMEs. Primary data was accessed by a questionnaire. Data collection was aided by field assistants from 14th May to 25th June, 2019 (six weeks).

Instrument Design

Questionnaire was purposely the instrument used for the collection of data for the research work. Closed ended questionnaire was used for data collection for easy data collection and analysis. The first section of the research instrument (questionnaire) focused on the demographic features of the respondents, and the second section contained some statements that measure the respondents' financial literacy. The statements about financial literacy were rated by the respondents with the introduction of a five-point likert scale which is one-dimension scale and an ordered scale which provide the opportunity for the respondents to choose from based on their own views. The five point likert scale employed in this research ranges from "Strongly Agree" on one end to "Strongly Disagree" on the other end with "Neutral" in the middle. A numerical value is assigned to each level on the scale. The

coding or the numerical value usually begins at 1 is increased by 1 for each level of the ordered scale.

Ethical Issues

In ensuring stringent compliance with the research ethics, a clause was stated in the introductory paragraph of the questionnaire assuring respondents of anonymity and confidentiality. Additionally, the time required for filling the questionnaire was mutually agreed between the respondents and the researcher.

Field Work

Upon arrival at the selected areas in the Metropolis, the SMEs chosen for the research work were approached. The researcher introduced himself to the owners of the SMEs by showing the student identity card to the owners. After the introduction, permission was granted by the respondents and the questionnaires were given to them to answer. The respondents who had some difficulties understanding some aspects of the questionnaire, the researcher explained such aspects to them. After 30 minutes, the research instruments were collected from the respondents. Respondents who provided dubious responses were later approached for correction. In all, it took the researcher about one month 6 days for collecting the data.

Field Challenges

Some few challenges were encountered during the data collection by the researchers on the field. First, some of the respondents were hesitant to provide responses to the questionnaire because they were busy doing their businesses. Another challenge was that; some respondents were asking for gifts from the researcher to motivate them to answer the questionnaire.

Data Preparation and Analysis

Upon receiving the research questionnaires, they were rigorously checked to find out if they were answered well and were qualified to be included in the sample. Items with dubious or necessary missing responses were taken out during the analysis since it would have had bad repercussions on the research results. Questionnaires that have good responses were coded and keyed into the Software Package for Social Sciences (SPSS V. 21).

The data was then assessed for its accuracy and was modified when it required editing. After accurate data have been acquired, statistical analysis tools which include frequency tables, charts, and correlation analysis were employed to make necessary comparison for the entire item in the research questionnaire. This helps to have a clear picture of how the nature of the data would be like and the accuracy of the responses provided by the respondents. Charts and Tables were employed to make the analysis and interpretation simple. Also correlation analysis is adopted to allow for testing the association among the variables.

Chapter Summary

The study seeks to examine financial literacy among owner-managers of SMEs in the Sekondi-Takoradi Metropolis. The section looked at the research design adopted for the research, research population, procedure for sampling and size of the sample, instrument used to collect data, validity research instrument, instrument reliability, data analysis procedures, ethical issues, and chapter summary. In terms of the research design, the quantitative research methodology was adopted for the study. Also, the study adopted the correlation study design. Using a target population of 13,984 SMEs operating

in the Sekondi-Takoradi Metropolis, a total number of 375 SMEs were selected for making the sample size of the research. Respondents constituted owner-managers of SMEs. Questionnaire which was structured was employed to collect the data. The questionnaire was pre-tested to ensure validity of results. Descriptive and inferential statistics such as the T-test and correlation analysis were employed during the analysis of data.

CHAPTER FOUR

RESULTS AND DISCUSSIONS

Introduction

Presentation of the research findings are made in this chapter. The research was geared towards determining financial literacy among owner-managers of SMEs in the Sekondi-Takoradi Metropolis. A 375 number questionnaires were given to the owner-managers of SMEs in Sekondi-Takoradi Metropolis, of which 368 valid responses were obtained making 98.13% response rate which is identified to be a better rate of response. The results were presented by means of Tables, charts and mean values.

Demographics

The responses on the gender of the respondents, age group, educational level, marital status, and the number of years the SMEs have been in business are highlighted in the following sub sections. The response sizes from the results are presented in terms of percentage.

Gender details

The gender details of the employees of the SMEs obtained are presented in Figure 2.

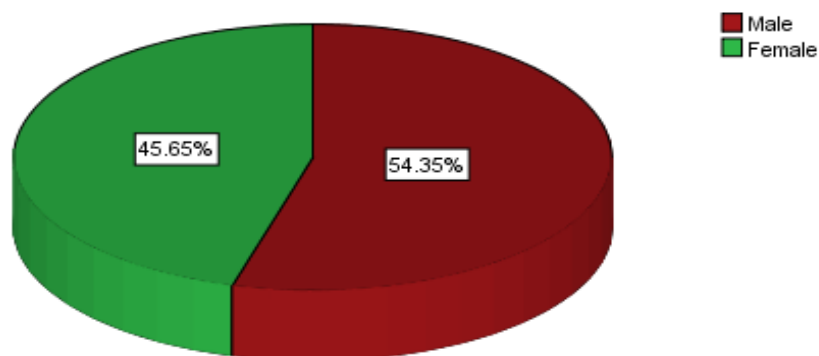


Figure 2: Gender Distribution
Source: Sekyere, (2019)

As indicated in Figure 2, 54.35% of the owner-managers which constitute the major part of the respondents are males, whilst the remaining 45.65% were females. This means that the study captured both male and females to help mitigate gender bias in the study. The differences in gender is small so as not to raise some concerns.

Age distribution

Figure 3: Features the age categories of the respondents.

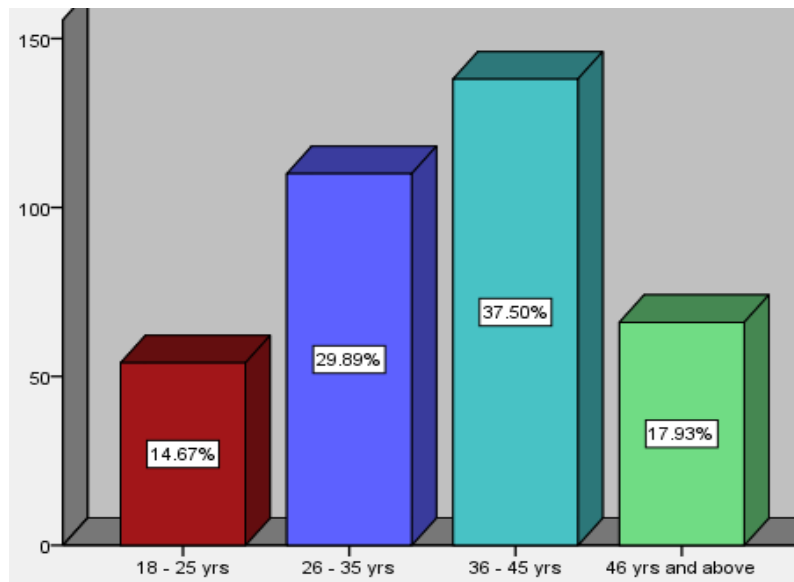


Figure 3: Age Distribution

Source: Sekyere, (2019)

There are four categories of age groups obtained from the study. As displayed in Figure 3, it is very clear that majority with 37.50% of the owner-managers fall in the age category of between 36 – 45 years, this was followed suit by 29.89% who are in the age category of 26 – 35 years. Meanwhile, 17.93% and 14.67% fall in the age cohort of 46 years and above; and 18 – 25 years respectively. These age groups are active and might be willing to be financial literate to manage their businesses.

Marital Status

The responses on the marital status of the SMEs owner-managers obtained are featured on figure 4.

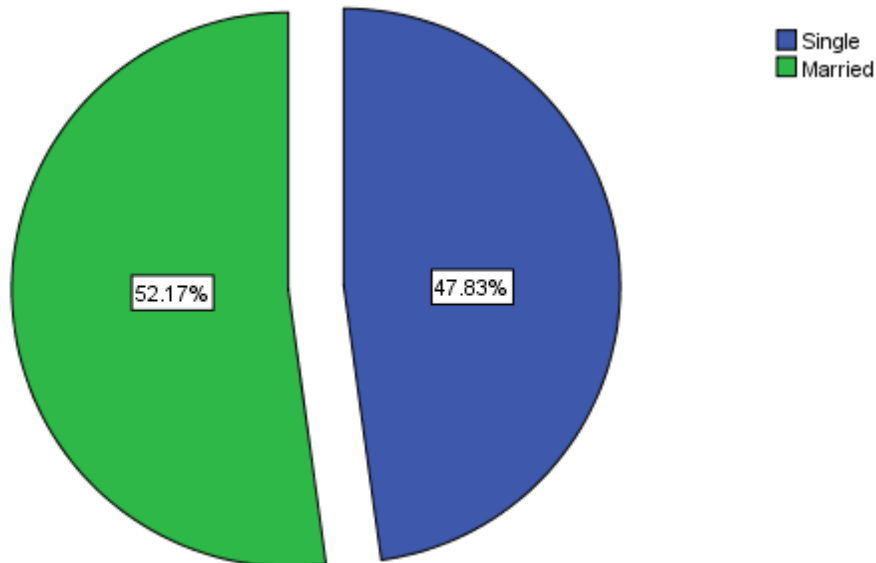


Figure 4: Marital Status
Source: Sekyere, (2019)

As inferred from figure 4, a little bit above half (52.17%) of the SMEs owner-managers are married whereas the remaining 47.83% single. This might result from the lucrative nature of the SMEs making the owner-managers being financially healthy to marry.

Educational Level

Responses on the education levels of the owner-managers which were gathered are revealed in Figure 5.

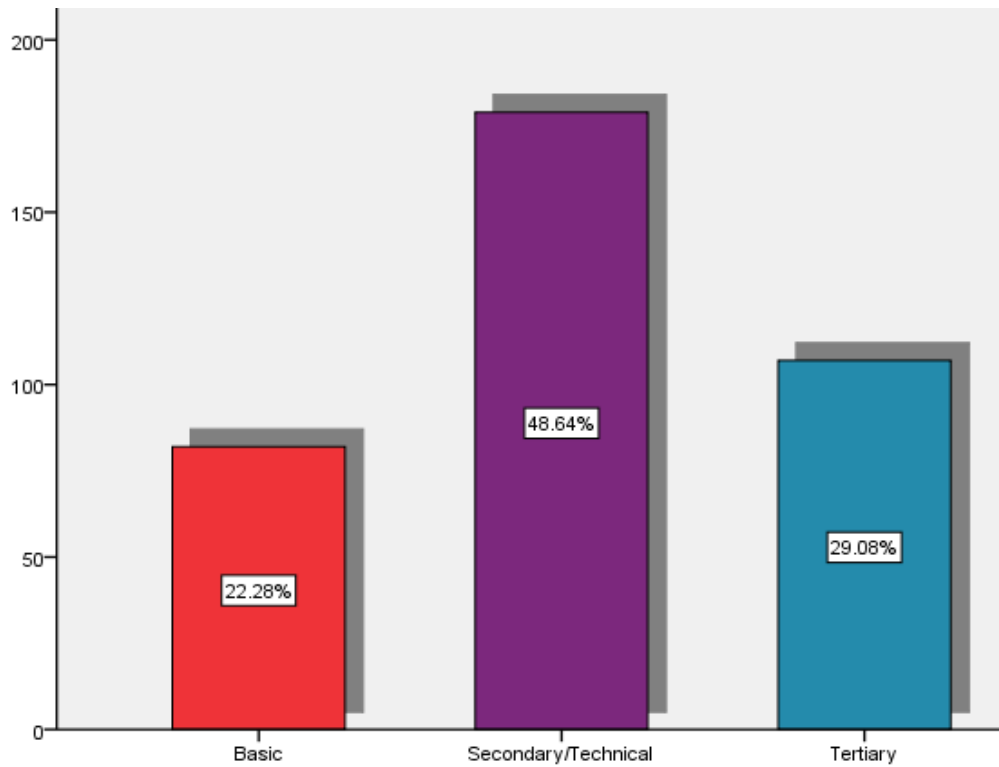


Figure 5: Educational Level
Source: Sekyere, (2019)

According to Figure 5, the owner-managers with secondary/technical are the dominant among the SMEs owner with 48.64%, 29.08% have tertiary certificates with 22.28% possessing basic school certificates. This means that it doesn't take one to own some high level education to be an SME owner.

Age of Business

The number of years the SMEs have been in existence is featured on Figure 6.

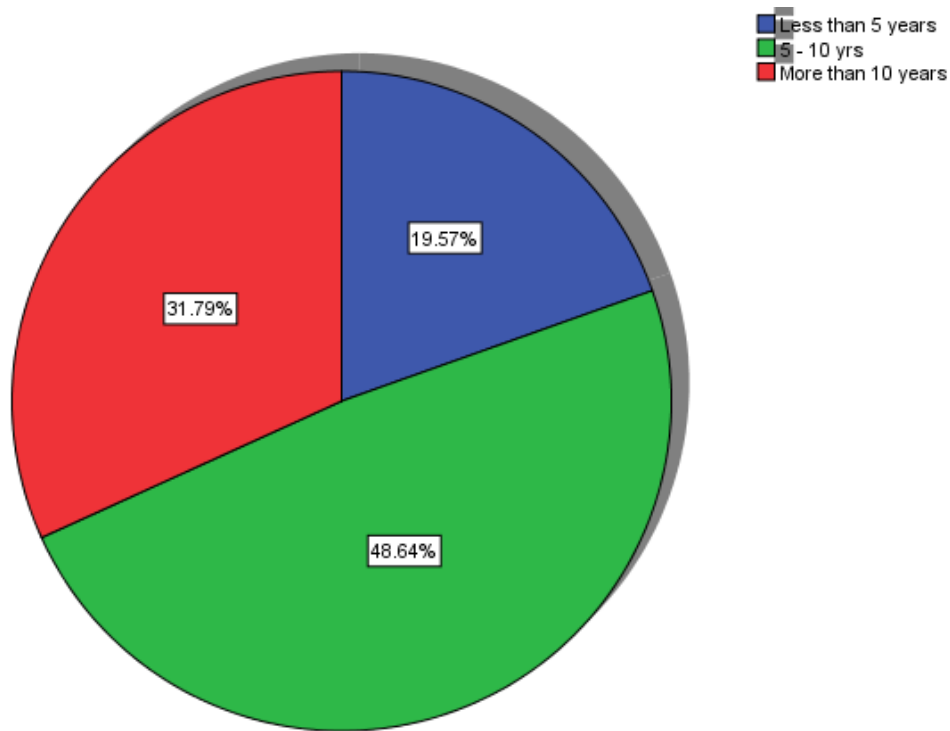


Figure 6: Age of Business
Source: Sekyere, (2019)

According to Figure 6, majority of the owner-managers which constitutes 48.64% have operated the SMEs for 5 – 10 years, 31.79% claimed their business has existed for more than 10 years, and 10.57% said they have operated their business for less than 5 years. Since, the number of years the SMEs owner-managers have operated their business is quite respectable, the responses provided are actual indications of what takes occurs there.

Financial Literacy

In analysing financial literacy, the respondents rated some statements that relates to the financial literacy of the owner-managers. These statements were rated on a five point likert scale which ranges from 1 representing least agreement and 5 indicating strong agreement. The interpretation of the findings was made using standard deviation values and mean values.

Table 4: Financial Literacy of SMEs owner-managers

	Mean	Std. Deviation
Setting goals for the future is important.	3.6196	.97760
I will purchase goods that are necessary to me.	3.5408	.96448
I worry a lot after I have made decisions on my money.	3.4158	.94737
My money management will affect my future.	3.3668	.94173
Upon receiving money, I spent it	3.1332	1.04722
It is difficult to prepare a spending plan for my family.	2.9565	1.01125
Spending money is satisfying than for future savings.	2.7908	1.03467
Saving is impossible for our family.	2.5788	.96494
I prefer purchasing goods, since I feel better with that.	2.5516	1.00275
I don't think about the future, I prefer only the present.	2.5136	.94239
When making decisions on loans and financial products, I make enquiries from different banks/companies.	3.6522	1.22138
Before I buy any item, I check carefully if I can pay for the item.	3.6223	1.12985
When buying items, I compare prices.	3.5326	.90654
My bills are paid in time.	3.5082	1.28921
I make provisions for paying my obligations each month.	3.4837	1.08231
I invest in various investments	3.4701	1.28677
Before I spend money, I discuss with my family.	3.4512	1.26866
I know the percentage I pay as income tax.	3.4402	1.24700
When my income increases, I save more.	3.4022	1.12983
Through money management, I meet my goals.	3.3750	1.17217
I have control over my own spending and make financial recordings/notes.	3.3696	1.09711
Each month, I save some of my pay.	3.3505	1.21501
My financial decisions are based on setting goals.	3.3421	1.05939
I regularly save some money for achieving financial goals in the future.	3.3342	1.32867

Table 4 continued

I can estimate the amount to pay for goods on credit.	3.2554	1.04658
I stay away from impulse buying and shopping is entertaining.	3.2527	1.16429
Before purchasing on large quantities, I consider my bills.	3.2473	1.06017
Part of my income is saved every month for future use.	3.2283	1.01866
I make a budget/spending plan.	3.2255	1.05990
Part of my income has been saved since, the last 12 months.	3.1658	1.32969
I pay my debts in full to prevent further interest charges.	3.1549	1.22660
I borrow money from friends or relatives to settle my bills.	3.1386	1.14593
My income can't cover my expenses.	3.1141	1.15926
My financial records are organized and I can easily spot my documents.	3.0625	1.12872
I spend money before getting it.	2.9538	1.16980
I calculate my personal properties annually.	2.7690	1.28645
Reserves of my finances are equal to or 3 times above the expenses I made on monthly and it easily accessible.	2.6332	1.16192

Source: Sekyere, (2019)

Per the presentation on Table 4, the owner-managers believe that setting goals for the future is important; spend money only on necessary goods; and worry a lot after a decision has been made concerning their money. These are represented with mean values of 3.62, 3.54 and 3.41 respectively. The mean values fall approximately to the rank of 4 indicating that the owner-managers embark on these issues. The disparities among their opinions are represented with values of 0.98, 0.96 and 0.95 respectively which measures the standard deviation. Moreover, statements such as how their future would

be affected based on the way they manage their money (3.37), money is gained for spending (3.13); family spending plan is difficult to be prepared (2.96); and the believe that spending money is of great satisfaction than to save it for future use (2.79) are moderately considered by the owner-managers. The levels of differences in the opinion of the owner-managers are signaled by the corresponding standard deviation values obtained against these statements.

However, savings being impossible for their family; buying things; not worrying about the future by living only in the present were moderately embarked on by the owner-managers. These are reflected with mean values of 2.58, 2.55 and 2.51 with 0.96, 1.00, and 0.94 representing the variations in their responses.

The respondents seem to perceive that in making decisions on the loans and financial product to use, they make the necessary enquiries from different banks and companies; before they buy items, they check if they have enough money to purchase it; compare prices when making a purchase; and pay their bills on time. These are reflected with values of 3.65, 3.62, 3.53 and 3.51 respectively. The variations in their opinions are represented with the corresponding standard deviation values. Others proposed that; each month they were able to pay their own household expenses and other obligations (3.48); invest their money in more investment portfolios (stocks, real estate, savings and bonds) (3.47); discuss with their family on how they spend their money (3.45); know the percentage they pay as tax from their income (3.44); and upon getting increase in salary/wages they save more (3.40) and so on. However, they have less knowledge in terms of keeping organised financial records and how to easily locate their documents (3.06); how to spend money

before getting it (2.95); how to calculate their personal properties annually (2.77); and how to create a financial reserve greater than or equal to 3 times their monthly expenditure (2.63).

Relationship between gender and financial literacy among owner-managers of SMEs

Table 5 presents the mean differences between female and male in their financial literacy level.

Table 5: Mean differences between male and female in their financial literacy level

	Gender	Mean	Std. Deviation	Std. Error Mean
Financial Literacy	Male	3.1746	0.3649	0.0258
	Female	3.1482	0.3263	0.0252

Source: Sekyere, (2019)

From Table 5, the financial literacy level for the males recorded a mean value of 3.17 and that of the female is 3.15. Since, the mean value of the males’ level of financial literacy is more than that of the females, it implies that the males demonstrate a bit more financial literacy level in comparison with the females.

To establish how significant is the association between financial literacy and gender among owner-managers in SMEs, the t-test is used. This shows the differences between gender (male and female) and their relationship with financial literacy. How significant is the disparities in their financial literacy is presented on the t-test table.

Table 6: T – test between male and female in their financial literacy level

	T-test for Equality of Means				95% Confidence Interval of the Difference	
	T	Df	Sig. (2-tailed)	Mean Difference	Lower	Upper
Equal variances assumed	0.724	366	0.470	0.02636	-0.0452	0.0979
Equal variances not assumed	0.731	364.55	0.465	0.02636	-0.0445	0.0975

Source: Sekyere, (2019)

From Table 6, the mean difference between males and females was noted to be 0.026 which indicates that there is a very slight disparity in the financial literacy among the females and males. That is the males are 0.02636 on the average more literate than the females. The table revealed a t-test value of 0.724 which resulted in a significant value of 0.470. Significant values more than the compared alpha level of 0.05 indicates insignificant relationship. Therefore, since the significant value of 0.470 is more than the alpha level of 0.05, then there is enough evidence at the confidence level of 95% that the differences or the association between gender and their financial literacy is not statistically significant. Base on this, the study failed to reject the null hypothesis which suggested that there is insignificant association between gender and financial literacy of the owner-managers in SMEs.

Relationship between age and financial literacy among owner-managers of SMEs

In testing for the relationship between age and financial literacy among owner-managers in SMEs, the correlation analysis is employed. The correlation analysis provides coefficients which indicate the strength and direction of linear association between the variables. Coefficient values below 0.5 indicates poor relationship, coefficient more than 0.5, but below 0.8 indicates a moderate relationship and coefficient above 0.8 suggests strong association (Berk & Devore, 2007). In determining whether the association would be insignificant or significant would observed using the p-value. P-values is below 0.05 indicates that the association is significant or otherwise. The association between financial literacy and age is presented on table 7.

Table 7: Relationship between age and financial literacy

		Age	Financial Literacy
	Pearson Correlation	1	.744**
Age	Sig. (2-tailed)		.000
	N	368	368
	Pearson Correlation	.744**	1
Financial Literacy	Sig. (2-tailed)	.000	
	N	368	368

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

Source: Sekyere, (2019)

Table 7 revealed a Pearson correlation coefficient value of 0.77. This is an indication that a positive and moderate association exists between age and financial literacy of the SMEs owner managers. A 0.00 significant value being lower than 0.05 is noted for the association that exists between financial

literacy and age. This testifies that the relationship observed is statistically significant. Hence, an increase in the age of the SMEs owner managers leads to a significant and moderate increase in financial literacy. With reference to this, the study rejected the null hypothesis (Ho) which claimed that there isn't any significant association between age and financial literacy of the owner-managers of the SMEs.

Relationship between level of education and financial literacy among owner-managers of SMEs

The last objective of the research was to analyse the association between level of education and the level of financial literacy of the owner-managers in SMEs. The correlation analysis is used for this presentation. Table 8 presents the results.

Table 8: Relationship between educational level and financial literacy

		Educational level	Financial literacy
	Pearson Correlation	1	.713**
Educational level	Sig. (2-tailed)		.000
	N	368	368
	Pearson Correlation	.713**	1
Financial literacy	Sig. (2-tailed)	.000	
	N	368	368

** . Correlation is significant at the 0.01 level (2-tailed).
Source: Sekyere, (2019)

From Table 8, the correlation between financial literacy and educational level showed a Pearson correlation coefficient of 0.713. This value implies that there is a positive and moderate correlation between financial

literacy and educational level. A significant value of 0.00 found against the relationship is an indication that, the association between financial literacy and educational level is significant. This shows that as the educational level of the owner-managers of the SMEs increase, their financial literacy level also rises. By this observation, the study rejected the null hypothesis (Ho), which states that there exist no significant association between educational level and the level of financial literacy among the owner-managers of the SMEs.

Discussion of Findings

It was observed that the male owner-managers outnumber the female owner-managers. Moreover, the differences between male to female ratio was not all that high. In the context of Ghana, men dominate in a lot of the professions than the females. This is at par with Hofstede's (1994), suggestion on gender. This again agrees with Hofstede's (1994), who asserted that, males pay attention to material success and are more assertive; whilst females are tender, show interest in quality of life, and are more modest. From the findings of the research, this is what occurs among the owner-managers of the SMEs in Ghana, as a result more males are found operating SMEs than females.

The highest level of academic attainment of most of owner-managers was secondary/tertiary. Only a few were at the basic and tertiary level. Being an owner and manager at the same time requires some intellectual capacity and individuals with secondary/tertiary and tertiary level of education have such qualities to undertake such activities. The owner-managers have demonstrated that it does not take high level of academic qualification to own and manage SMEs.

It was obvious from the results that the males were more financially literate than the females. In terms of demographic features of the SMEs owner-managers, the financial literacy differs (Potrich et al., 2015). The findings of this study is in line with Klapper, Lusardi, & Van Oudheusden, (2015), who asserted that, worldwide, males have high level of financial literacy than females. Based on the perspective of Lusardi and Mitchell (2014), women having low financial literacy are as a consequence from the likelihood that, women fail to provide more accurate responses to questions that relates to financial literacy and are prone to state that they have no idea about the answer. This is constantly noted by (Lusardi & Mitchell, 2014).

The age of the owner-managers which was noted to have an association which is significant with financial literacy is at par with the findings from Akoto (2015); and Onyango, (2014). According to these authors, geographical location, such as educational level as well as age significantly affect the financial knowledge level. Moreover, it was identified that as the owner-managers age increases their financial literacy level also increases. This refutes the results from Klapper et al., (2015). According to these authors, for the major advanced economies, middle aged individuals demonstrates high financially literate than older generations or older people which this study does not support it.

The results that the owner-managers with high educational level having high financial literacy is supportive of the research findings by Potrich et al., (2015); and Agarwalla et al. (2015). As found by these authors, the high educational level significantly predicts high financial literacy level. This was explained by Brunson, (2016), by saying that if peoples fail to invest in

studying financial courses, such peoples will make financial decisions which are poor and can have negative effect on their lives.

According to Willis (2017), education in finances is to help individuals who with ability for good management of their businesses and create regulations on finances and policies on the economy. This finding is also in tendon with Ghazali *et al.* (2017), in their study conducted in Malaysia. These authors observed that students who have attained tertiary level of education were more financially literate than the high school students. They concluded that the more the individuals educational level, the higher the financial literacy level.

Chapter Summary

This chapter considered the findings and also discussed research results of study. It began with the respondents' demographic features. The demographic section focused on gender, age, educational level and the number of years the SMEs has been in operation. The second section focused on the respondents financial literacy. This chapter was written in accordance with the objectives of the study. Therefore, issues like the association between financial literacy and gender, association between financial literacy and age and finally, the association between educational level and financial literacy were considered. In addition, the discussion of the findings with reference from previous studies was undertaken.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

Introduction

This chapter details the summary of the findings from the research. The summary was made in relation to the results from the previous chapters. The findings from the results of the research were combined and discussed accordingly. A more detailed conclusion was drawn after the summary of the findings have been made. Moreover, recommendations were made base on the findings from the research and limitations identified in the research.

Summary of Findings

This sub-section entails the summary of the results which are based on the research objectives. The study considered a sample size of 375 from which 368 valid responses were obtained. This makes a response rate of 98.13%. This response rate is good for undertaking such a research work. It was identified from the results that the males outnumbered the females as the owner-managers of SMEs. However, the disparities between the males and females were less when compared to some other companies. The age of the owner managers were centered on 30 to 45 years and most of the SMEs owner-managers were found to have attained secondary/technical education. Also, most of the SMEs have existed for 5 – 10 years.

Relationship between gender and financial literacy

As part of the research objectives, the association between financial literacy level and gender of the owner-managers of the SMEs were tested. From the results, it was discovered that the males were more financial literate

than the females. Nevertheless, the association between gender and financial literacy level among owner-managers in SMEs was not statistically significant.

Relationship between age and financial literacy

Another objective of the research was to analyze the association between age and financial literacy of the owners of the SMEs. To achieve this, the correlation analysis was applied to test for the association between age and financial literacy among owner-managers in SMEs. The results indicated a moderate positive and association which is significant between the level of financial literacy and age of the owner-managers of the SMEs. As the age of the owners of the SMEs increase, so does their financial literacy.

Relationship between educational level and financial literacy

The last objective in relation to this research was to test for the relationship between educational level and financial literacy level of the owners of the SMEs. It was noted from the results that, a significant but moderate positive association exists between educational level and financial literacy of the owners of the SMEs. This means that increasing the level of education of the owners of the SMEs would significantly raise the financial literacy among the owner-managers of the SMEs. On the other hand, owners who were having high level of education demonstrated maximum financial literacy level in comparison with those with low educational level.

Conclusion

This research was geared toward the financial literacy among owner-managers of Small and Medium Sized Enterprises in the Sekondi-Takoradi Metropolis. With respect to this, the financial literacy of the SMEs owner-

managers were assessed, the association between financial literacy and gender, association between age and financial literacy and most importantly the relationship between level of education and the financial literacy of the owner-managers in SMEs were analyzed. Structured questionnaire was employed to collect primary data from the SMEs owner-managers. Descriptive analysis, t-test, and correlation analysis were performed on the study variables.

The results indicated that, owner-managers saw the need to set goals for the future; will only purchase goods that are of necessary to them and so on. Their overall financial attitude was noted to be on the average scale. In terms of financial behavior, that the SMEs owner-managers make necessary enquiries from different banks/companies in making decisions on the loans to apply and financial products, before buying anything they check carefully whether they are able to pay for it with the considerations of other factors. Insignificant association between financial literacy and gender was noted. The association between age and financial literacy was observed to be significant. The association between educational level and financial literacy was significant. In addition, those with high educational level were more financial literate than those with less attainment in education.

Finally, from the findings it can be concluded that there was insignificant association between gender and the level of financial literacy. Nonetheless, the relationship between age and the level of financial literacy was identified to be statistically significant; also there was significant association between educational level and financial literacy. The study therefore recommends that, SMEs owner-managers should further their education so as to increase their financial literacy level.

Recommendations

The recommendations below were made as a consequence from the results of the research.

It is recommended to the owner-managers to further their education on financial aspects, since it was observed that high level of education have significant and positive effect on the level of financial literacy.

SMEs owner-managers who are young adults should consider employing old adults to assist them in the financial aspects of the business as it was noted that, the older the owner-managers the higher their level of financial literacy.

To improve upon the financial literacy level, a recommendation is made that the owner-managers should embark on financial analysis so as to make informed decisions about the financial aspects of their businesses.

Recommendations for Further Studies

First and foremost, the recommendation for future research is the need for a comparative study between the SMEs and other higher institutions aside the SMEs about their financial literacy level.

In addition, future research could focus on determining the relationship between some factors which influences financial literacy. Such factors might include workshops/seminars on financial literacy, work and management of money and the government's role in shaping financial literacy.

Future research based on this same structure could be employed by adding information on the factors that leads to owners of the SMEs not showing much interest in financial education.

As this research applied quantitative research approach, a qualitative evaluation of a certain sample which involves personal interviews and direct interaction with the respondents for achieving a clearer understanding of their financial literacy level using different methods to test the conclusions is encouraged.

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APPENDIX

RESEARCH QUESTIONNAIRE

FINANCIAL LITERACY AMONG OWNER-MANAGERS OF SMALL AND MEDIUM-SIZED ENTERPRISES IN THE SEKONDI-TAKORADI METROPOLIS

Dear Respondent,

I am writing to ask for your help with my research on **Financial Literacy among owner-managers of Small and Medium Sized Enterprises in the Sekondi-Takoradi Metropolis**. I would be grateful if you could spare about 30 minutes to answer a few questions on this research. Participation is voluntary. In the event that anything is published from this research, no information supplied will be identifiable to you since only aggregated data will be reported in this study. The findings of this research will have implications policy formulation for the small and medium-sized enterprises operating in the Sekondi-Takoradi Metropolis, in particular

Thank you for your valuable time and input.

Questionnaire for Owner-Managers of SMEs

Section A: Demographic Characteristics

A1) Gender: a. Male [] b. Female []

A2) Age (years): a. 18 to 25 [] b. 26 to 35 [] c. 36 to 45 [] d. 46 and above

A3) Marital Status: a. Single [] b. Married []

A4) Highest level of education achieved: a. Basic [] b. Secondary/Technical [] c. Tertiary []

A5) What is the age of your business? a. Less than 5 years [] b. 5 to 10 years [] c. More than 10 years []

Section B: Financial Literacy (Financial Attitude, Financial Behaviour)

This section seeks data on the financial behavior of owner-managers in SMEs in the Sekondi-Takoradi Metropolis. Kindly indicate your level of agreement with each the following statements, on the scale:

1=Least Agreement to 5=Strong Agreement

SN	Financial Attitude	Scale				
B01	It is important to set goals for the future.	1	2	3	4	5
B02	Spending money is satisfying than for future savings.	1	2	3	4	5
B03	My money management will affect my future.	1	2	3	4	5
B04	Saving is impossible for our family.	1	2	3	4	5
B05	I don't think about the future, I prefer only the present.	1	2	3	4	5
B06	It is difficult to prepare a spending plan for my family.	1	2	3	4	5
B07	I prefer purchasing goods, since I feel better with that.	1	2	3	4	5
B08	I worry a lot after I have made decisions on my money.	1	2	3	4	5
B09	Upon receiving money, I spent it	1	2	3	4	5
B10	I will purchase goods that are necessary to me.	1	2	3	4	5
SN	Financial Behaviour	Scale				
B11	Reserves of my finances are equal to or 3 times	1	2	3	4	5

	above the expenses I made on monthly and it easily accessible.					
B12	My financial records are organized and I can easily spot my documents.	1	2	3	4	5
B13	Before buying anything, I check carefully if I can pay for the item.	1	2	3	4	5
B14	When my income increases, I save more.	1	2	3	4	5
B15	I regularly save some money for achieving financial goals in the future such as retirement and buying a house.	1	2	3	4	5
B16	Part of my income has been saved since, the last 12 months.	1	2	3	4	5
B17	I know the percentage I pay as income tax.	1	2	3	4	5
B18	I make a budget/spending plan.	1	2	3	4	5
B19	I pay my debts in full to avoid further interest charges.	1	2	3	4	5
B20	Before I spend money, I discuss with my family.	1	2	3	4	5
B21	When making decisions on loans and financial products, I make enquiries from different banks/companies.	1	2	3	4	5
B22	Through money management, I meet my goals.	1	2	3	4	5
B23	I invest in various investments	1	2	3	4	5
B24	Part of my income is saved every month for future use.	1	2	3	4	5

B25	I make provisions for paying my obligations each month.	1	2	3	4	5
B26	I stay away from impulse buying and shopping is entertaining.	1	2	3	4	5
B27	My financial decisions are based on setting goals	1	2	3	4	5
B28	When buying items, I compare prices.	1	2	3	4	5
B29	My bills are paid in time.	1	2	3	4	5
B30	I calculate my personal properties annually.	1	2	3	4	5
B31	Before purchasing on large quantities, I consider my bills.	1	2	3	4	5
B32	Each month, I save some of my pay.	1	2	3	4	5
B33	I spend money before getting it.	1	2	3	4	5
B34	I can estimate the amount to pay for goods on credit.	1	2	3	4	5
B35	I have control over my own spending and make financial recordings/notes.	1	2	3	4	5
B36	My income can't cover my expenses.	1	2	3	4	5
B37	I borrow money from friends or relatives to settle my bills.	1	2	3	4	5