CHRISTIAN SERVICE UNIVERSITY COLLEGE

SCHOOL OF BUSINESS

DEPARTMENT OF ACCOUNTING AND FINANCE

ASSESSING THE INFLUENCE OF FINANCIAL LITERACY AMONG ARTISANAL MANAGERS OF SUAME MAGAZINE

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DECLARATION

I hereby declare that this submission is my own work towards the BBA Banking and Finance degree and that, to the best of my knowledge, it contains no material previously published by another person nor material which has been accepted for the award of any other degree of the university, except where due acknowledgement has been made in the text.

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DEDICATION

This work is dedicated first to the Almighty God for his guidance and strength and to our friends, family and every single person who played a part in making this work a success.

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ABSTRACT

Previous studies highlighted that financial literacy is still low and many individuals failed to manage their finances and businesses as well. This study aims to examine the factors that influence financial literacy among artisanal managers. The theory used for the study is the resource-based view theory (RBC). Data was collected using a self – administered questionnaire and there were 145 respondents who participated in the study. SPSS version 21 was used for data analysis. The multiple linear regression result reveal factors such as education and income are statistically significant and have a positive influence on financial literacy. The study provides guidance on how policy makers and bodies such as National Board for Small Scale Industries (NBSSI) and Association of Ghana industries (AGI) should collaborate and organise workshops for most micro businesses on the need for financial literacy.

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CHAPTER ONE

INTRODUCTION

1.0 BACKGROUND OF THE STUDY

The importance of small and medium enterprises (SMEs) in a country's socio-economic development is becoming more widely recognized. These enterprises mostly referred to as influential and prolific job creators and the seed of big companies, and the fuel for national engines. (Carsamer, 2012).

Governments, financial institutions, and non-profit organizations in developed countries and policy debates in most countries are concerned about the development of most artisanal sectors, which are part of Small and Medium Enterprises (Eniola and Entebang, 2015).

Small and medium-sized enterprises (SMEs) are vital to socioeconomic development because they play a critical role in the production of new jobs, increased GDP, innovation, and entrepreneurship (Karadag, 2017). Local artisans have the potential to help boost not just the economy but also the living conditions of people in poverty-stricken countries around the world. According to Akorsu and Agyapong (2012), this field contributes to economic growth through job creation, GDP, innovation, human capital development, and poverty reduction.

Micro enterprises, such as those in the artisanal sector, have made a significant contribution to economic growth because they act as a link between a population's buying power and the affordability of the goods available to them (Sucuahi, 2013). The important role played by this sector can be well- harnessed and sustained through a fine and precise financial management of the artisanal managers themselves.

According to Berman, Saunders, and Beresford (2006), financial literacy, as cited in Sucuahi (2013), is a critical component of good business practices and development. According to Borodich et al. (2010), an effective company leads to global competitiveness.

Without financial literacy, a company will be forced to close (Niederauer, 2010). The artisanal sector's financial base is a significant barometer of its performance and development in a competitive business setting. Bad preparation, inadequate access to funding, and weak financial planning (Oluoch, 2014; Agyei, 2014; Njoroge, 2012) is due to a low degree of financial knowledge and small business and enterprise administration.

People with financial literacy abilities prefer to make sound financial choices, and less management failures than their financially illiterate peers (Njoroge, 2014; Fatoki, 2014).

According to Adomako et al. (2016), the micro sector of which the artisanal sector plays a major role are still constraint with limited financial knowledge and do not have the capacity to identify new financial product and this hinders their growth. Even though Abor and Quartey (2010) posit that the small and medium enterprises (SMEs) can attract skilled personnel, but they can hardly compete with larger businesses due to lack of financial management information.

According to Abor and Quartey (2010), even though SMEs sector can attract skilled managers, but they can hardly compete with larger firms. The scarcity of financial management information, prevalent in most developing countries, has a crucial impact on SMEs' growth. For the past two decades, scholars and policy makers have identified that SMEs financial literacy is critical for the establishment, growth, and survival of small enterprises (Wise, 2013).

According to Oseifuah (2010), financial literacy among SMEs is very crucial as it enables them to undertake decisions of which have financial implications. Also, Dahmen et al. (2014), posit that inadequate financial literacy knowledge among SMEs results to inability of these businesses to operate successful and the effect is that the entire economy is at risk. Moreover, interest in SMEs' financing and growth has taken center stage of policy debates in most developing economies (Atkinson and Messy, 2012; Adomako et al., 2016; Dahmen et al., 2014). According to Remund (2010), financial literacy is more than a measure of knowledge, it also encompasses competency in actively managing an individual's personal finances from the point of accumulation to the point of consumption. Financial education can help most SMEs to save towards increasing their working capital to avoid the high cost charged for financial transactions by non-financial institutions. According to Lusardi (2012), financial literacy encompasses knowledge and cognitive skills with a set of desirable attitudes, behaviours, and external enabling factors to achieve financial objectives of the business. This includes skills such as budgeting, bill payment, debt acquisition and payment, management of consumer problems, and comparison shopping (Reich and Berman 2015). According to the World Bank Global Development Report (World Bank, 2013), the attainment of these skills is critical for the growth and survival for SMEs in developing countries. The report showed that informal businesses in emerging markets face significant financial management constraints that undermine their contribution to employment, productivity, innovation, and growth.

Meanwhile, efforts of scholars to address the deficiencies among SMEs regarding financial literacy have rather focused on alternative model for financing SMEs in

Ghana (Akorsu and Agyapong, 2012). Previous research work focusses on financial literacy among students, employees, and the general population (Borodich et al., 2010; Arrondel et al., 2014; Plakalovic, 2012). Again, other recent studies such as;(Asare 2014; Boateng and Poku 2019; Al-Maskari et al. 2019) have concentrated so much on the accessibility of financing, managerial capability and general business environment as the key drivers influencing on SMEs efficiency. Small-scale artisan owners make multidimensional financial choices when operating their companies. As a result, financial literacy becomes an essential instrument for managers resulting in their growth and success (Adomako and Danso 2014).

This has resulted in the scarcity of literature in financial literacy among artisans in developing economy, Ghana and this calls for scholarly attention. Therefore, this current study seeks to ascertain the assessing the influence of financial literacy among artisans in the suame magazine, Ghana.

1.1 Statement of the Problem

Small and medium scale enterprises (SMEs) represent over 90% of the businesses and account for 50 to 60% of employment in most African countries (Ahiawodzi and Adade, 2012). According to Abor and Quartey (2010), SMEs in Ghana provides about 85% of manufacturing employment, contribute about 70% to Ghana's Gross Domestic Product (GDP) and account for about 92% of businesses in Ghana. Yet, SMEs in developing economies face several problems such as lack of financial management skills which places significant constraint on SME development (Adomako et al., 2016). A world Bank study in 2001 indicates about 69% of the artisans as reported in Adeya (2008) had no formal education beyond primary school.

According to Sucuahi (2013), Lack or no financial literacy would lead to shut down of the business and good financial foundation of SMEs is also a significant barometer of the success and growth of SMEs in a competitive business environment. The recent financial crisis because of the Covid – 19 pandemics has shifted the attention of the world towards the importance of financial literacy to not only individuals but to the sophisticated business owners. The Covid – 19 pandemics has revealed the severity of the consequences that individuals have made through their lack of knowledge especially when it comes to making financial decisions. The global financial crises have also accelerated awareness of the need to improve financial literacy among SMEs notably artisans. Huston (2010) exerted that financial mistake can impact not only individual welfare but create negative externalities that affect all economic participants as well. Hence, financial literacy will enable businesspeople to function efficiently at work because they are able to evaluate the information needed to make decisions that have financial consequences (Abdullah and Chong,2014). If more artisans are financial savvy, then we can rest assured that financial blunders such as high default risk on loan payment and shut down of businesses could be avoided.

According to the World Bank Global Development Report the attainment of knowledge about financial literacy is critical for the growth and survival for businesses in developing countries (World Bank, 2013). Meanwhile, efforts of scholars to address the deficiencies in this area have focused on the general SMEs sector (Akorsu and Agyapong, 2012) focusing on alternative source of financing with little attention on the specific sectors such as the artisanal sector. Previous studies focuses on determinants of financial literacy among students, employees and the general population ((Borodich et al., 2010; Arrondel et al., 2014; Plakalovic, 2012).This has resulted in the scarcity of literature in the area of financial literacy among artisans in developing economy, Ghana and this calls for scholarly attention.

Therefore, this current study seeks to assess the influence of financial literacy among artisan of suame magazine, Ghana.

1.2 Objectives of the Study

The study seeks to find out the factors that influence financial literacy among artisans in Ghana. Specifically, the study seeks:

1. To assess the influence of age on the level of financial literacy among artisans of suame magazine.
2. To determine the influence of education on the level of financial literacy among artisans of suame magazine.
3. To assess the influence of income on the level of financial literacy among artisans of suame magazine.

1.3 Research Questions

1. What is the influence of age on the level of financial literacy among artisans of suame magazine?
2. What is the effect of education on the level of financial literacy among artisans of suame magazine?
3. What is the effect of income on the level of financial literacy among artisans of suame magazine?

1.4 Significance of the Study

This research work is important and timely for several reasons. First, the study contributes to the body of literature on strategies to revive the SME sector during the era of the global Covid – 19 pandemics. This study will also provide information to financial institutions to intensify the education and training on the awareness of the owners of businesses in the SME sector especially artisans to be financial literate.

This study will also contribute to policy and government agencies to focus on educating the informal sector business managers on the need to be financially literature rather than over dependent on alternative source of funding through government social interventions and credit to finance their businesses.

This study is therefore not only important to these stakeholders, but also timely due to the important contributions of SMEs towards job creation and revenue generation to government through payment of taxes and their contribution to gross domestic products of developing economies.

1.5 Scope and Limitation of the Study

The study mainly focuses on artisans in the Suame magazine area in the Kumasi metropolis mainly the informal sector of the economy. The reason for the choice of artisans in this area is that Suame Magazine in Kumasi, Ghana is one of Africa's largest informal engineering clusters who may have inadequate knowledge in the application of financial knowledge in undertaking their business activities. More specifically, the study focuses on certain segment of the Suame Magazine since the researcher could not cover the whole of the area due to its large nature of about over 100, 000 artisan (Waldman – Brown, Obeng and Adu – Gyamfi, 2013). For this reason, there is the likelihood that issues to be discussed in this study might not be applicable to all artisans in Ghana.

The study met several hurdles. The major hurdle and limitations faced related to the fact the there are many SMEs in the informal sector scattered across the country, but this study is limited by inability to cover all artisans in Ghana. Again, there are many determinants of financial literacy, but this study only concentrated on three (3) of such factors. Finally, there exits some challenges during the data collection period hence inhibits the researcher to get a larger sample size as expected. This is since, most

SMEs owners perceive the information required from them as invasion of privacy. The researcher managed all these challenges and limitations to ensure the overall success of the study.

1.6 Organization of the Study

This study is structured into five chapters as follows; Chapter one outlines background of the study, the problem statement, research objectives and questions of the study and the significance of the study, scope, and limitation of the study. Chapter Two presents review of relevant literature (both empirical and theoretical in financial literacy). Chapter three describes the methodology of the current empirical study. Chapter Four was devoted to data analysis and discussion of findings. Chapter Five provides the summary of findings, conclusions, and recommendations for the study.

CHAPTER TWO

LITERATUR REVIEW

2.0 Introduction

This chapter contains a review of relevant literature related to the issues and variables under study. This includes meaning and overview of financial literacy and theoretical and empirical review of pertinent literature in the research area of financial literacy. The Resource-Based View theory underpins this study.

2.1 Meaning and Overview of financial Literacy.

The call for financial education is not a new phenomenon. Yet, the financial crisis and its aftermath have renewed practitioners and scholars' interests for greater financial inclusion aimed at improving the financial capability of small and medium scale enterprises (Adomako, Danso and Damoah, 2016). Huston (2010) suggests that there is no universally accepted definition of financial literacy. Huston (2010) describes financial literacy as measuring how well an individual can understand and use personal finance-related information and includes the ability and confidence of an individual to use their financial knowledge to make financial decisions.

For instance, the Institute of Economic Affairs (2012) refers to financial literacy as the set of skills and knowledge that allows individuals to make informed and effective decisions through their understanding of finances. According to Lusardi (2012), financial literacy encompasses expertise and cognitive skills with a set of desirable attitudes, behaviours and external enabling factors. This involves skills such as budgeting, bill payment, debt acquisition and payment, management of consumer problems, and comparison shopping (Reich and Berman 2015). ANZ (2011*)* asserts that financial literacy consists of five separate components such as track of finances, planning, choosing financial products, staying informed, and financial control.

According to Hastings et al. (2012), financial literacy is "the ability to use knowledge and skills to manage one's financial resources effectively for lifetime financial security".

"Financial literacy is knowledge and understanding of financial concepts and the skills, motivation and confidence to apply such knowledge and understanding to make effective decisions across a range of financial contexts, to improve the financial well-being of individuals and society and to enable participation in economic life" (OECD, 2011).

Financial literacy is one of the critical managerial competencies in SMEs firm and development (Spinelli, Timmons, and Adams, 2011). Most scholars agree that entrepreneurs are consistently engaged in decision-making activities concerning resource procurement, allocation, and utilization regardless of their age. Such activities almost always have financial consequences, and thus, to be effective, SME owners must be financially literate (Oseifuah, 2010). An economically literate SME owner and or manager was defined as someone 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 (USAID, 2010).

Lusardi and Mitchell (2011) point out that individuals need financial skills to survive in today's volatile economic environment. Less financial literate individuals are less likely to plan for retirement, less likely to participate in the stock markets and more likely to have more costly debt. Financial literacy impacts an individual's financial decisions, especially in savings, borrowing, retirement planning, or portfolio choice. De Bassa Scheresberg (2013) agrees that the financial markets have become more complex in the last twenty years. In this new financial landscape, individuals have greater responsibility for their financial security than in the past. This implies that wise and timely saving and investment decisions can be the key to financial comfort. Failure to plan for a financial future can have dire consequences. According to Lusardi et al. (2010), consumers of other institutional products like SMEs nowadays must confront complicated financial decisions at an early stage of their operations. Financial literacy also impacts savings by young individuals and businesses. Chowa and Ansong (2010) point out that young individual and small and medium enterprises' ability to save and accumulate assets becomes very important. This will impact their ability to accept financial responsibilities and plan. Financial education is the key to decrease financial problems, especially among young adults (Ansong and Gyensare 2012). According to Shaari et al. (2013), financial literacy can prevent individuals from engaging in extensive debt, especially credit card debt.

2.2 Overview of Small and Medium Enterprises (SMEs)

The definition of SMEs significantly varies from country to country depending on factors such as the country's; several employees, the value of fixed assets, production capacity, essential characteristics of the inputs, level of technology used, capital employed, management characteristics, economic development, and the problems experienced by SMEs (Eniola and Entebang, 2015). For instance, the Australian Fair Works Act (2009) defines SMEs as businesses with fewer than 15 people. However, in the United States, companies with employees less than 500 qualifies under small and Medium-sized Enterprises. Meanwhile, the European Commission defines SMEs as enterprises that employ less than 250 persons and have an annual turnover not exceeding EUR 50 million and have a yearly balance sheet total not exceeding EUR 43 million (Fatai, 2011).

Across the African continent, research by the IFC suggests that 90% of all is informal or micro, with the remaining 10% being the formal SMEs (8.6% are small and 1.4% medium) (IFC, 2010; Ketley et al., 2012).

In Nigeria, the Third National Development plan defined SMEs as a manufacturing establishment employing less than ten people or whose investment in machinery and equipment does not exceed six hundred thousand nairas.

In Ghana, the Ghana Statistical Service (GSS) defines SMEs as enterprises that employ less than ten people. Also, the National Board for Small Scale Industries (NBSSI) in Ghana used both the fixed asset and number of employee's criteria to define SMEs. According to the NBSSI, enterprises with no more than nine workers have plant and machinery (excluding land, building and vehicles) and not exceeding 10million cedis (the US $ 9506 using 1994 exchange rate) Small and Medium-Sized Enterprises. Agbor and Quartey (2010) used sole ownership and operational activities and exclusive management as some of SMEs' characteristics. Small and medium scale enterprises (SMEs) play an essential role in economic development. The SME is considered efficient and prolific job creators, the seeds of big businesses, and national economic engines' fuel (Ahiawodzi and Adade, 2012). Even in the developed industrial economies, the SMEs sector is the largest employer of workers. Interest in SMEs' role in the development process continues to be at the forefront of policy debates in most countries. Small enterprises in Ghana provide about 70% of Ghana's manufacturing employment (Budget Statement, 2011). SMEs are also believed to contribute about 70% to Ghana's GDP and account for about 85% of Ghana's businesses (Ahiawodzi and Adade, 2012).

2.3 Importance of Financial literacy

Financial ignorance carries high costs. According to Lusadi and Tufano (2015), individuals who fail to understand the concept of interest compounding spend more on transaction fees, run up more considerable debts, and incur higher interest rates on loans. Individuals with solid financial skills do a better job planning and saving for retirement (Lusardi and Mitchell, 2014). Also, bad financial decisions early in life can have disastrous consequences later in life and include huge debt, poor credit ratings and lousy health (Fatoki, 2014). Glaser and Walther (2013) ascertain that financial literacy is essential for several reasons. Financial literacy can help prepare consumers for tough financial times by promoting strategies that mitigate risk, such as accumulating savings, diversifying assets, and purchasing insurance. Financial literacy also helps to improve behaviour, such as the avoidance of over-indebtedness. Financial literacy enables people (individuals and business owners) to make better financial decisions and understand and manage risk. Financially literate consumers and business owners reinforce competitive pressures on financial institutions to offer more appropriately priced and transparent services (Fatoki, 2014). Cull and Whitton (2011) point out that young people's financial literacy is of critical importance as they enter adulthood. SMEs faced a huge array of financial products and services to choose from when they are also embarking on major financial and life cycle events. Financial literacy can improve saving behaviour, wealth accumulation, retirement planning, debt management, and management debt (Lusardi and Mitchell 2011; Ludlum et al. 2012). Also, financial literacy impacts access and payment of loans. A good level of financial literacy can improve access to finance by new ventures (Wise 2013). According to Capuano and Ramsay (2011), there exist numerous benefits of financial literacy to consumers, the community, and the broader economy, Saving and

Retirement Planning, Life Skills and Bargaining Power, Financial Efficiency, Activity in Financial Markets, Consumer Rights and Regulatory Intervention, Greater Competition, Innovation and Quality Products, Self-Funding of Retirement, Financial Inclusion, Coverage of Risk. Nunoo and Andoh (2012) posit that better financial literacy may provide benefits to those SMEs.

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2.4 Resource Based View Theory (RBV)

The Resource Based View theory, according to Barney et al. (2011), proposes that organizations are a set of resources. The RBV's main idea is that if a firm acquires and controls valuable, substitutable resources and capabilities (Barney et al. 2011) and can absorb and apply them, it can achieve sustained competitive advantage and superior growth and performance. Bloom and Smith (2010) argue that a firm's internal strengths are critical for gaining a competitive advantage. According to Siemens (2010), the design of a company's resources helps it to effectively achieve its growth goals.

2.5 Small Business Managers' Financial Literacy

The conduct of the management and their financial decisions explicitly impact their firms' success (Jarvis et al., 2000). They all know the quality of their financial management skills. Their know-how is significant. Human learning is a mechanism that draws on talents, experience, behaviours, attitudes and explains a human activity as expressed in those qualities (Gib, 1997). The application of these qualities to a manager's actions can contribute to an understanding of the degree of skills of the managers in the management of financial affairs. Small business managers' financial literacy abilities typically consist of acknowledging and ability to solve financial resources management problems by ensuring a stable cash balance (Deakins et al., 2002). Recognizing and implementing an appropriate lending program (Chittenden et al., 1996), assessing market efficiency and reading financial statements, and ratio analysis (Jennings & Beaver, 1997; Perera & Baker, 2007), and value planning for market development and sustainability (Davidson et al., 2008). Literacy of financial matters encourages managers to conduct their business effectively. Planning external finances at start-up will potentially be the first measure of evaluating the extent of managers financial literacy (Nayak and Greenfield, 1991). Managers with poor knowledge of financial details will either utterly ignore the ability to obtain foreign funds or obtain financing under terms and conditions that better serve the lenders. Financial information knowledge helps compare the effect of debts on business development, profitability, debt costs and leads to cash flow management to avoid bankruptcy (Jennings & Beaver, 1997). Financial management skills are a complex topic focused on academic history, entrepreneurship, training opportunities and management efficiency, ownership structures and company existence, and management behaviour (Fuller-Love, 2006). The lack of understanding by owners of their business activities' financial implications implies a disparity in data that inhibits them from making proper business choices (Schwarze, 2008). Three attributes of these knowledge gaps, according to Servon et al. (2010): Language and cultural barriers, lack of knowledge of existing resources and lack of financial preparation and management experience. These three factors are areas of possible obstacles confronting most managers in organizing and managing their business activities.

Sound performance measuring structures help managers with limited financial and human resources to supervise, schedule and manage business activities (Jennings and Beaver, 1997). Managers know the value of their financial goals and take appropriate initiatives to document accounting data to aid them in analyzing business efficiency (Perera and Baker 2007). Small company managers typically believe that their market loss or bankruptcy is solely their concern. They are not responsible to any investor, like suppliers, shareholders, banks, and government agencies (Raffo et al., 2000). These misconceptions offer them a strategic advantage and arrogance not to sense the need to evaluate their success in the company. Richard and Auken (2006) discovered, pointing to these misconceptions, that most small companies fail and are forced into bankruptcy since owners misinterpret the implications of not evaluating their market efficiency. This finding suggests that market success and its evaluation are closely related to small business owners' optimistic outlook (Deakin et al., 2002).

2.6 Financial Knowledge

A financially literate individual would have a clear understanding of a few main financial concepts. Financial knowledge is thus referred to as a core component of financial literacy (Huston, 2010), and it is often used interchangeably with the word (Lusardi and Mitchell, 2011; Huang et al., 2013; Bucher-Koenen et al., 2016). Several scholars have conceptualized the term financial kn owledge considering various contexts. Financial knowledge was described by Huang et al. (2013) as an individual's understanding of financial concepts. After evaluating 71 reports, Huston (2010) defined four key components of financial knowledge: basic money concepts, saving or savings, borrowing, and protection concepts. INFE (2011) described financial knowledge as the knowledge or comprehension of five basic concepts: simple interest, compound interest, time value of money, impact of inflation on price levels, and impact of inflation on investment returns. Lusardi and Mitchell (2011) assessed Americans' financial knowledge based on three concepts: interest rate calculation, inflation, and risk diversification. Herd et al. (2012) described financial knowledge as a person's understanding of his own financial situation rather than basic financial principles and regarded it as a pre-requisite for effectively making financial decisions. Filipiak and Walle (2015) asked Indians about general financial knowledge questions (such as government guarantees for deposits in national banks, and the current value of their investments) as well as basic financial knowledge questions (regarding credit card, Kisan card). Individuals with a high degree of financial literacy were more likely to grasp basic financial concepts (Remund, 2010; Lusardi and Mitchell, 2011; Atkinson and Messy, 2012; Agarwalla et al., 2013; Huang et al., 2013), interest compounding (Lusardi and Mitchell, 2011; Atkinson and Messy, 2012; Agarwalla et al., 2013; Huang et al., 2013), time value of capital (A (Yu et al., 2015). Most of the researchers discovered that people with a low level of financial knowledge (Lusardi and Mitchell, 2011) have a poor understanding of interest compounding calculations and credit card use. Working people in India performed poorly on the financial knowledge dimension of financial literacy, according to Agarwalla et al. (2013), showing a lack of basic numeracy, an inability to grasp basic financial concepts, and an inability to determine the effect of inflation on rate of return. These findings were slightly lower than those of a sample of 13 OECD countries.

2.7 Financial Attitude

Financial attitude is the proclivity to act in a certain way because of some ecological and non-ecological values held by a person based on certain behaviors (Remund, 2010). Attitude and preferences are considered as critical factors in financial literacy. Individuals with a better financial outlook were more likely to have a positive attitude toward preparation (Remund, 2010; Atkinson and Messy, 2012; Agarwalla et al., 2013), lower inflation perceptions (Bruine de Bruin et al., 2010), more willingness to invest (Atkinson and Messy, 2012; Agarwalla et al., 2013), and less willingness to spend (Atkinson and Messy, 2012; Agarwalla (Yu et al., 2015). According to Agarwalla et al. (2013), in India, nearly half of the working young people have a positive attitude toward financial planning and have a low propensity to consume.

2.8 Financial Behaviour

The way a person acts will have a direct impact on his financial well-being. As a result, proof of our dimensi on's behavior must be captured within the financial literacy measure. Individuals with high financial behavior were more likely to actively save (Atkinson and Messy, 2012; Klapper et al., 2012; Agarwalla et al., 2013), make timely bill payments (Atkinson and Messy, 2012; Agarwalla et al., 2013), and carefully evaluate financial products (Atkinson and Messy, 2012; Agarwalla et al., 2013). According to Huston (2012), those who displayed low-cost conduct possessed more money. According to Agarwalla et al. (2013), about 68 percent of India's working population exhibited favorable financial conduct.

2.9 Importance of Financial Literacy

Financial ignorance comes with a hefty price tag. Individuals who do not understand the concept of interest compounding, according to Lusadi and Tufano (2015), spend more on transaction fees, accumulate larger debts, and pay higher interest rates on loans. Individuals with good financial skills do well in terms of career preparation and retirement savings (Lusardi and Mitchell, 2014). Furthermore, poor financial decisions made early in life can have disastrous consequences later in life, such as massive debt, poor credit scores, and poor health (Fat oki, 2014). Financial literacy is important for a variety of reasons, according to Glaser and Walther (2014). Financial literacy can assist customers in planning for tough financial times by suggesting risk-mitigation measures such as investing, diversifying assets, and buying insurance. Financial literacy also assists in changing our conduct, such as avoiding over-indebtedness. People (individuals and business owners) with financial literacy can make better financial decisions and consider and manage risk. Consumers and business owners who are financially literate aid in reinforcing competitive demands on financial institutions to provide more appropriately priced and open services (Fatoki, 2014). Cull and Whitt (2011) argue that young people's financial literacy is critical as they enter adulthood. At a time when they are also embarking on significant financial and life cycle activities, SMEs are presented with a vast array of financial products and services from which to choose. Financial literacy will aid in improving saving habits, asset accumulation, retirement planning, and debt management (Lusardi and Mitchell 2011; Ludlum et al. 2012). Furthermore, financial literacy influences loan access and repayment. A high level of financial literacy will boost new ventures' access to capital (Wise 2013).

According to Capuano and Ramsay (2011), financial literacy has a range of advantages for individuals, societies, and the economy. Saving and Retirement Planning, Life Skills and Bargaining Power, Financial Efficiency, Financial Market Activity, Consumer Rights and Regulat ory Interventions, Increased Competition, Innovation, and Quality Products, Self-Funding of Retirement, Financial Inclusi on, Risk Containment Better financial literacy, according to Nuno o and And oh (2012), may provide benefits to SMEs such as increased demand for financial services, increased savings, better risk management, reduced economic volatility, intermediation movement, and faster financial growth, which will lead to increased competition in the financial markets and more balanced distribution.

2.10 Assessment of Financial Literacy

Self-assessments and quantitative indicators such as test scores are the two most common ways to evaluate financial literacy. Students are asked to assess their reading skills as well as include information about their attitudes toward financial decisions, knowledge, and information in the first approach. This approach was used by Jappelli (2010), who conducted an international comparison of literacy levels among 55 countries based on the IMD World Competitive Yearb ook indicator of financial literacy (WCY). The indicator is calculated based on a survey of middle and upper-level managers and business leaders who were asked to rate the statement "Economic literacy among the population is generally high" on a scale of 0 to 10. According to Jappelli (2010), this indicator is an appropriate proxy for financial maturity since it is closely linked to the objective indicators presented by the European Survey of Health, Age, and Retirement.

The second method of determining financial literacy is to administer an analytical test that evaluates the respondents' knowledge of financial terminology, comprehension of various financial concepts, and ability to apply numerical skills in specific financial situations.

2.11 Financial Literacy and Small and Medium Businesses (SMEs)

Small and medium-sized enterprises (SMEs) are represented as efficient job creators, the seed of big businesses, and the fuel of the national economic engine (Abor and Quartey, 2010). One of the critical competencies required for successful management of SMEs has been identified as financial literacy (Mazzi, 2011). Despite their significant contributions to the economy, SMEs continue to face financial management challenges. Ineffective financial management, according to Opong-B oakye and Kansanba (2013), can lead to consumer behavior that makes them vulnerable to severe financial crises.

It is important to develop SMEs' financial literacy so that they have positive attitudes toward financial matters, as they contribute significantly to the economy's GDP and jobs. Financial literacy has a direct effect on the success of a business. According to Xu and Zia (2013), entrepreneurs with higher financial literacy have better business performance and sales. And oh and Nunoo (2011) find that the financial literacy of SMEs' owners is a critical factor in explaining how they use financial services. Low levels of financial literacy will make it difficult for SMEs to understand and analyze financial products provided by financial institutions (Fatoki, 2014).

Entrepreneur financial literacy has an impact on small businesses because it enables entrepreneurs to distinguish between personal and business finances, as well as to be knowledgeable buyers of financial products and services (Perra and Chand, 2015)

One of the most common weaknesses among small business owners is a lack of financial literacy, which contributes to the high failure rates of small businesses (Robb and W o odyard, 2011). Kumar (2013) found that self-employed individuals in many developing countries performed better than the general population on standardized tests of their ability to manage expenditures, budget, and live within their means, even after controlling for other related variables. Nj or oge (2013) examined the relationship between financial literacy and entrepreneur performance in small businesses and found that entrepreneurs had varying levels of financial literacy, with those in small businesses becoming highly financially literate. Wise (2011) investigated the effects of financial literacy on the survival of new businesses and discovered that higher financial literacy led to more regular production of financial statements, which in turn contributed to more successful management of the businesses.

Siekei et al. (2013) examined the effects of financial literacy education on small business success and discovered that training in financial analysis, budgeting, and credit management increased SMEs' performance. Barte (2012) investigated the influence of financial literacy on the output of SMEs in the fishing sector and discovered that fish vendors lacked financial literacy, affecting the sector's income and growth.

However, in many developing countries, most small businesses have limited access to financial services, and while many factors contribute to this, one of the factors that limits financial access is a lack of financial literacy. Nunoo and oh (2012) investigated the use of financial services by SMEs in Ghana and found that financially literate SMEs owners were more likely to access and use financial services, improving the performance of their businesses. Wachira and Kihiu (2012) have discovered that financial literacy affects financial access, which has a negative impact on small business performance in Kenya. Sabana (2014) looked at the role of financial literacy, information, and transaction costs in driving demand for and use of savings accounts among low-income people, and found that, when compared to financial literacy, transaction costs influenced the uptake and use of bank accounts. Low levels of financial literacy, according to an international survey of 301 financial service providers and investors, are major barriers to financial inclusion because they contribute to high transaction costs and limit access to financial services (Gardeva et al, 2011).

2.12 Financial Literacy Assessment

There is no standardized financial literacy test (Abubakar, 2015). According to the South African Banking Association, an entrepreneur's financial literacy should include knowledge of consumer and personal finance, accounting and financial management systems, financial products and service options, financial risk, capital investment, and legal and tax issues. To assess financial literacy, Oseifuah (2010) and Wise (2013) used mathematical and computer literacy, financial attitude, financial intelligence, and financial conduct. To assess financial literacy, Sucuahi (2013) used record-keeping, budgeting, investing, and financial skills.

The researcher used our t opics to test the financial literacy of SMEs in this sample (Sucuahi, 2013). Record keeping is a fundamental skill that any businessperson should possess, as it provides crucial information for making important decisions. Since business owners can't rely on their memory to summarize all transactions of the day, this indicator of financial literacy indicates that successful record-keeping systems are perceived to be crucial in business operations.

Savings act as a source of economic stability as well as a way of accumulating capital to increase one's standard of living. SMEs, on the other hand, lack the requisite discipline and ability to improve their business skills, which includes saving ethics. The ability to access capital from outside sources with reduced expense and pay off commitments makes up the third indicator of financial literacy. Most SMEs are illiterate when it comes to company finance, according to Assibey (2013). Budgeting refers to the expenditure preparation and cash flow analysis that are critical to a company's performance and development.

2.13 Factors affecting financial literacy in SMEs.

According to Van Scheers (2010), the failure rate of small groceries shops (mainly micro enterprises) in South Africa is between 70 and 80 percent. According to Adcorp (2012), as cited in Fatoki (2014), about 440,000 micro and small businesses (including those in the retail sector) have closed in South Africa in the last five years. According to Freiling and Laudien (2013), capability deficiencies play a major role in the failure of new companies. According to Naqvi et al. (2011), SMEs' failure triggers include negligence in market and financial management. Individuals and entrepreneurs are asked to make tough financial decisions in many facets of life, according to Drexler et al. (2010), whether in their personal finances or as business owners.

2.13.1 Financial Literacy and Gender

Even though the empirical literature generally agrees that women have lower levels of financial knowledge than men, little is known about what factors contribute to these disparities. Smith et al. (2010) discovered that men are more likely to be chosen as the financial proxy of the elderly in surveys. Women have lower levels of financial literacy than men, on average (Fonseca et al. 2010). According to Bonilla et al. (2011), this opportunity to transfer decision-making responsibility within a group may explain why women have lower levels of financial literacy. Women who become widows develop their financial literacy skills so that they can make educated choices on their own. Men are more financially literate than their female counterparts, according to F ord and Kent (2010).

According to the findings,

H0: Gender has no effect on SMEs' financial literacy.

2.13.2 Financial Literacy and Age

Since financial decisions necessitate information processing skills, adults lose some capacity to process new information and make correct complex decisions as they age. Finke et al. (2016) found a negative linear association between financial literacy scores and age in a broad sample of people aged 60 and up and conclude that financial literacy scores decrease by around 2% per year as people grow older. According to Lusardi and Mitchell (2011), age is a defining factor, and middle-aged people have the highest degree of financial literacy. Lusardi and Mitchell (2011) discovered that people in their forties and fifties had the highest degree of financial literacy. A similar study was conducted. According to Bhushan et al. (2013), age has no impact on financial literacy.

There is a hypothesis in the analysis that;

H0: Age has no impact on SMEs' financial literacy.

2.13.3 Financial Literacy and Education

Scholars have concluded that an entrepreneur's level of education has a substantial effect on their financial literacy (Naudé, 2014; Hastings et al., 2013). According to F or instance, Fornero, and Montic one (2011), educational attainment is a determinant of financial literacy. Financial education, according to other scholars, suffers from a paucity of compelling evidence that it is an efficient policy for addressing individual financial conduct (Hastings et al. 2013). According to Jappelli and Padula (2011), a higher level of financial literacy and education can improve an individual's standard of living. According to a study conducted in Slovakia, schooling is closely linked to financial literacy (Naudé, 2014). Individuals with a university or higher level of education are more financially literate than those with a lower level of education, according to a study conducted by Walstad et al. (2010). Similarly, Ahsan et al.

(2013) discovered that there was a connection between financial literacy and education. However, a study conducted by Kharchenko (2011) discovered that education is crucial in deciding the financial literacy of people aged 20 to 60 years old in Ukraine.

As a result, the analysis hypothesized that:

H0: SMEs' financial literacy is unaffected by their educational level.

2.13.4 Financial Literacy and Entrepreneurship

Atkinson and Messy (2012) state that a high level of financial literacy is attainable at all levels. Low income, on the other hand, is often used as an excuse for such behaviors – for example, b orrowing to make a decent living – and as a reason not to accept things, such as investing or making long-term plans.

Low income can also be related to other socio-demographic variables that have been shown to be linked to financial literacy, such as age. Individuals with higher chromosomes are more likely to be financially knowledgeable, according to a study conducted by M ontic one (2010). In a similar study conducted in Germany by Bucher-Koenen and Lusardi (2011), it was discovered that people with low income need financial literacy awareness because their current knowledge is insufficient. Since 44 percent of small and middle SMEs do not have access to financial services, a study conducted by Nuno o and Francis (2012) discovered inadequate financial literacy among SMEs. As a result, the researchers hypothesized that:

H0: SMEs' financial literacy is unaffected by their degree of income.

The conceptual structure was developed after a study of the literature on the determinants of financial literacy. The factors that influence financial literacy among SMEs in Ghana are depicted in this context. The structure was adapted from Sucuahi

(2013), who identified gender, age, education, and income as determinants of financial literacy.

This is illustrated in figure 2.1 below.

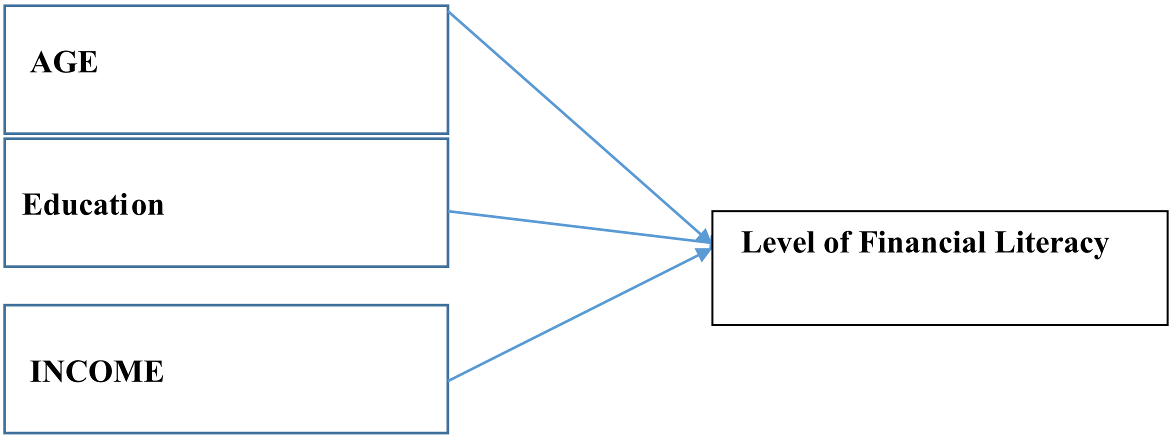

Figure 2.1: Conceptual Framework of the Determinants of Financial literacy among SMEs.

Source: Adapted: Sucuahi (2013)

2.14 Review of Empirical Studies

Due to text heterogeneity and the complexities of operations that define industries, scholarly work in determinants of financial literacy among SMEs generated mixed results. Several studies (Lusardi and Mitchell, 2011; Allgood and Walstad, 2013; Filipiak and Walle, 2015) have attempted to dissect the determinants of financial literacy among SMEs. For example, in a study conducted by Allgood and Walstad (2013), older people had limited financial knowledge of basic financial concepts such as inflation, interest, and risk diversification. Filipiak and Walle (2015) found that age and financial literacy have a significant positive relationship. Women were more likely than men to have low financial knowledge (Lusardi and Mitchell, 2010; Bucher-K oenen et al., 2016), possess low financial knowledge about debt (Lusardi and Tufano, 2015), have low perceived financial knowledge (Yu et al., 2015; Bucher-

K oenen et al., 2016), and say “d o n ot kn ow” when it came to financial knowledge (Yu et al., 2015). Filipiak and Walle (2015) argued that the root cause of women's lower financial literacy compared to men was predominantly nurture rather than nature, citing low participation in financial literacy, less use of mass media tools, and a lack of formal education or comprehension of the English language as examples.

And those with a higher income have a high level of financial knowledge (Filipiak and Walle, 2015). In Brunei, Alwee Pg Md Salleh (2015) investigated financial literacy among welfare and non-welfare recipients and found empirical evidence of a substantial positive relationship between SMEs owner income and financial literacy. Higher education of SMEs owners has a positive significant relationship with financial literacy in terms of educational attainment (Filipiak and Walle, 2015).

In contrast, some studies have discovered that education has no major impact on financial financial literacy among SMEs owners (Huston, 2012). Filipiak and Walle (2015) discovered a statistically important relationship between financial literacy and education. In terms of family background, respondents with a high family socioeconomic status had less awareness of their wealth levels (Herd et al., 2012). Among SMEs, there is a clear correlation between education and financial literacy (Bucher-K oenen et al., 2016). Ansong and Gyensare (2012) found that age, gender, and education are all positively linked to financial literacy in a sample of 250 undergraduate and postgraduate students. A similar analysis of the determinants of financial literacy of micro entrepreneurs, which included a survey of 100 respondents, discovered that while gender is not statistically linked to financial literacy, the educational attainment of micro entrepreneurs is both positively and statistically related to financial literacy (Sucuahi, 2013).

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter discusses the study's methodology, including the research design, data sources, and sampling design, which includes the study population and sampling technique. This chapter also contains information on data collection instruments and data processing.

3.2 Research Design

For the purposes of this analysis, a descriptive and explanatory research design will be used. To explain the demographic features of the respondents, descriptive statistics will be used to assess the mean and standard deviation (Pallant, 2010). Explanatory research seeks to test theories to clarify a particular relationship between the determinants of financial literacy in artisans. Cross-sectional data would be used because it is a fast, low-cost, reliable, and accurate way of gathering information about a population (Zikmund et al., 2010). Since the researcher needs to know the relationship between the dependent variable (financial literacy) and the independent variables (gender, age, education, and income), a quantitative approach will be used.

3.3 Population

The study's target population consists of artisans which were selected at random from the general population in the Kumasi metropolis in Ghana's Ashanti Region at the time data was collected.

3.4 Sample Size and Procedure for Sampling

The study will use a sample size of 150 SMEs which will include owners of artisans in the suame magazine. The choice of artisans from suame magazine is appropriate since it is one of the largest in the West African sub – region. According to Kent (2007), in quantitative research, a sample size of 100 or more respondents is appropriate. Therefore, the sample size for this analysis is sufficient. The convenience sampling technique will be used to pick these respondents. Owing to the difficulty in obtaining the sampling frame, this is the case.

3.5 Collection of Data

The study collected primary data using structured questionnaire. The researcher observed all the Covid- 19 protocol measure during the data collection process. There are three parts of the completed questionnaires. The demographic variables of the respondents covered in Section A of the research instrument, information about financial literacy covered in Section B, and items measuring the determinants of financial literacy among artisans measured on a five-point Likert scale in Section C of the questionnaire.

3.6 Analysis of Data

The completed survey instrument sorted for completeness before the data from the questionnaire is processed. The Statistical Package for Social Scientists (SPSS) version 21.0 and Microsoft Office Excel used to organize and process the data. The hypothesis testing was carried out. Multiple linear regression was also used in the analysis to demonstrate the relationship between several independent variables and a dependent variable.

3.7 Model Specification

The model is shown below.

$$\mathbf{FL = \beta0 + \beta1\ AGE + \beta2EDU + \beta3INC + \varepsilon}$$

What is the location?

FL = Standard of financial literacy, as calculated by a five-point Likert scale.

AGE stands for "age."

EDU stands for education.

INC stands for "Income."

Where **β** = regression coefficient (parameter of the function)

ε = error term or random variable

3.8 Data Reliability and Validity

Cronbach's Alpha was used to determine the instrument's reliability. A pilot survey was conducted, and the researcher made the necessary corrections to update the instrument.

3.9 Consideration of Ethics

The researcher sorts the permission of the respondent and assured them of anonymity during the data collection. The respondent was also assured of the fact that the data collected well be used to achieve the research objective.

3.10 Context of Suame Magazine

In Kumasi, Ghana, Suame Magazine has over 100000 technical artisans, auto mechanics, and purveyors of related supplies. It is one of the most significant informal engineering clusters in Africa. The cluster started around 1935 during British colonization and increased in the early 1980s due to protectionist trade policies.

Since unemployed, energetic youth continue to pursue apprenticeships with master mechanics, it estimated that the Suame cluster could absorb up to 10% of Ghana's junior and senior high school graduates seeking internships or drop out of school each year (SMIDO, 2012).

Vehicles in Ghana and other West African countries are repaired and altered by technical artisans trained in the cluster. Since informal companies dominate the group, reliable figures on Suame Magazine are challenging to come by. Around a decade ago, 78 percent of 60 businesses surveyed were unregistered, and 83 percent of those surveyed did not maintain regular business transactions records.

The cluster's centre contains over 12000 shops in around 0.5 square kilometres, with a 7-kilometre perimeter (Azongo, 2007; Obeng, 2002). Despite their achievements, Suame magazine artisans face challenges to the sector's long-term viability and growth, which may be due to funding issues. Given the current state of competitiveness, this research is looking for ways to improve it.

CHAPTER FOUR

DATA ANALYSIS AND DISCUSSION OF FINDINGS

4.0 Introduction

This chapter contains analysis of data and discusses findings from descriptive statistics, reliability analysis (Cronbach's Alpha) and the results from multiple regression analysis.

4.1 Response Rate

The total number of questionnaires administered was 200, the study managed to collect data from 145 respondents whereby the questionnaires were filled and returned thereby making a response rate of 72.5%, which is an adequate response rate for statistical reporting. This is illustrated in Table 4.1.

Table 4.1: Analysis of Response Rate

Description	Frequency	Percentage
Returned	145	72.5%
Not returned	55	27.5%
TOAL	**200**	**100**

Source: field work, 2021.

4.2 Statistics of Demographic Profile of Respondents

Descriptive statistics gives an overview and summary of the respondent's demographic details and their knowledge about financial literacy among artisans in the Suame Magazine. Table 4.2 depicts the demographic responses of the respondents used in this study.

4.2.1 Gender

Out of 145 respondents, 85 representing 58.6% are male and 60 representing 41.4% are female from the survey. The male dominated proportion of respondents reflects the gender gap of the artisans of Suame Magazine. This also could explain the nature of work done by the artisans of Suame Magazine. This therefore suggest that more work need to be done in this area to encourage women participation in small businesses.

4.2.2 Age

The age range is from 18 years and to 50 years and above. Most of the respondents belong to the age group 31-40 years obtain a frequency of 61 representing 42.1%. This is followed by age group 25-30 years obtain a frequency of 41 representing 28.3%, whereas there are 39 respondents representing 26.9% belonging to the age group 18-24 years. Meanwhile, about 2 respondents each representing 1.4% belonging to the age groups between 41-50 years and 50 years and above. The dominant age group of 31 – 40 years is an indication that in Ghana, younger people tend to be the more active and willing to participate in entrepreneurial activities.

4.2.3 Educational Qualification

On the part of educational qualification of the artisan owners, most of the respondents 97 representing 66.9% have high school certificates, this is followed by 31 representing 21.4% have diploma certificates. Meanwhile, 16 respondents representing 11% have undergraduate certificate holders and interestingly 1 respondent representing 0.7% have postgraduate certificate. The outcome of the results could mean that most owners of artisans in Ghana have some level of education. This could also reflect the current trend of free senior high school education in Ghana.

4.2.4 Income Level

Finally, most of the respondents, 59 representing 40.7% are within the income range of GHc 1001-2000. This is followed by 50 respondents representing 34.5% are within the income bracket of GHc 500 and above, 25 respondents constituting 17.2% are in the income category of GHc 501-1000. Those respondents within the income range of above GHc 2000 obtain a frequency of 11 representing 7.6%. Even though most of the artisans do not pay themselves salary at the end of the month, but the above statistics reflect on average their monthly remurations.

Table 4.2: Demography of respondent

Demographic variables	Frequency	Percentage
Gender		
Male	85	58.6
Female	60	41.4
Age		
18-24 years	39	26.9
25-30 years	41	28.3
31-40 years	61	42.1
41-50 years	2	1.4
Above 50 years	2	1.4
Educational Qualification		
High school	97	66.9
Diploma	31	21.4
Undergraduate	11	11
Postgraduate	1	0.7
Income		
500 and below	50	34.5
501-1000	25	17.2
1001-2000	59	40.7
Above 2000	11	7.6

Source: Field Survey, 2021

Table 4.3: Knowledge about Financial Literacy

ITEMS	FREQUENCY		PERCENT	
	Yes	No	Yes	No
Do you have personal bank account?	100	45	68.9	31.03
If you guarantee a loan for a friend, then you become responsible for the loan payments if your friend defaults	102	43	70.3	29.7
A personal budget will help me prioritize my spending	125	20	86.2	13.8
An investment with high returns is likely to be highly risky	112	33	77.2	22.8
In Ghana, listed shares are traded on the Ghana Stock Exchange	82	63	56.6	43.4
I have purchase insurance to cover my business	47	98	67.6	32.4
Treasury bill is a short-term investment			64.1	38.9

Source: Fieldwork, 2021

4.3 Regression Analysis and Hypothesis Testing

This model was applied to ascertain the determinants of financial literacy among artisanal managers. This model is adapted from the study of Sucuahi (2013).

The model is presented below:

$$\mathbf{Y = \beta 0 + \beta 1\ X1 + \beta 2X2 + \beta 3X3 + \varepsilon}$$

Where **β** = regression coefficient (parameter of the function)

Y= Level of financial literacy was measured using financial management practices, investment appraisal techniques, time value of money and risk and returns on a five-point Likert scale and was coded (**FLEVEL) in SPSS Version 21.0**

X1= Age of the respondent and was coded (**AGE**)

X2= Level of Education of the respondent, and was coded (**EDU**)

X3= Income of the respondent, and was coded (**INC**)

ε = error term

Table 4.4: Model Summary

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.75[a]	.678	.675	10.845

a. Predictors: (Constant), AGE, EDUCATION, INCOME

Table 4.6 provides R and R2. The R value is 75.0% which represents the simple correlation. It indicates a higher degree of correlation. The R2 value represents how much of the dependent variable "financial literacy" can be explained by the independent variable "gender, age, education, and income". In this study the adjusted R2 is 67.5%. The implication is that the four independent variables contribute about 67.5% to the level of financial literacy among SMEs in Ghana, while other factors not studied in this research accounts for 32.5% of the level of financial literacy.

4.3.1 Regression Coefficients

Coefficients[a]

	Model	Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	T	Sig.
1	(Constant)	.083	.013		6.330	.000
	AGE	.009	.113	.119	1.338	.100
	EDUCATION	.076	.110	.059	.688	.000
	INCOME	.120	.071	.141	1.699	.000

a. Dependent Variable: FLEVEL

The researcher uses the SPSS version 21.0 to code, enter and compute the measurements of the multiple linear regression for the study. The established multiple linear regression equation becomes:

$Y = 0.083 + 0.009X1 + 0.076X2 + 0.120X3 + \varepsilon$

Where:

Constant = 0.083, shows that if, gender of the respondent, age of the respondent, education level of the respondent, and income of the respondent are all rated as zero, the level of financial literacy among artisan owners would be 0.083.

X1= 0.009, the result show that age is positively related to financial literacy (B= 0.009). This is consistent with the study conducted by Filipiak and Wale (2015). However, age of the respondent is not statistically significant with p- value of 0.10 which is higher than the significant level of 0.05. This implies that age of the artisan owner does not influence the level of financial literacy among SMEs in Ghana. This result is not consistent with previous study conducted by (Allgood and Walstad, 2013), who found that older people possessed low financial knowledge about the basic financial concepts, inflation, and interest compounding and risk diversification.

X2= 0.076, the educational attainment is statistically significant and related to its level of financial literacy (p-value = 0.00). Education has positive relationship with financial literacy (0.076), which indicates that, education has a high predictive influence on financial literacy among Ghanaian artisans. This is consistent with the study conducted by Lusardi (2010) that financial illiteracy is predominant among individuals who have low education. This was evident in the study where most of the respondents agree (M, 4.05, SD, 0.785) to the statement "adequate financial education in my business environment encourages me to open business account for my business".

X3= 0.120, the result show that, the income level of the respondent positively influences their level of financial literacy (B= 0.120) and is not statistically significant at 0.05 significant level with p-value greater than 0.12. The findings in this study are consistent with (Filipiak andWalle, 2015; Alwee Pg Md Salleh, 2015).

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter provides an overview and summary of findings, conclusion from the research findings based on the objective of the study. Recommendations are given based on the findings. It also provides future research direction and limitations of the study.

5.2 Summary of Findings

The primary goal of this study was to determine the impact of financial literacy among Suame Magazine artisans in Ghana. In the Suame Magazine of Kumasi metropolis in Ghana's Ashanti region, the study focuses on artisans in the informal sector. In this report, a total of 145 artisans' owners took part. SPSS software version 21 and Microsoft Excel were used to process and evaluate these samples.

Financial literacy is found to be very important among Ghanaian artisans, according to the study. Two of the factors (level of education and income) have a major positive relationship with financial literacy.

The study also found that determinants (age, education, and income level) explain 67.5 percent of the variation in financial literacy, while other variables not captured in the multiple linear regression model account for 32.5 percent of the variation in financial literacy.

At the 0.05 significance mark, the hypothesis testing findings indicate that the artisan owners' level of education and income are statistically important. As a result, the study's null hypothesis (H0) was dismissed, and the researchers concluded that the level of education and income influence the level of financial literacy among Ghanaian artisans.

The findings of the study are in line with those of other researchers' studies that have been published in the literature (Filipiak and Walle, 2015; Alwee Pg Md Salleh, 2015; Allgood and Walstad, 2013).

5.3 Conclusions

The study concludes that raising financial literacy awareness is necessary to sustain and develop the micro businesses, especially the artisanal sector. However, in recent years, both developing and developed countries have become increasingly concerned about the financial literacy of SME owners. One of the barriers that leads to the failure of some micro businesses in developing countries compared to their counterparts in developed countries is a lack of financial literacy. To find a solution to the lack of financial literacy among SMEs in Ghana, this study discovered that the level of education and income of the artisanal owner affect their level of financial literacy.

5.4 Recommendations

The study also discovered that education, but not income, is a factor that contributes to the artisan's financial supremacy. As a result, the project met its goals by presenting an answer to the research questions.

To begin, the study suggests that organizations such as the Association of Ghana Industries, microfinance institutions, and other regulatory bodies in partnership with academic institutions of higher learning provide workshop to educate SMEs in the informal sector on basic financial concepts to improve their risk profile, achieve growth and sustainability of their businesses. This will enhance their chance of credit assessment.

Due to their regular interactions with SMEs in financial matters, financial institutions will play a critical role in financial literacy.

Second, the study advises academicians to conduct extensive scholarly research to supplement the paucity of literature in the field of financial literacy among SMEs in developing countries.

Third, SMEs and entrepreneurs should cultivate an interest in keeping good records, which can lead to increased value and draw investors to the field. Finally, through policy initiatives, the government can establish training programs aimed at enhancing the financial literacy of small businesses.

5.5 Limitation and Future Research

Several factors affect financial literacy in the literature, but this study focuses on three: age, education, and income. Research should consider other factors that influence financial literacy in future research. The analysis is also restricted to Suame Magazine artisans in the Kumasi metropolis in the Ashanti region; however, there are other regions in Ghana, so the results would be difficult to generalize. Future research should consider different locations and sectors of SMEs.

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APPENDIX

Christian Service University College
School of Business

Questionnaire

This survey seeks to elicit responses on the topic "ASSESSING THE FACTORS THAT INFLUENCE FINANCIAL LITERACY AMONG ARTISANAL MANAGERS OF SUAME MAGAZINE"Information provided for the purposes of this research will be treated confidentially and used for academic purposes only. Please take a few minutes to fill out this questionnaire by ticking (√) where appropriate. **COVID -19 PROTOCOL IS OBSERVED**. Thank you.

SECTION A: Background/ Demographic data of respondents

1. **Gender:** Male ( ) Female ( )
2. **Age:** 18- 24 years ( ) 25-30 ( ) 31-40 ( ) 41-50 ( ) Above 50 years ( )
3. **Educational Qualification:** High school ( ) Diploma ( ) Undergraduate ( ) Postgraduate ( )
4. **Income in GHC:** 500 and below ( ) 501-1000 ( ) 1001-2000 ( ) Above 2000 ( )

SECTION B: Knowledge about Financial literacy

1. Do you have personal bank account? Yes ( ) No ( ).
2. If you guarantee a loan for a friend, then you become responsible for the loan payments if your friend defaults Yes ( ) No ( )
3. A personal budget will help me prioritise my spending Yes ( ) No ( )
4. An investment with high returns is likely to be highly risky Yes ( ) No ( )
5. In Ghana, listed shares are traded on the Ghana Stock Exchange. Yes ( ) No ( )
6. I have purchase insurance to cover my business. Yes ( ) No ( )
7. Treasury bill is a short-term investment. Yes ( ) No ( )

SECTION C: ASSESSING THE INFLUENCE OF FINANCIAL LITERACY AMONG ARTISANAL MANAGERS OF SUAME MAGAZINE

On a scale of 1-5, please Tick [√] the response that reflect your level of agreement or otherwise in each of the under listed statements.

1= Strongly Disagree (SD) 2=Disagree (D) 3= Neutral (N) 4=Agree (A) 5=Strongly Agree (SA)

No.	STATEMENTS	1	2	3	4	5
	AGE					
5	I am able to keep good records as a young entrepreneur					
6.	I am able to keep good record because of my old age in business					
7.	I have open a bank account for my business because I am still young					
8.	I have open bank account for my business because of my old age					
	EDUCATION					
10.	My high level of education of education influence my records keeping for my business					
11.	My low level of education of education influence my records keeping for my business					
12.	Intensive financial education in my business environment encourages me to open bank account for my business					
13.	Inadequate financial education in my business environment encourages me to open bank account for my business					
14	Record keeping is difficult for me because I had no formal education					
	INCOME					
15.	I can save with the bank because I earn higher income					
16.	I can save with the bank for future because what I earn from my business is inadequate					
17.	I keep records because my business transactions are high					
18.	I keep records due to my small proceeds from the business					
	LEVEL OF FINANCIAL LITERACY					
	Financial management practices					
19.	I regularly set aside money each month for saving					
20.	I set aside money for future needs/ wants					
21.	I compare prices when shopping for major expenses					
22.	I always keep track of my expenditure and income					
	Investment appraisal techniques					
23.	I consider projects which have the highest net present value					
24.	I transact businesses with the shortest payback period					
25.	I take into account tax, inflation to evaluate investment proposal					
	Time value of money					
26.	I always receive down payment for goods sold					
27.	I take into account interest rate and inflation before I take loan from financial institutions					
28.	I add little margins on the prices of goods sold on credit					
	Risk and returns					
29.	I invest in businesses with high returns					
30.	I consider exchange rate before I export or import goods					
31.	I compare returns on investment to the treasury bill rate					

Thank you.