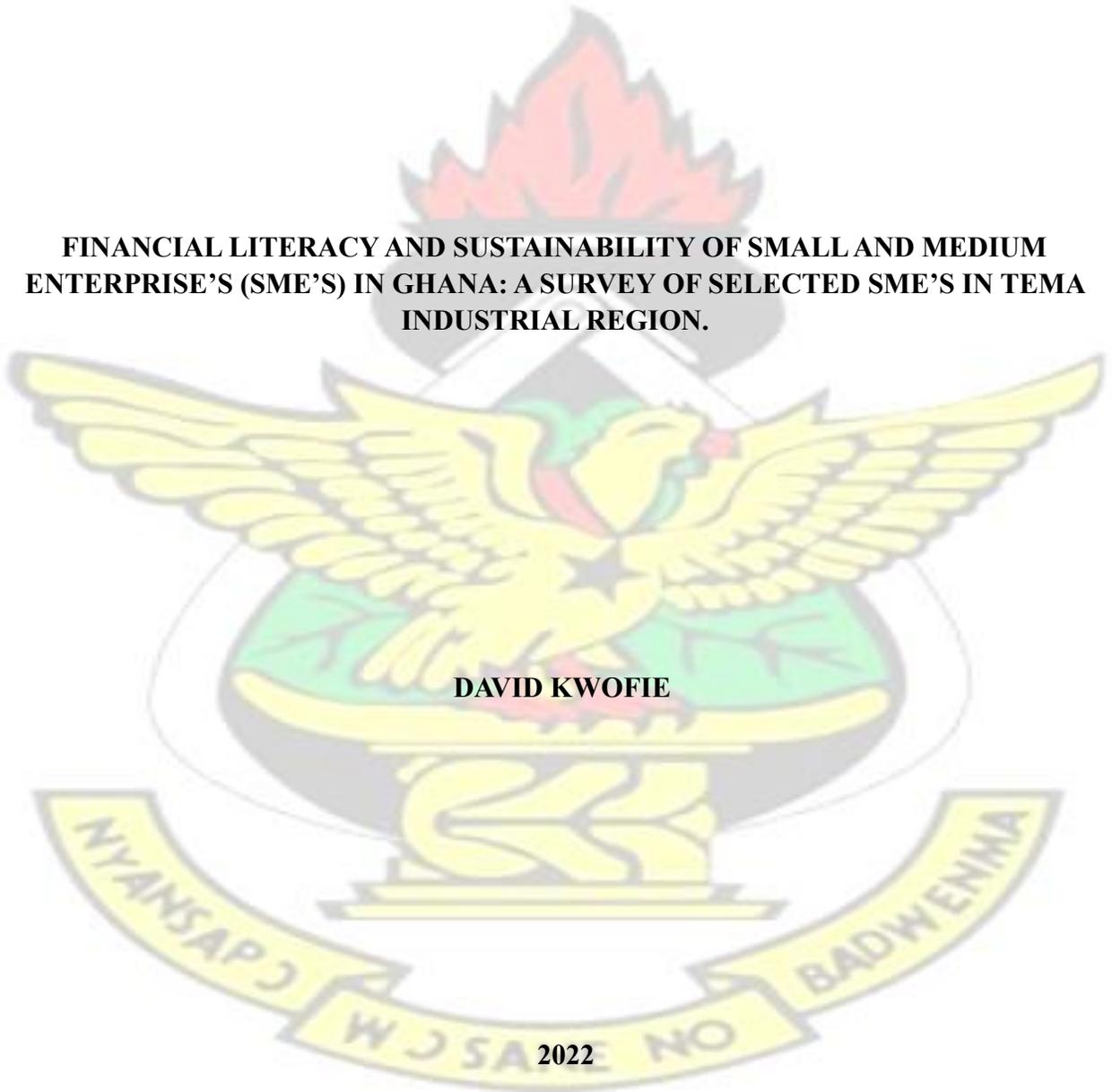


**KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY, KUMASI,
GHANA**

KNUST

**FINANCIAL LITERACY AND SUSTAINABILITY OF SMALL AND MEDIUM
ENTERPRISE'S (SME'S) IN GHANA: A SURVEY OF SELECTED SME'S IN TEMA
INDUSTRIAL REGION.**

DAVID KWOFIE



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INDUSTRIAL REGION.**

BY

DAVID KWOFIE (PG9427521)

**A Thesis submitted to the KNUST Business School College of Humanities and Social
Sciences in partial fulfillment of the requirements for the degree of MSc. Accounting and
Finance**

AUGUST 2022

DECLARATION

study found that respondents had knowledge of financial matters. The study also found that personal savings formed the major source of funding for SMEs. Results of the study further reveal that financial literacy has an effect on access to finance and credit for the operation of SMEs in Tema. Additionally, the study found that financial literacy plays a significant role in determining the long-term viability of SMEs based on the findings that were presented in the research. The report suggests managers recognize and actively manage their financial management education. This research also challenges academics and business managers to undertake a more comprehensive investigation of how and why financial capital and resource flexibility impact the performance results of small and medium-sized firms (SMEs), which depend on personal savings for survival. The government, via institutions like the Ghana Enterprises Agency (GEA), should also arrange and promote the introduction of training seminars and workshops for SME owners and managers, since most of them depend on them to enhance their financial literacy. Thus, all GEA training programs must include financial basics.

TABLE OF CONTENT

Contents

DECLARATION	ii
ABSTRACT	iii
LIST OF TABLES	vii
LIST OF FIGURES	viii
LIST OF ACRONYMS	ix

ACKNOWLEDGMENT	x
DEDICATION	xi
CHAPTER ONE	
1 BACKGROUND OF STUDY	1
1.1 INTRODUCTION	1
1.2 STATEMENT OF PROBLEM	4
1.3 OBJECTIVES OF THE STUDY	4
1.4 RESEARCH QUESTIONS	6
1.5 SIGNIFICANCE OF THE STUDY	6
1.6 SCOPE AND LIMITATIONS OF THE STUDY	7
1.7 ORGANISATION OF THE STUDY	9
CHAPTER TWO	
10 LITERATURE REVIEW	10
2.1 Introduction	10
2.2 Conceptual Review	10
2.2.1 Financial Literacy	10
2.2.2 Small Medium Enterprises, SMEs	13
2.2.3 Financial Literacy and Performance of SMEs	15
2.3 Theoretical Review	19
2.3.1 Financial Literacy Theory	19

2.3.2 Resources Based Theory	19
2.4 Empirical Review	23
2.5 Conceptual Framework	29
29 Source: Author’s construct, 2022	29
CHAPTER THREE	
30 METHODOLOGY	30
3.1 Introduction	30
3.2 Research Design	30
3.3 Population of the Study	31
3.4 Sampling Size and Sampling Techniques	31
3.5 Data Collection	32
3.5.1 Data collection instrument	32
3.5.2 Data collection procedure.....	33
3.6 Data Analysis	33
3.7 Validity and Reliability Issues	34
3.8 Ethical Issues	34
CHAPTER FOUR	
35 RESULTS AND DISCUSSION.....	35
4.1 Introduction	35
4.2 Summary of demographic variables	35

4.2.1 Demographics of Respondents	36
4.2.2 Gender	36
4.2.3 Age	37
4.2.4 Education level of respondents	38
4.2.5 Form of business	39
4.2.6 Nature of business	40
4.2.7 Years of establishment of SME	41
4.3 Descriptive statistics on financial knowledge of respondents	42
4.3.1 Correlation between Education level and financial knowledge	43
4.4 Descriptive statistics on sources of financial literacy	44
4.5 Sources of SME finance	46
4.6 Effects of financial literacy on access to funding	47
4.7 Effects of financial literacy on sustainability of SMEs in Tema	49
4.8 Parametric Tests	51
4.8.1 Pearson Correlation	51
4.9 Discussion	52
CHAPTER FIVE	62
SUMMARY RECOMMENDATIONS AND CONCLUSIONS	62
5.1 Introduction	62
5.2 Conclusion	62

5.3 Recommendations
64

5.4 Summary
65

REFERENCES
67

APPENDIX A
72

KNUST



LIST OF TABLES

Table 4.1	Gender Distribution of respondents	34
Table 4.2	Age Distribution of respondents	36
Table 4.3	Education Level of respondents	37
Table 4.4	Form of Business	38
Table 4.5	Nature of Business	39
Table 4.6	Years since establishment	39
Table 4.7	Descriptive statistics of financial knowledge	41
Table 4.8	Correlation statistics of financial knowledge	42
Table 4.9	Descriptive statistics of financial knowledge	44
Table 4.10	Sources of funding for SMEs	45
Table 4.11	Effects of financial literacy on sources of funding	47
Table 4.12	Effects of financial literacy on sustainability	49
Table 4.13	Correlation of financial literacy on sustainability of SMEs	50

LIST OF FIGURES

Table 2.1	Conceptual framework	27
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LIST OF ACRONYMS

EVA	Economic Value Added
FINSAP	Financial sector Structural Adjustment Programme
GDP	Gross Domestic Product
GEA	Ghana Enterprises Agency
NBSSI	National Board for Small Scale Industries

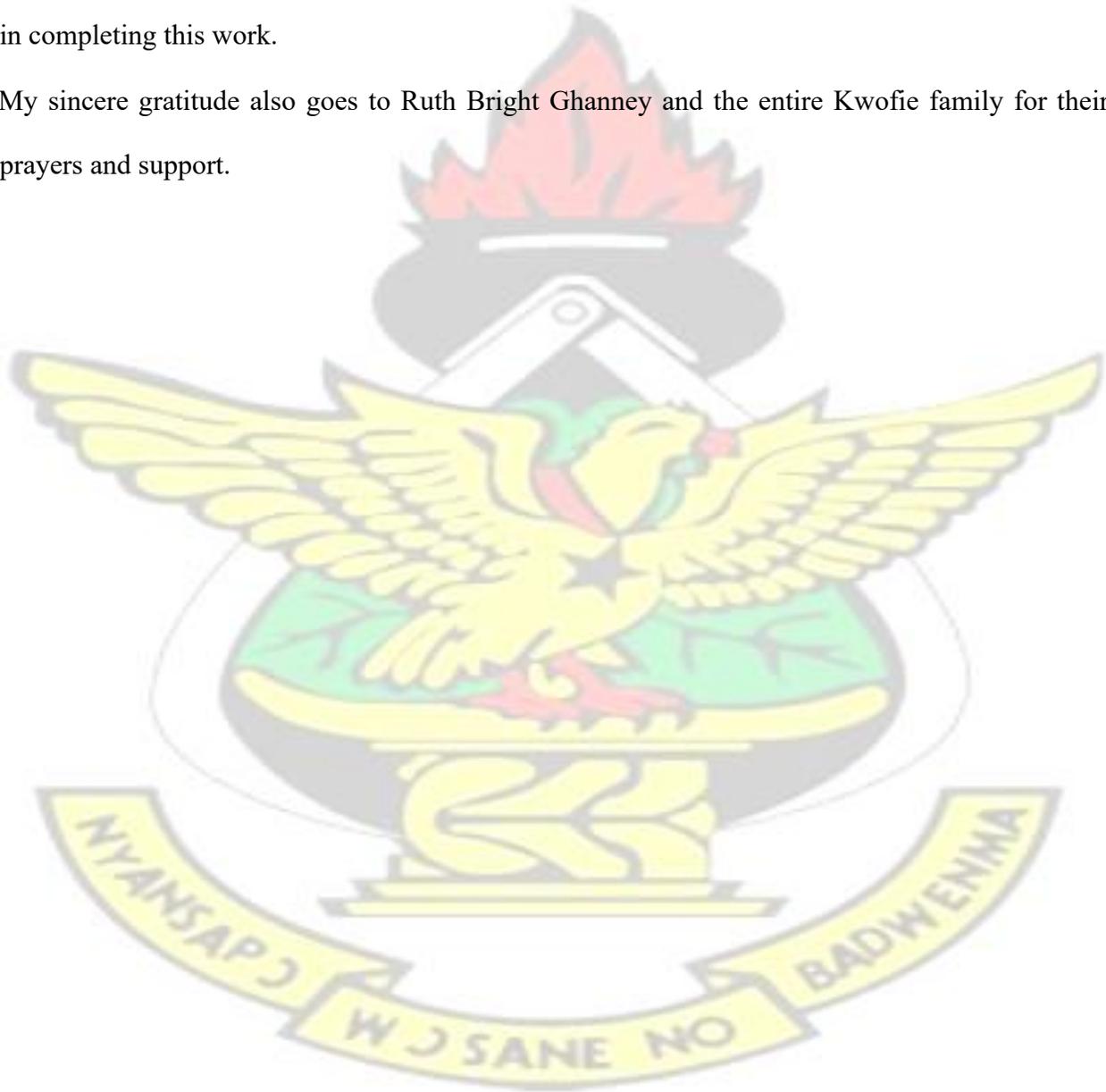
OECD	Organisation for Economic Cooperation and Development
SAP	Structural Adjustment Programme
SMEs	Small and Medium-sized Enterprises
SPEED	Support Programme of Enterprise Empowerment Development
SPSS	IBM Statistical Package for Social Science



ACKNOWLEDGMENT

The success of this study depended on the support I received from several people who I owe a lot of gratitude. I herein wish to extend my sincere thanks and heart-felt gratitude to my supervisor Dr. Clement Opong for painstakingly guiding me through this work. His continuous comments, suggestions and strict adherence to thorough academic guidelines encouraged and motivated me in completing this work.

My sincere gratitude also goes to Ruth Bright Ghanney and the entire Kwofie family for their prayers and support.



DEDICATION

I dedicate this thesis to Mr. Alhassan Dramani and the entire Kwofie family.

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CHAPTER ONE

BACKGROUND OF STUDY

1.1 INTRODUCTION

Because of the wide disparity in levels of financial literacy among the owners of small and medium businesses (Ishtiaq et al., 2020), in Ghana, which is partly attributable to the growing complexity and number of financial products, and the concurrently high cost of conducting business in Ghana, it is necessary for owners of small and medium businesses to be more knowledgeable and competent in the administration of their companies' financial affairs.

According to Keefe and Copeland (2011), a person is considered literate when they are able to read and write a brief, straightforward statement about their day-to-day activities while retaining the ability to comprehend what they are reading and writing. Keefe and Copeland went on to add that a person who is a member of a group or a constituent of a community is functionally literate when the person can engage in all of those activities in which literacy is required for the successful functioning and growth of his (her) group and community. Literacy was defined by Bay et al. (2014) as the capacity to read and write, in addition to the capacity to make effective use of language. Literacy is something that everyone strives to achieve, according to Bay et al., who believe that the proposed definition of literacy places an emphasis on a common sense approach to literacy. Literacy was described by Atkinson (2017) as the ability to read and write, in addition to being equipped with the knowledge and competence for specific activities.

According to Caldecott (2022), finance refers to the administration of revenues as well as the conduct or transaction of money matters in general, particularly those that influence the general public and enterprises. Financial literacy was defined by Mahdzan and Tabiani (2013) as the ways and methods that people manage their money in terms of budgeting, saving, investing, and insuring

their assets. The capacity to manage one's finances, also known as financial literacy, is influenced by a person's level of experience, knowledge, and other specific requirements. This factor can have a beneficial effect on an entrepreneur's personal involvement in financial markets and services (Mahdzan & Tabiani, 2013). According to Preston and Wright (2019), financial literacy can be formally gained in a variety of settings, including classroom instruction or on-the-job instruction. In addition to this, informally acquiring it through interactions with coworkers is another possibility (Preston & Wright, 2019). That is to say, individuals who make judgments pertaining to finances further improve their financial knowledge through the use of feedback effects.

A bigger number of academic definitions of SMEs are based on the protocols of UNIDO and Ghana's National Board for Small Scale Industries (NBSSI) in the direction of labor engaged and capital investment. Establishments that fall into the category of small and medium firms in Ghana are those that have fewer than ten (10) but no more than twenty (20) workers on staff and fixed capital assets that do not exceed ten (10) million Ghana cedis (Ishtiaq et al., 2020). According to Ishtiaq et al., small and medium-sized enterprises (SMEs) play an essential part in the process of economic growth, the production of new jobs, and the reduction of poverty in both developed and developing nations. Herawati et al. (2020) brought attention to the fact that small and micro companies (SMEs) play a significant part in the process of economic growth. In the literature on small and medium-sized enterprises (SMEs), it is stated that the number of SMEs in most countries reaches nine out of ten businesses, on average, out of the total number of business units, and that they absorb two out of three out of the total labor from all existing unemployment (Herawati et al., 2020). SME's are at a disadvantage when it comes to financing (Maseko & Manyani, 2011), despite the fact that they play a significant role in the economies of nations by creating employment opportunities and contributing to GDP. This is due to the fact that SME's do

not have collateral and do not possess adequate financial literacy (Ishtiaq et al., 2020). Because of the crucial role they play in national economies, the long-term viability of small and medium-sized businesses is of the utmost importance (Ishtiaq et al., 2020).

According to Barte (2012), owners of small and medium-sized enterprises (SMEs) operate in a dynamic business environment, and as a result, their exposure to risk increases as financial markets get more competitive and financial portfolios become more sophisticated. As a result of this, the owners of small and medium-sized enterprises (SMEs) need to possess a combination of investment and consumer awareness of commercial items, as well as the capability and confidence level necessary to appreciate risk and business prospects (Miller et al., 2015). The exposure to financial literacy and the knowledge it provides would help owners of small and medium-sized enterprises (SME) understand and apply financial knowledge to obtain a competitive advantage (Siekei, Wagoki, & Kalio, 2013). Overall, having a solid understanding of finance helps business owners make decisions and approach financial planning with a greater awareness of the complexities of the current economic environment (Remund, 2010). In a nutshell, having financial literacy implies being able to evaluate your own personal financial status in order to be in a position to make the appropriate choices regarding money on a daily basis. Financial literacy can assist SME owners in managing their businesses while also preparing them for unanticipated financial obligations and unexpected events.

According to Adarkwa (2012), the national reconstruction and development plan by Dr. Kwame Nkrumah, actively initiated a change in the earlier functions of Ghana's cities and towns from commerce to industrial production hubs. This change occurred during the period in which Ghana was transitioning from a commercial economy to an industrial economy. Because of the creation of Tema harbor, the city of Tema was able to become Ghana's primary port of entry and exit for

goods entering and leaving the country (Adarkwa, 2012). Adarkwa went on to clarify that throughout the period of transition from commercial to industrial centers, Accra-Tema was home to about 59.5 percent of the country's total industrial firms. According to the Ghana Statistical Service (2020), there are around 175 910 small, medium, and micro firms located in the GreaterAccra Region at the present time.

The present study sought to investigate the financial literacy and sustainability of selected small and medium-sized enterprises (SMEs) in the Tema industrial region of Ghana. This was done as a response to the striking evidence that was reported in scholarly works on financial literacy regarding the lack of very basic knowledge of financial concepts and principles that should in practice guide and direct the financial decisions of individuals and entrepreneurs.

1.2 STATEMENT OF PROBLEM

Despite the increasing recognition of financial literacy as a vital factor in the sustainable development of small and medium-sized enterprises (SMEs), there remains a critical gap in understanding the specific dynamics and implications of financial literacy for SMEs in the Tema industrial region of Ghana. Previous research by Mabula and Ping (2018), Ye and Kulathunga (2019), Oppong-Boakye and Kansanba (2013), Kuffour and Adu (2019), Akpandjar et al. (2013), Agyapong and Attram (2019), and Koomson et al. (2019) has explored various facets of financial literacy's impact on SMEs, including its influence on risk management, viability, formal education sources, stock market involvement, owner-manager literacy, and financial inclusion. However, there is a dearth of comprehensive research focused specifically on how financial literacy contributes to the sustainability of SMEs operating in the Tema industrial region.

The financial landscape in Ghana has undergone significant transformations through initiatives such as the Structural Adjustment Program (SAP), the Financial Sector Structural Adjustment

Program (FINSAP), and the Support Program of Enterprise Empowerment Development (SPEED). These reforms have propelled Ghana's financial system forward, yet the extent to which SMEs in the Tema industrial region have leveraged these advancements for their sustainability through enhanced financial literacy remains inadequately explored.

The proposed study aims to fill this research gap by investigating the interplay between financial literacy and the sustainability of selected SMEs in the Tema industrial region of Ghana. By focusing on this specific geographical area, the research seeks to provide context-specific insights that can inform policymakers, business owners, and financial literacy advocates on effective strategies to promote the sustainable growth of SMEs in this region. Furthermore, the study will contribute to the broader literature on SME financial literacy by offering nuanced findings that take into account the unique economic and cultural context of the Tema industrial region. Ultimately, the research endeavors to shed light on practical interventions and policies that can enhance financial literacy levels among SME owner-managers, thereby fostering the resilience and longevity of SMEs in the Tema industrial region.

1.3 OBJECTIVES OF THE STUDY

The purpose of the study is to investigate how financial literacy promotes sustainability of SMEs in the Tema industrial region of Ghana.

The specific objectives of the study are to:

1. Determine the financial behavior of SMEs business owners.
2. Determine the sources of financial credit to SMEs.
3. Ascertain the effect of financial literacy on access to finance among SMEs business owners in Tema.
4. Investigate the influence of financial literacy on sustainability of SMEs in Tema.

1.4 RESEARCH QUESTIONS

1. How will you rate your financial behavior?
2. What are the sources of financial credit to SMEs?
3. Does the level of financial literacy affect access to financial support among SMEs business owners in Tema?
4. Does financial literacy influence the sustainability of SMEs in Tema?

1.5 SIGNIFICANCE OF THE STUDY

The findings of the study will be useful to a total of five different stakeholders, including the central government of Ghana, owners and managers of small and medium-sized enterprises (SMEs), financial institutions, and academic researchers.

In the first place, the central government of Ghana would be adequately informed on the level of financial literacy levels of SME owners and managers, and as a result, it would take responsible efforts to create suitable platforms and avenues to enhance financial literacy among business owners. The outcomes of this study will lead to the government putting in place statutory regulations to ensure that business owners learn financial literacy.

Second, as a result of the findings of this research, owners and managers of small and medium-sized enterprises (SMEs) will be able to improve their ethical decision-making regarding loans and investments, as well as their management of money and debt, be better equipped to achieve their financial goals, more effectively develop structured budgets for their operations, and make better financial decisions overall.

Thirdly, financial institutions would be able to manage their loan portfolios in such a way as to limit the amount of loan defaults that occur as a direct result of the owners and managers of SMEs lacking the financial literacy required to run their businesses successfully. The findings of the study

would put financial institutions in a position to better understand how small and medium-sized businesses place a value on stocks.

In conclusion, the results of the study will contribute new information to the current body of literature on small and medium-sized enterprises (SMEs) and financial literacy. Therefore in the future, scholars will be able to base their studies on the holes that were left in this research.

1.6 JUSTIFICATION OF THE STUDY

The proposed study on financial literacy and sustainability of small and medium-sized enterprises (SMEs) in the Tema industrial region of Ghana is justified by the following considerations:

First, the literature review reveals a significant gap in research specifically addressing the interplay between financial literacy and the sustainability of SMEs in the Tema industrial region. While studies by Mabula and Ping (2018), Ye and Kulathunga (2019), Opong-Boakye and Kansanba (2013), Kuffour and Adu (2019), Akpandjar et al. (2013), Agyapong and Attram (2019), and Koomson et al. (2019) have explored related aspects in different contexts, there is a need for targeted research to understand how financial literacy contributes to the sustainability of SMEs in this specific region.

Second, Ghana has undergone significant financial system advancements through programs like the Structural Adjustment Program (SAP), the Financial Sector Structural Adjustment Program (FINSAP), and the Support Program of Enterprise Empowerment Development (SPEED).

Understanding how SMEs in the Tema industrial region leverage financial literacy in the context of these reforms is crucial for aligning business practices with national economic development goals.

Third, in light of the growing field of study on SME expansion and financial literacy, the proposed research aligns with the evolving discourse on the preconditions for SME sustainability. The findings are likely to contribute valuable insights for policymakers, shedding light on the importance of financial literacy initiatives to support SME development in emerging nations.

In summary, the proposed study addresses a critical research gap, aligns with national economic development initiatives, offers practical implications for SMEs, holds policy relevance, and contributes empirical evidence to the growing body of literature on SME financial literacy. Therefore, the investigation into financial literacy and sustainability of SMEs in the Tema industrial region is justified for its potential to advance knowledge and positively impact business practices in this specific context.

1.7 SCOPE AND LIMITATIONS OF THE STUDY

The scope of the study borders on investigating how financial literacy promotes sustainability of SMEs in the Tema industrial region of Ghana. The scope of the study was limited to SME owners, managers and finance personnel.

Limitations of the study include:

First, the research instrument, which is the questionnaire, limits further probing for additional information.

Secondly, there is no updated database for SMEs in the Tema industrial region of Ghana hence posed a problem in the selection of SMEs for the purpose of this study. The study therefore relied on random selection of SME owners and managers to acquire data.

Finally, the results of this study cannot serve the purpose of generalization since responses are generated from a small sample of SMEs in the Tema industrial region of Ghana which was considered adequate for the purposes of the survey.

Regardless of the above stated limitations, the study was conducted under the dictates of validity, reliability, and ethical protocols of conducting research to ensure limited biases.

1.8 ORGANISATION OF THE STUDY

The study is structured into five chapters. Chapter one covered the introduction; the background to the study; problem statement; the objective of the study; research questions; scope and limitations of the study; and the structure of the study. Chapter Two reviewed literature on the key words and concepts considered in the study. Chapter Three covers the methodology employed in the study and includes research design, the population, sampling techniques and sample size, data collection methods, and procedures used in analyzing the data to be collected. Chapter Four covered data analysis, presentation, and discussion of results. Chapter Five covered the summary of the findings, conclusions, and recommendations of the research.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The chapter covered discussions on the concepts of financial literacy, sustainability, small and medium enterprises. The chapter also covered applicable theories to the study, an empirical review, and a conceptual framework is also discussed.

2.2 Conceptual Review

2.2.1 Financial Literacy

According to Huston (2010), the phrases "financial literacy," "financial knowledge," and "financial education" are frequently used indiscriminately, despite the fact that numerous scholarly works attempt to clarify or separate these terms. According to Quintilian et al. (2018), any attempt to differentiate between financial literacy and financial knowledge ought to be predicated on the recognition that there are no standardized scales of measurement for the two concepts. The findings of a study that was carried out in 2010 by Huston, who investigated the influence of financial literacy on the value growth of SMEs and came to the conclusion that there is no such thing as a standardized conceptualization of financial literacy, lend credence to the viewpoint expressed by Quintilian et al. (2018).

According to Quintilian et al. (2018), financial education is the process by which financial consumers or investors increase their grasp of financial products and concepts by means of harnessing information, undertaking instructions, and growing the confidence to recognize financial dangers and possibilities. In other words, financial education is the process by which consumers or investors improve their understanding of financial products and concepts. On the other hand, Quintilian et al. (2018) defined financial literacy as the combination of awareness, knowledge, attitude, abilities, and skills that are required for an individual to be able to make a financial decision and to reach a status of financial wealth. These are all things that are necessary for an individual to have in order to become financially wealthy. According to Stolper and Walter (2017), the earliest definitions of financial literacy included the capability of individuals to apply awareness and dexterity in order to make the most of the individual's available financial resources. The Organization for Economic Cooperation and Development (OECD) has conceptualized financial literacy to be the know-how and usage as well as the comprehension of financial models

and risks, and the skills, motivation, and confidence to apply such knowledge and understanding in order to make effective decisions across a variety of financial contexts. According to the OECD (2016), the application of such understanding and knowledge is supposed to enable individuals as well as businesses to improve their operations and ensure their financial well-being. According to Kalantarie et al. (2013), financial literacy is "the knowledge and understanding of appropriate financial concepts that are necessary for the efficient management of financial matters." According to Kalantarie et al., the term "financial" encompasses a wide range of concepts, which is why it can be challenging to provide a precise definition for "financial literacy." The word "financial" refers to things like making a budget, making purchases, and to a large extent planning (Kalantarie et al., 2013). If a person is able to manage his or her personal finances in life and in a changing society in which he or she must achieve the necessary perception, develop his or her skills in this area, and be able to understand the impact of an individual's financial decisions on his or her own finances, the finances of others, and the environment, then that person is considered to be financially literate (Remund, 2010). According to the findings of an earlier study conducted by Hogarth and Hilgert (2002), the primary reason why financial literacy has emerged as a topic of discussion is due to the complexity of the contemporary financial market. According to Mahdzan and Tabiani (2013), the complexities of modern markets require all people engaged in business to develop a sophisticated understanding of how to manage their finances. This assertion was made by Mahdzan and Tabiani (2013) because, according to the authors, there is a wide selection of financial products and services available on the financial market. As a result, in order to make a much better informed financial decision, one must be equipped with the necessary knowledge and appreciation of the market as well as the products and services that are being offered. According to Kalantarie et al. (2013), increased financial literacy has a positive impact on both the personal and professional lives of individuals.

A better understanding of finances can help alleviate pressures felt on a social and psychological level, and it can also improve the economic situation of a family. A better understanding of finances can help reduce stress, illness, financial disputes, the exploitation of children, and family conflict. Ye and Kulathunga (2019) emphasized the importance of financial literacy for business owners so that they are able to evaluate the financial space available to their company and make decisions regarding its finances. Ye and Kulathunga are of the opinion that businesses should be equipped with the knowledge necessary to deal with the challenges presented by modern credit markets if they wish to be successful. The ability to manage risks through strategies such as maintaining financial reserves, diversifying investment portfolios, and purchasing insurance is made possible for business owners who have a solid understanding of finance (Ye & Kulathunga, 2019).

2.2.2 Small Medium Enterprises, SMEs

According to Agung, Amelia, and Ahmad's (2020) research, the expansion of national economies is dependent on policies that encourage the private sector to be competitive and generate a profit. Agung, Amelia, and Ahmad pointed out that people who have businesses in developing nations are presented with a lot of obstacles, including the instability of national economies and exchange rates of national currencies versus the US dollar. This is true regardless of the need to promote the growth of the private sector. The distribution of income, the creation of employment opportunities, the advancement of technology, the decrease of poverty, and creativity are all ways in which small and medium firms (also known as SMEs) make a significant contribution to economic development (Ye & Kulathunga, 2019). Small and Medium Enterprises (SMEs) activities in emerging economies confront a unique set of hurdles to achieve success. This is due to the fact that SMEs in developing countries are recognized as vital pillars of their economies, as well as a

means of daily sustenance and survival for the people living in those countries. The high cost of obtaining relevant information as a basis for rational decision making is incurred by SMEs due to the fact that they are managed by a single manager or by a limited number of managers, and also due to the fact that they are small (Mabula & Ping, 2018). Therefore, it is necessary to make deliberate measures to improve the performance of SMEs and ensure their continued existence (Adomako et al., 2016). One strategy for achieving this goal is to increase the knowledge of SME workers in areas of financial competence. This will allow for improved management and accountability, which is more appropriate for a large firm (Adomako et al., 2016).

It is anticipated that the private sector, which is predominately made up of small and medium-sized businesses (SMEs), which have the ability to boost economic growth and create new jobs, would make a considerable contribution to the economies of their respective countries (Adomako et al., 2016). Ye and Kulathunga (2019) claimed that having a robust SME sector is essential to developing a stable industrial sector in an economy. As a result, well-functioning SMEs are principal to sustainable and ongoing economic growth (Adomako et al., 2016). According to Mabula and Ping (2018), an appropriately developed level of financial literacy is an essential requirement for improving the decision-making process of small and medium-sized enterprises (SMEs). According to Adomako et al. (2016), a significant number of small and medium-sized enterprises (SMEs) are dispersed across Ghana, and the amount of revenue they generate to national economies does make them an essential sector. According to Ye and Kulathunga (2019), the rapid economic expansion and better profitability of emerging markets provide small and medium-sized enterprises (SMEs) with the potential to become more competitive in both domestic and international markets. It is crucial for emerging economies to have a robust small and medium-sized enterprise (SME) sector, because there is enormous potential for the development of this

sector, even though many nations have not yet realized the full benefits of having a robust SME sector (Ye & Kulathunga, 2019).

Due to the absence of a common definition that is generally recognized, identifying small and medium-sized enterprises (SMEs) has been a noticeably contextual exercise. Consequently, small and medium-sized enterprises (SMEs) are organizations that typically employ the services of up to four persons and have a minimum capital requirement that is regulated by both local and national laws. Also, some of the most significant obstacles that small and medium-sized enterprises (SMEs) encounter have to do with financing, marketing, finances, and a variety of other concerns related to the management of businesses, which makes it difficult for SMEs to be competitive. Agyapong and Attram (2019) suggested that small and medium-sized enterprises (SMEs) in Ghana are the primary source of employment due to the fact that SMEs make up around 90% of all registered companies in Ghana. This indicates that the performance of SMEs is tangentially related to the contribution they make to the economy of Ghana. These kinds of results are necessary for small and medium-sized businesses to fulfill their function as drivers of economic growth (Agyapong & Attram, 2019). On the other hand, the existence of SMEs has frequently been hindered by poor growth, low sales, and a lack of expansion, resulting in a lot of them going out of business (Agyapong & Attram, 2019). The manner in which a company acquires, disperses, puts, and makes use of its capital is a significant factor in determining the level of that company's level of success. This indicates that the manager of the venture should absolutely have some level of financial literacy as well as knowledge of the cash cycle (Mazzarol 2014).

2.2.3 Financial Literacy and Performance of SMEs

According to Samuel (2018), it is impossible to overstate the significance of the contribution that small and medium-sized businesses (SMEs) make toward the accomplishment of the sustainable

development goals of developing countries. It is well known that the founding of these companies is a major contributor to the generation of employment, the economic empowerment, and the social wellbeing of the majority of citizens in developing economies who do not have access to formal sector employment, which is typically provided by the public sector (Samuel, 2018). According to Saeed (2009), the extent to which a company's financial resource endowment affects the growth of the company is a more significant factor, and information asymmetry makes it difficult for companies to meet the financial demands of their operations.

The magnitude of this effect is likely to be exaggerated in the small and medium-sized enterprise (SME) sector, which is dominated not only by people who cannot read or write but also by owners who lack the financial resources necessary to hire employees with advanced degrees (Saeed, 2009).

Adomako and Danso (2014) explored the direct association between financial literacy and business performance, as well as the potential moderating influence of resource flexibility and financial capital availability on the relationship between financial literacy and firm performance. Adomako and Danso made the discovery that a firm's performance can be improved by increased financial literacy, particularly under circumstances in which resources are adaptable and entrepreneurs have simple access to credit. Entrepreneurs who are financially literate need to take into consideration contingency variables like flexible resources and access to financial capital in order to improve their firm's performance (Adomako & Danso, 2014).

According to Putra et al. (2016), there is a strong connection between financial literacy and individual or personal financial management. This includes making decisions on investments and funding as well as practicing appropriate asset management. On the basis of the information presented above, the financial literacy of owners of micro, small, and medium-sized enterprises (SMEs) will be related to the decisions they make regarding the investment of their funds, the

locations from which the sources of funds are obtained, and the manner in which SMEs owners manage their assets (Putra et al., 2016). Anggraeni (2015) investigated how the level of financial literacy of business owners in Depok impacted the financial management of micro, small, and medium-sized enterprises (SMEs). According to the findings, the level of financial literacy of owners of MSMEs in Depok was still quite low, which made it difficult for them to handle their funds, which were not yet in a healthy place. According to Aribawa (2016), the level of financial literacy of innovative micro, small, and medium-sized enterprises (SMEs) in Central Java has an effect on the performance and sustainability of those businesses. This suggests that it is envisaged that micro, small, and medium-sized enterprises (SMEs), when equipped with enough financial literacy, will be able to make suitable management and financial decisions in order to increase performance and business sustainability. According to the findings of their study, Putra et al. (2016) discovered that only personally experienced regret had a significantly favorable effect on the choice of investment. Despite this, risk tolerance and financial literacy played no role in the decisions about investments. According to Aribawa (2016), micro, small, and medium-sized enterprises (SMEs) that are financially savvy will be able to achieve their business goals, concentrate on the expansion of their operations, and continue operating even when the economic climate is unfavorable. The research findings about the demographic parameters that have an effect on financial literacy are not consistent with one another. Yusnita and Abdi (2018) observed that the literacy level of the micro-enterprises they surveyed was still rather low in their research.

Kuffour and Adu (2019) wanted to study the role that financial literacy and confidence have in the decisions to directly invest in shares and as aids to better understand the non-participation conundrum in Ghana while controlling for socio-demographic characteristics and risk attitude. Additionally, they wanted to determine whether or not there is a correlation between these factors

and the decision to directly invest in shares. However, levels of financial literacy varied across gender, with males being more financially literate than females, and also varied as education levels changed (Kuffour & Adu, 2019). Kuffour and Adu found that the level of financial literacy was generally low, and as a result, the majority of the respondents displayed low levels of financial literacy. A study conducted by Twumasi et al. (2022) found that people who are financially literate have significantly greater access to a greater variety of financial services than people who are not financially literate, regardless of the degree of education. In comparison to their counterparts, household heads that are younger, male, and better educated have a greater chance of being financially savvy (Twumasi et al., 2022). Twumasi et al. identified that illiterate individuals have fewer connections to economic education and are typically geographically removed from financial institutions, in contrast to financially literate individuals. The majority of heads of households who own their homes and other assets have a greater understanding of personal finance than those who do not (Twumasi et al., 2022).

Bruhn and Zia (2011) conducted research to explore the effect that business and financial literacy training have on owner-managers of small and medium-sized businesses (SMEs). They discovered that owners of small and medium-sized businesses that performed well had a greater level of financial knowledge. According to the findings of Nyabwanga (2011), a lot of these business operators rarely attended any business training programs, despite the fact that considerable number of them had little or no knowledge of financial literacy. As a result, they lacked the essential financial understanding required to successfully operate their businesses. The findings of the study also revealed that the overall performance of SMEs was below average. According to the findings of Simeyo et al. (2011), receiving training in microenterprise investment had a significant and favorably impactful effect on the microenterprises' overall performance. The majority of persons

who participated in the survey expressed a high level of satisfaction with the manner in which they were provided with financial investment and instruction in fundamental aspects of running a business. This was another finding of the study. This indicates that the business skill training that is provided with the granting of microloans most certainly enhances the capacity of the owners of SMEs to use the funds, which in turn has an impact on the performance of the businesses. The findings indicated that respondents' levels of satisfaction with their achievement of business risk management abilities were moderate. This was in relation to the topic of business risk management. The owners of SMEs are unable to appropriately deal with business risks due to the fact that they are not fully equipped with the information and skills necessary for business risk management. Because of this, their microenterprises are at a substantial disadvantage in the event that threats of this kind materialize. According to Sucuahi (2013), the substantial role that micro firms play may be effectively exploited and maintained through careful and exact financial management on the part of the owner-managers of SMEs themselves. This is something that can be accomplished.

2.3 Theoretical Review

2.3.1 Financial Literacy Theory

The theory of financial literacy, as outlined by Mwangi and Cheluget (2018), serves as a foundational framework for understanding the financial behavior of individuals, providing a theoretical underpinning for the study on financial literacy and sustainability of SMEs in the Tema industrial region.

The theory draws on perspectives from various disciplines, including economics, psychology, sociology, and management (Mwangi & Cheluget, 2018). It conceptualizes financial literacy as a multi-dimensional construct encompassing knowledge of financial products, financial ideas, and the mathematical abilities necessary for effective financial decision-making and behaviors such as

financial planning (Mwangi & Cheluget, 2018). This multidimensional view aligns with the complexity of financial literacy and its potential impact on individuals and businesses, including SMEs.

The Jumpstart coalition for personal financial literacy, credited with promoting the concept of financial literacy, conducted pioneering surveys to assess the level of financial literacy among high school students (Hastings et al., 2013). This early effort laid the groundwork for understanding the correlations between financial literacy and various economic behaviors, creating the foundation for what is now recognized as the "financial literacy gap."

The theory also highlights the interconnectedness of economic and psychological elements influencing decisions related to retirement savings, asset ownership, and financial practices. This perspective is particularly relevant in the context of SMEs, where the financial decisions of business owners are intertwined with both economic and psychological factors (Hastings et al., 2013).

Behavioral theories, as mentioned by Mwangi and Cheluget (2018), have been integral in researching financial literacy and associated behaviors. Notably, the development of a financial practices index based on self-benefiting behavior in cash-flow management, credit management, saving, and investment practices contributes to understanding how financial knowledge translates into tangible financial practices. The positive correlation between scores on financial literacy tests and the financial practices index reinforces the notion that financial knowledge is indeed related to financial behaviors.

In the context of the study on financial literacy and sustainability of SMEs, this theory provides a lens through which to explore how the financial literacy of SME owners influences their decision-

making, financial practices, and ultimately, the sustainability of their businesses. The multi-dimensional nature of financial literacy, encompassing knowledge and practical skills, aligns with the diverse challenges and opportunities faced by SMEs in the Tema industrial region (Mwangi & Cheluget, 2018). Additionally, the theory's emphasis on the interconnectedness of economic and psychological elements is relevant for understanding the holistic impact of financial literacy on SMEs' long-term viability (Mwangi & Cheluget, 2018).

2.3.2 Resources Based Theory

The resource-based view maintains that the multiple resources, both tangible and intangible, that a company possesses help define that company and ensure that it maintains a competitive advantage (Samuel, 2018). Samuel contends that a knowledge-based viewpoint is the fundamental component of a resource-based point of view. The degree to which businesses are able to keep their competitive advantage depends on how well they are able to retain the heterogeneity of their knowledge resources. Therefore, businesses are able to generate and maintain economic benefits in the form of growth-induced profits by relying on the immovability of resources and the obstacles associated with their transferability. Performance and financial literacy of SME owners can be considered as key aspects of SMEs' resources that can lead to the formation of economic rents that can impact the way the economy operates (Samuel, 2018). This can be seen as an important part of SMEs' resources that can lead to the development of economic rents. The owner of a small to medium-sized enterprise (SME) would benefit from increased financial understanding in terms of financial planning, resource allocation, record keeping, and use of idle cash, financial discipline and management, and the acquisition of capital for viable growth projects.

According to Agyapong and Attram (2019), the resource-based theory examines how the resources that a company owns may assist establish a sustainable competitive advantage for that company.

Specifically, the theory looks at how human capital can be used. The resources that the company possesses include monetary resources (both liquid and illiquid), people knowledge, skills, and competences; technology resources; marketing resources; and physical resources. According to the resource-based theory, the features of a company that stem from its profitability, growth, and eventually its survival are referred to as resources. These resources are what the theory describes (Agyapong & Attram, 2019). According to this line of thinking, such resources ought to have high value, be scarce, and be easy to imitate. Agyapong and Attram went on to clarify that in order for the company to attain a competitive advantage, the managers of the company need to examine resources, appraise capabilities, analyze competitive advantage, select strategy, and identify gaps in resource availability. The resource-based paradigm may have some bearing on the problem of financial literacy as well as the performance of businesses. The selection, utilization, management, and eventual disposal of a company's financial assets are all influenced by its level of financial expertise and understanding (Nunoo et al., 2015). In addition, a manager's level of financial literacy is an indication of the level of financial knowledge that the management already holds or has learned over the course of their career (Gustman et al., 2012). This type of knowledge (resource) has significance for the efficiency with which the company makes financial decisions and implements financial initiatives. This is especially true in the case of small and medium-sized businesses (SMEs), where the owner-manager frequently holds the position of supreme authority in terms of making strategic decisions (Agyapong & Attram, 2019). The decisions that pertain to a company's finances are among the most important ones that owner-managers are required to make in order to keep their companies afloat. The outcomes of such decisions have substantial repercussions on the profitability, growth, and continued existence of their endeavors. According to this hypothesis, a company's innovation activities are hampered when it does not have sufficient resources and competencies in the areas of finance, people, organizations, and technology

(Agyapong & Attram, 2019). Because of this, the company's product and service delivery, and ultimately its performance, could be negatively impacted. The lack of availability of financial resources is one of the most significant obstacles that stand in the way of the growth of small and medium-sized enterprises (SMEs), in particular because it prevents these companies from purchasing new technology that would make them more productive and competitive (Amornkitvikai & Harvie, 2018).

2.4 Empirical Review

2.4.1 Financial behavior of SMEs business owners

Twumasi et al. (2022) investigated the factors that determine financial literacy and the effect that these factors have on a person's ability to gain access to financial services within the context of Ghana. The findings of the study indicate that a person's level of financial literacy is influenced by factors such as the age of the household head, gender, and level of education, assets owned, homeownership, and economic education. The findings also showed that having a good understanding of finances has a substantial impact and a positive relationship with having access to financial services (Twumasi et al., 2022).

Samuel (2018) aimed to determine whether or not there is a connection in Ghana between culture, financial literacy, and the success of SMEs. The findings of the study indicated that holding cultural beliefs can be detrimental to one's ability to acquire financial information. In addition, the adoption of Protestant principles increases the likelihood that small and medium-sized businesses will capitalize on prospects for expansion resulting from increased financial literacy (Samuel, 2018). As a result, the study comes to the conclusion that the connection between financial literacy and the expansion of SMEs is contingent on the cultural setting. According to Samuel (2018), religious bodies should include financial education in their teachings; financial literacy training programs

for SME-Owners should be adapted to fit their needs; and the cultural beliefs of SME-Owners should be taken into account when establishing financial literacy programs.

Kalantarie et al. (2013) looked into the connection between financial literacy, financial wellbeing, and financial worries. According to the findings, a higher level of financial literacy is associated with a higher age as well as an increased level of educational attainment. In addition, Kalantarie et al. discovered that married people and men have a higher average level of financial literacy. A higher level of financial literacy leads to a greater level of financial well-being as well as fewer concerns regarding one's financial situation (Kalantarie et al., 2013).

2.4.2 Sources of Financial Credit to SMEs

In their work, Ackah and Vuvor (2011) categorized financing into two primary types: debt and equity. Debt involves borrowing funds that must be repaid at a future date, along with a fee known as interest, which is paid according to an agreed-upon schedule. The interest payments are obligatory regardless of whether the firm generates profits or sustains losses. On the other hand, Ackah and Vuvor (2011) defined equity as capital contributed by entrepreneurs or investors who become partial or full owners of the firm. Their returns are primarily based on the company's profits. This means that if the firm fails to generate profits, its owners do not receive any returns. Typically, equity funds are considered long-term investments, while debt can range from short to medium or long-term. In the context of new businesses, Ackah and Vuvor (2011) explained that loans and contributions from friends and relatives are common sources of funding. Financial institutions are often hesitant to provide funding for start-ups due to the associated risks. However, relying on this source of funds comes with a potentially hazardous cost (Ackah & Vuvor, 2011).

Nyanzu and Quaidoo (2017) propose that access to finance not only poses a self-reported challenge but also becomes a growth limitation, particularly for smaller firms. This implies that the constraint

in accessing finance hampers the functioning of SMEs, and without this obstacle, SMEs can operate effectively, grow, and prosper (Nyanzu & Quaidoo, 2017). According to Nyanzu and Quaidoo (2017), SMEs obtain credit from various sources, including commercial banks (PCBs), non-bank financial institutions, government agencies, and others.

Aldaba (2012) expresses the view that SMEs primarily rely on the banking systems of most countries, which consist of commercial, micro-finance, and rural banks. These banks cater not only to large borrowers but also to the financial needs of smaller borrowers, including SMEs. Development finance institutions also play a significant role, offering direct lending programs for both small and large enterprises using credit lines provided by donors and the government. Moreover, private foundations and business associations contribute funds through rural banks, non-government organizations (NGOs), and cooperatives specifically targeting SMEs. Other sources of funds include lease financing and loans from non-bank financial intermediaries, such as leasing and finance companies. Some medium enterprises also benefit from limited investments by venture capital companies (Aldaba, 2012).

PunyaSavatsut (2011) affirms that SMEs access financial credit from commercial banks, specialized financial institutions (SFIs), non-bank financial intermediaries (finance companies, insurance companies, and various co-operatives), and capital providers.

Ye and Kulathunga (2019) built an integrated model to investigate the impact of financial literacy, access to finance, and financial risk attitude on the long-term viability of SMEs. They did this by drawing on three different theories: the knowledge-based perspective, the peaking order theory, and the dual process theory. Ye and Kulathunga came to the conclusion that one's level of financial literacy can be used as a predictor of both access to financing and attitude toward financial risk.

Ye and Kulathunga (2019) discovered additional factors that helped explain the connection

between financial literacy and the ability of small and medium-sized enterprises (SMEs) to remain in business. These factors included access to funding and a financial risk mindset.

2.4.3 Effects of Financial Literacy on access to finance among SMEs

Kuffour and Adu (2019) investigated the effect that financial literacy and trust have on an individual's engagement in the stock market. Additionally, they investigated whether or not there is a gender disparity in financial literacy and share ownership. According to the findings of the study, a piece of the non-participation puzzle in financial literacy and stock market involvement can be accounted for by a person's level of financial literacy. Further research by Kuffour and Adu revealed that a person's level of education and access to financial information play a role in their level of financial literacy. As a result, programs that teach financial literacy ought to be accorded a great deal of attention, particularly those that make use of various forms of electronic media.

The authors Stolper and Walter (2017) conducted a literature analysis on the assessment of financial literacy as well as the factors that determine it. Based on their findings, they concluded that the effectiveness of financial literacy programs is relatively unimpressive. Further, Stolper and Walter found that in order to rationalize the ambiguous impact that financial literacy has on the use of financial advice, it is argued in the literature that financial sophistication carries two dimensions. On the one hand, it is the ability to understand advice, and on the other hand, it is the literacy to question it as well as the ability to process information privately.

2.4.4 Influence of financial literacy on sustainability of SMEs

Researchers Akpandjar et al. (2013) looked at rural and urban households in Ghana to determine the factors that influence household financial choices and the availability of financial services.

The results of the study indicated that factors such as household size, age, gender, marital status, occupation, income, remittances, and shocks all play a role in determining a household's level of

involvement in the financial markets. In addition, Akpandjar et al. discovered that locational factors have a significant role in the process of acquiring financial services from specific segments of the financial market. The findings also imply that when there are alternatives to financial services available, rural households are more likely than urban households to receive their financial services from the informal financial sector. This is because rural families are more likely to have less access to official financial institutions (Akpandjar et al., 2013).

Agyapong and Attram (2019) investigated the level of financial literacy possessed by ownermanagers of small and medium-sized enterprises (SMEs) in the Cape Coast Metropolis, as well as the ways in which this level of literacy effects the success of those enterprises. The study population consisted of owner-managers of registered SMEs in the Cape Coast Metropolis from the National Board for Small and Medium Enterprises. From this population, a sample of 132 people was selected using the technique of simple random sampling, and the data were analyzed using the Structural Equation Model. Agyapong and Attram demonstrated that there is a favorable correlation between a person's level of financial literacy and the financial performance of the company.

Mabula and Ping (2018) highlighted the fact that Micro, Small, and Medium Enterprises (SMEs) practices in developing economies experience a unique set of challenges to achieving their success. As a result, they sought to analyze the impact of SME financial literacy and the use of technology on the practice of record keeping and risk management, as well as the firm's overall performance. When configuring the perceived impact of these variables, partial least square structural equation modeling was utilized as an analytical tool. The findings suggest that there is a significant relationship between the company's use of technology and its practice of record keeping and

performance. Additionally, the findings suggest that there is a significant positive association between financial literacy and the company's risk management practices.

In conclusion, the small and medium-sized businesses (SMEs) in developing countries are considered to be significant pillars of the economies of those countries also serve as a means for the people to sustain their lives and survive. Because of their size and the fact that they are controlled by a single or a limited number of owner/managers, small and medium-sized enterprises (SMEs) are prone to having high costs associated with obtaining appropriate information as a basis for rational decision making. As a result, the purpose of this study is to assess the level of financial literacy among small and medium firms (SMEs) in Ghana, with a particular focus on the Tema industrial zone.

2.4.5 Background of SMEs in Tema

In Tema, small and medium-sized enterprises (SMEs) can be broadly classified into urban and rural categories, further divided into "organized" and "unorganized" enterprises, as delineated by Nyanzu and Adarkwah (2016). The organized urban enterprises typically have registered offices and employ paid workers, while the unorganized ones often comprised of artisans working in open spaces, temporary wooden structures, or at home, generally have minimal or no salaried employees, relying primarily on family members or apprentices (Nyanzu & Adarkwah, 2016).

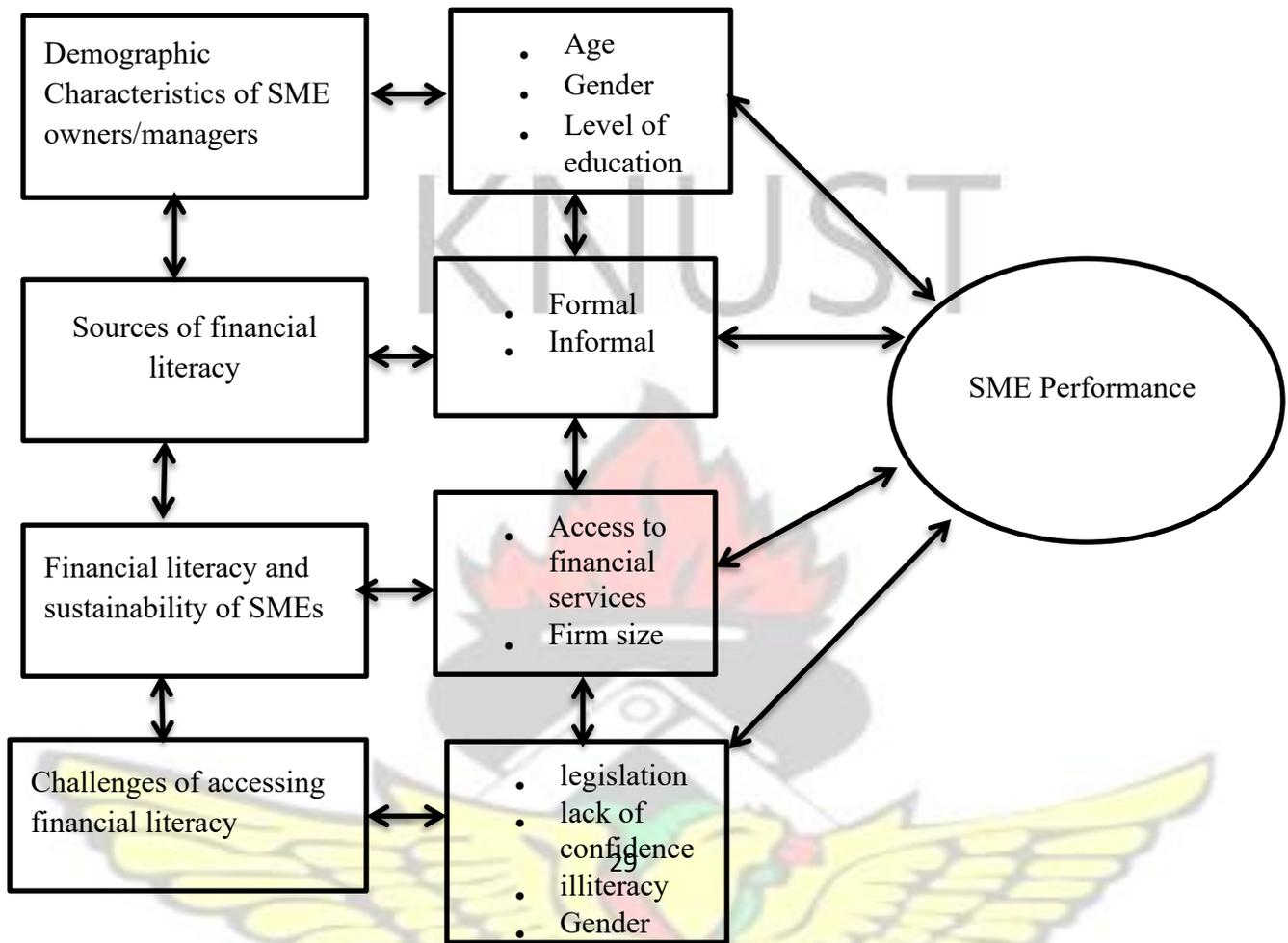
Rural enterprises predominantly consist of family groups, individual artisans, and women engaged in local crop-based food production (Nyanzu & Adarkwah, 2016). Various activities characterize this sector, including soap and detergents, fabrics, clothing and tailoring, textile and leather, village blacksmiths, tin-smithing, ceramics, timber and mining, bricks and cement,

beverages, food processing, bakeries, wood furniture, electronic assembly, agro-processing, chemical-based products, and mechanics (Nyanzu & Adarkwah, 2016).

Most SMEs, especially those owned by females, operate from home and are often not included in official statistics, creating challenges in accessing financing schemes designed without adequate consideration for the specific needs of female-owned businesses. This gender disparity affects their ability to secure financial assistance, as SMEs in Ghana generally face difficulty accessing formal financial institutions. Instead, these businesses typically rely on personal savings of owners, business profits, or support from family members and friends to meet their financial needs (Nyanzu & Adarkwah, 2016).

2.5 Conceptual Framework





CHAPTER THREE

METHODOLOGY

3.1 Introduction

This chapter described research methodology used in the conduct of the study. The research methodology encompassed the methods and techniques that were used in the research and the logic informing the choice of methods adopted. The chapter highlighted the processes, techniques, resources and tools used to achieve research goals. The chapter was partitioned under research design, population of study, the sample size and sampling method, data collection processes and techniques, data processing, ethical problems among others. The research design chosen enabled the researcher to fully answer the research questions and achieved the objectives of the study. The

purpose of the study was to investigate how financial literacy promotes sustainability of SMEs in the Tema industrial region of Ghana.

3.2 Research Design

Research design relate to the organization of processes that focus on collecting and evaluating research data in a way that seeks to combine relevance with cost-in-consideration of the research objectives (Kothari, 2007). For Fraenkel and Wallen (2002) research design constitutes the plan of procedures for data collection and analysis that are undertaken to evaluate theoretical perspectives of a study. Kothari (2007) stated that a research design is essential in every inquiry for it allows for proper planning and to serve as a guide for undertaking a research that yields maximum information with little cost in terms of finances, effort and time. The research design is a survey.

The approach applied in the study is quantitative and descriptive. Descriptive survey as it is appropriate for social sciences and business studies as it limits the possibility of manipulating the variables by the researcher (Kothari, 2007). The quantitative research approach according to (Afum & Sun, 2019) allows researchers to justify, guess, ascertain, substantiate and expound generalization that contribute to literature by means of quantitative data (Leedy & Ormrod, 2010).

3.3 Population of the Study

The target population for the research considered all SMEs registered with the Tema Metropolitan Assembly and granted business operational permits to undertake business in their specialized areas of business. Ampofo, Amoah and Peparah (2020) defined population of a study as the total aggregation of cases that meet a specified set of criteria. A population of a research is any group of variables within an environment who share similar traits and characteristics. Kothari (2007)

explain that researchers conducting study can observe elements within a population and from this suggest conclusions and generalizations.

3.4 Sampling Size and Sampling Techniques

Random sampling was applied to the population of seventy (70) SMEs. The seventy (70) SMEs were settled on because the owners of the entities were willing to participate in the research and were present at the time of deploying the research instrument. Kothari (2007) indicate that thirty (30) is the minimum sample that can be considered for any study intended to optimum results. Seventy (70) SMEs are considered optimum by the researcher for achieving the requirements of competence, representativeness, dependability and flexibility for the purpose of the study.

Kothari (2007) explained that random sampling gives every item in a population an equal chance to be included in the sample. The random sampling techniques are assured in terms of probability (Singh, 2007).

Sample size signifies the number of items to be selected from a universe or population to make up a sample (Kothari, 2007). The sample size considered for the study is seventy (70) SMEs in the Tema industrial area. The researcher will administer a total of seventy (70) data collection instruments. The sample size of seventy (70) is considered optimum for achieving the requirements of competence, representativeness, dependability and flexibility.

3.5 Data Collection

3.5.1 Data collection instrument

The study made use of primary data collected from respondents of SMEs with business operating permits issued by the Tema Metropolitan of the Greater Accra region of Ghana. The data collection tool adopted by the researcher is the questionnaire. The questionnaire was selected because it saves

time and effort and ensures uniformity in questions (Kothari, 2007). The questionnaire also guarantees confidentiality and therefore more likely to motivate respondents to participate in the study.

The first section of the questionnaire focuses primarily on the demographics SMEs and respondents. The second section is laid out with a focus on the objectives set out in the study. Despite the shortfalls of the questionnaire including; the inability to allow for follow up questions, the questionnaire is the appropriate instrument of data collection for surveys (Singh, 2007). A five-point Likert scale ranging from 1 to 5 was used. Where (1) Strongly disagree (2). Disagree (3) Neutral (4) Agree (5). Strongly Agree was considered and applied in the study to generate veritable analysis of the data collected. The items within the questionnaires were grouped based on the objectives of the study to enable easy linkage of responses to research questions.

3.5.2 Data collection procedure

The researcher developed a questionnaire in line with the objectives of the study to collect primary data. The questionnaire was pre-tested with a listed food processing companies located in Madina Municipality within the Greater-Accra Region to certify that the instrument deployed will yield the desired outcome. The pre-testing was also to determine the reliability of the research instrument for collecting data during the survey. After pre-testing the questionnaire, the questionnaire was thoroughly examined for completeness after which the final questionnaire was developed. The questionnaire was self-administered to respondents.

3.6 Data Analysis

Data analysis is a systematic process of selecting, categorizing, comparing, synthesizing and interpreting to provide explanations to the single phenomenon of interest (McMillan &

Schumariacher, 1997). The descriptive method was considered for the study. Data collected was analyzed to determine frequencies, standard deviation and mean. The data was analyzed using IBM Statistical Package for Social Science (SPSS) software and the results of the study was presented using simple tables to give a clear picture of the research findings and to establish the relationship between variables. The IBM Statistical Package for Social Science (SPSS) model v20 specification was chosen because it allowed for data from almost any type of file and use them to generate tabulated results and descriptive statistics. Also, it is compatible with varied operating systems including windows and Macintosh.

3.7 Validity and Reliability Issues

A research instrument is considered valid if it is appropriate for carrying out a research in order to generate the anticipated results. It is important to certify that the instrument deployed would yield the desired outcome. First, measures that have been used in existing literature were relied upon for the items or measures for the study and subsequently, the questionnaire was pre-tested. The purpose of the pre-testing was to determine the reliability of the research instrument for collecting data during the survey. Further, the pre-testing of the research instrument was to assist in the identification of possible challenges inherent in the instrument and how best to resolve them to ensure a reliable study outcome. The completed questionnaire was thoroughly examined for completeness. Data cleaning was done to help identify errors prior to carrying out the data analysis.

3.8 Ethical Issues

The consent of respondents and confidentiality was the most significant ethical issue during the gathering of data. In getting consent for research respondents, the objectives of the study and other important details of study were relayed to all the participants and also in ensuring the confidentiality of the participants, their names and personal information were not recorded. Only

important details that were useful for the purposes of this study were considered and utilized. Lastly, several literatures have been consulted for the extraction of information vital to completing this research and were appropriately acknowledged under the list of references. The focus of the ethical issues was to ensure that the research is conducted with utmost integrity.

CHAPTER FOUR

RESULTS AND DISCUSSION

4.1 Introduction

This part of the research involves putting together a presentation of the information that was gathered and talking about what the results of the study showed. In the context of Small and Medium Enterprises (SMEs), the purpose of the study is to investigate how financial literacy promotes sustainability of SMEs in the Tema industrial region of Ghana. The chapter provided an analysis of the data that was collected on the subjects' demographic characteristics, including the respondents' gender, age, education level, form of business, and years of business establishment. Additionally, the chapter provided an overview of the respondents' level of financial knowledge. A series of analyses were carried out on the following subjects: sources of financial literacy for SMEs business owners, the sources of SME finance, how financial literacy affect access to financial support among SMEs, influence of financial literacy on sustainability of SMEs. A total of seventy (70) respondents were utilized as the study's sample size in order to get the most accurate results possible. The information that was acquired was analyzed with the statistical program for social sciences developed by IBM called IBM-SPSS, and the results were displayed in tables.

4.2 Summary of demographic variables

Table 4.1 covers gender, Table 4.2 covers age, Table 4.3 covers education level, Table 4.4 covers form of business, Table 4.5 covers nature of business and Table 4.6 covers years of establishment. The ages of the respondents, their genders, their educational levels, form of business, and nature of business, years of establishment are some of the characteristics that are taken into consideration.

4.2.1 Demographics of Respondents

In the following part, the demographics of those who responded will be discussed. This comprises the gender of the respondents, their age, the length of time they have been subscribers to Vodafone, and the frequency with which they receive customer notifications from Vodafone.

4.2.2 Gender

The gender distribution of the participants which can be seen in Table 4.1 was one of the goals of the study. Table 4.1 shows a display of the frequency distribution of male and female respondents to the survey. The findings are provided in Table 4.1, and it can be seen that there were a total of 35 female respondents which accounts for 50% of the total, and 35 male respondents, which accounts for 50% of the total. According to the findings, there is a fair distribution between female and male respondents. This is a conclusion that can be as a result of accurate sampling and delimitation of the population of the study.

Table 4.1: Gender distribution

GENDER					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Female	35	50.0	50.0	50.0
	Male	35	50.0	50.0	100.0
	Total	70	100.0	100.0	
	N	70			
	Missing	0			

Source: Field Survey, 2022

4.2.3 Age

The purpose of the section was to determine the age range that is represented among the SME owners in Tema that were taken into consideration for the study. The research questioned about the age range of those who participated in the survey, which can be seen in Table 4.2. Because of this, it was possible to arrive at a reliable estimate of the ages of the people who responded to the survey. The ages varied from eighteen to twenty-five years old, twenty-six to thirty-five years old, thirty-six to forty-five years old, forty-six to fifty-five years old, fifty-six to sixty-five years old and sixty-six and more years, respectively. The findings are presented in Table 4.2, which reveals that the age bracket of SME owners in Tema industrial area that is most prevalent is between the ages of 26-35 years, which accounts for 70% of the total. This age range accounts for the most common demographic of SME owners in Tema. There were 9 people in this age range between 36-45 years which corresponds to a percentage of 12.9%. The frequency score for individuals between the ages of 18-25 year was 7, and the percentage score was 10%. The age group between 56-65 years scored a frequency of 3 and a percentage of 4.3%. The frequency was the lowest in the age group of 46-55 years old, coming in at 2, and the percentage was the lowest, coming in at 2.9%. One may argue that the age group between 26-35 years which accounts for the biggest frequency of 49 and percentage of 70% are young and in the middle ages between the age of leaving school and starting life as adults.

Table 4.2: Age of Respondent

AGE					
	Years	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	18-25	7	10.0	10.0	10.0
	26-35	49	70.0	70.0	80.0
	36-45	9	12.9	12.9	92.9
	46-55	2	2.9	2.9	95.7

56-65	3	4.3	4.3	100.0
Total	70	100.0	100.0	
N	70			
Missing	0			

Source: Field Survey, 2022

4.2.4 Education level of respondents

The purpose of the section was to determine the level of education of the respondents that represented in the survey. The research question seventy (70) SME owners in Tema and the educational level of the respondents was a characteristic considered in the survey. Because of this, it was possible to arrive at a reliable estimate of the education levels of the respondents of the survey as shown in Table 4.3. The education level of respondents was categorized under no education, lower than high school, non-formal education and tertiary education. The findings are presented in Table 4.3, which reveals that Tertiary education scored a frequency of 64 and a percentage of 91.4%. Respondents with tertiary education accounts for the most common educational level amongst respondents contacted for the survey. There were 5 people in the educational category of lower than high school, which corresponds to a percentage of 7.1 percent. The frequency score for respondents captured under the category of non-formal education was 1, and the percentage score of 1.4%. The category of no education scored zero (0) respondents meaning that all seventy (70) respondents sampled for the survey had some level of education and could possibly read and write and as such could possess basic financial management skills and understand basic financial concepts.

Table 4.3: Education level of Respondent

EDUCATION

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Lower than High School	5	7.1	7.1	7.1
	Non-Formal	1	1.4	1.4	8.6
	Tertiary	64	91.4	91.4	100.0
	Total	70	100.0	100.0	
	N	70			
	Missing	0			

Source: Field Survey, 2022

4.2.5 Form of business

Table 4.4 displays the findings of a survey investigating the financial literacy and viability of SMEs in Tema. Table 4.4 presents the results regarding the sort of business the survey respondents operate. The poll classified business types as sole proprietorships, cooperative societies, partnerships, and limited liability corporations. With a frequency of 41 and a percentage of 58.6%, the largest category was sole proprietors. The cooperative society achieved a frequency of five and a proportion of 7.1%. The frequency of partnership was 8 and the percentage was 11.4%, but the frequency of private limited was 16 and the percentage was 22.9%. According to the statistics presented in Table 4.4, the majority of respondents were sole proprietors. Private limited firm was the second-largest response category. Partnership received the third-highest category rating, while cooperative society received the lowest. By their nature and size, the majority of SMEs are owned and run by people who accept the liabilities of their business organizations, as shown in Table 4.4. Additionally, substantial start-up capital in the company environment can contribute to the majority of SME owners being single proprietors.

Table 4.4: Form of business of respondents

What is the form of your business?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Sole Trader	41	58.6	58.6	58.6
	Co-operative society	5	7.1	7.1	65.7
	Partnership	8	11.4	11.4	77.1
	Private Limited	16	22.9	22.9	100.0
	Total	70	100.0	100.0	

Source: Field Survey, 2022

4.2.6 Nature of business

According to the statistics shown in Figure 4.5, 47 percent of respondents worked in the services sector of Tema economy. Additionally, the services industry received a frequency of 33, indicating that 33 respondents ran firms that offered a variety of services to clients. Seven respondents, or 10% of those surveyed, were involved in the manufacturing industry. Two respondents, or 2.9%, of the total number of participants questioned for the study ran a firm that wholesaled commodities and products. 40% of the respondents, or 28 individuals, are involved in retail trade. Table 4.5 demonstrates that the majority of respondents are employed in the services sector. As a country with a middle income, the majority of Ghanaians in the middle income bracket are employed, and as a result, numerous businesses are sprouting up to fill the void by offering middle class individuals with vital services such as laundry, delivery, and cleaning. Moreover, the majority of public sector employees are seeking new sources of income, resulting in the expansion of retail, wholesale, and service businesses.

Table 4.5: Nature of business operated by respondents

What is the nature of your business?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Services	33	47.1	47.1	47.1

Manufacturing	7	10.0	10.0	57.1
Wholesale	2	2.9	2.9	60.0
Retail	28	40.0	40.0	100.0
Total	70	100.0	100.0	

Source: Field Survey, 2022

4.2.7 Years of establishment of SME

The statistics that are shown in Table 4.6 make it abundantly evident that 55.7% of the total respondents accounting for 39 respondents have businesses which have been in operation for only less than five (5) years. There were a total of 28 responses and which explains a percentage of 40% whose businesses have been in operation for 5-10 years. 1.4% of the respondents, which accounts for a frequency of 1, have had their business in operation for 11-20 years. In addition, the results in Table 4.6 shows that SMEs which have been in operation for more than two years and participated in the study were only 2 accounting for 2.9% of the total respondents polled for the survey.

Table 4.6: Years since establishment of SME

Years since establishment of SME?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Less than 5 years	39	55.7	55.7	55.7
	5-10 years	28	40.0	40.0	95.7
	11-20 years	1	1.4	1.4	97.1
	More than 20 years	2	2.9	2.9	100.0
	Total	70	100.0	100.0	

Source: Field Survey, 2022

4.3 Descriptive statistics on financial knowledge of respondents

The respondents to the survey were put through a test to determine the extent of their knowledge on financial matters. The level of financial knowledge of the seventy (70) respondents polled for the survey was evaluated using the questions "daily recording of business transactions," "keeping

track of daily revenue and expenditure," "separating persona accounts from business accounts," "prior planning of expenditures and financial advices," and "separating persona accounts from business accounts." The following is a breakdown of the analytical scale, which can be seen in Table 4.7, which provides a presentation of the Likert scale with five points: A score between 1 and 1.80 is considered to be in the "lowest" category, 1.9 to 2.6 is considered to be at the "good" level, a score between 2.7 and 3.4 is considered to be "unsure," 3.5 to 4.2 is considered to be "high," and 4.3-5 is considered to be "." highest" the results of this study are presented in Table 4.7, and it can be seen that the daily recording of business transactions was given a mean score of 3.54 and a standard deviation of 1.25. This indicates that the majority of respondents are financially literate as a result of their agreement that they document the daily business operations of their companies and are consequently informed in this area. The average score for the activity of keeping track of daily revenue and expenditures of the firm was 3.81, which translates to a complete consent to participating in the activity. This further demonstrates that the majority of business owners of SMEs in Tema tracks their revenue flow and, as a result, has some level of financial literacy. The response to the question "I keep my personal and company finances separate," which was one of the questions designed to determine the level of financial literacy possessed by respondents, yielded a mean score of 4.17. Another answer that received a mean score of 3.63 was "My expenditure is based on prior preparation." A mean value of 3.53 was obtained from the replies received to the question of whether or not respondents sought financial guidance before making significant financial decisions. It is possible to draw this conclusion from the fact that the mean scores for all of the questions concerning financial knowledge that were asked obtained high mean scores, which indicates that the respondents had financial knowledge.

Table 4.7: Descriptive statistics of financial knowledge

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
I record daily business transactions.	70	1	5	3.54	1.259
I keep track of daily revenue and expenditure of the business.	70	1	5	3.81	1.094
I separate my personal account from my business account.	70	1	5	4.17	1.154
My expenditure is based on prior planning.	70	1	5	3.63	1.092
I seek financial advice before making major financial decisions.	70	1	5	3.53	1.213
Valid N (listwise)	70				

Source: Field Survey, 2022

4.3.1 Correlation between Education level and financial knowledge

The purpose of the study was to investigate whether or not there is a correlation between educational level and financial literacy. Each of the seventy (70) respondents supplied answers to the questions on their degree of education and their understanding of finances. A significance value that is lower than 0.05 suggests a higher level of significance, whereas significance values that are higher than 0.05 imply a lower level of significance. The significance constant for this study is 0.05. The descriptive statistics of the analysis show a lesser significance at 0.246. In addition, the Pearson correlation constant is +1 or -1, with +1 indicating a perfect positive correlation and -1 indicating a perfect negative correlation with the variables in question. It is possible to draw the following conclusion based on the information shown in Table 4.8: the Pearson significant value of the analysis is 1.40, which demonstrates a less strong positive association between education and financial literacy. This indicates that education cannot be ascribed to a person's level of

financial knowledge because an increase in education level by 0.140 also results in an increase in financial understanding. Additionally, the findings of the research pointed out that education cannot be ascribed to a person's level of financial knowledge because an increase in education level by 0.140 also results in an increase in financial understanding.

Table 4.8: Correlation statistics of financial knowledge

Correlations			
		EDU	FK
EDU	Pearson Correlation	1	.140
	Sig. (2-tailed)		.246
	N	70	70
FK	Pearson Correlation	.140	1
	Sig. (2-tailed)	.246	
	N	70	70

Source: Field Survey, 2022

4.4 Descriptive statistics on sources of financial literacy

A test was given to the people who participated in the survey so that it could be determined how they obtain their financial literacy. The questions were designed to determine the level of financial literacy possessed by each of the seventy (70) respondents who participated in the survey. I acquire my financial literacy through night school or other forms of non-formal education; I acquire my financial literacy through representatives of financial institutions; I acquire my financial literacy through radio, TV, and other forms of media; I acquire my financial literacy through the formal acquisition of certificates; and I acquire my financial literacy through seminars, workshops, and other forms of in-person training. A presentation of the Likert scale with five points is provided in Table 4.9; the following is a breakdown of the analytical scale, which can be seen in that table: It

is regarded to be in the "Strongly disagree" category when a score falls between 1 and 1.80; it is considered to be at the "Disagree" when the score falls between 1.9 and 2.6; and it is considered to be "neutral" when the score falls between 2.7 and 3.4. It is called "Agree" when the score is between 3.5 and 4.2, and it is regarded "Strongly Agree" when the score is between 4.3- 5.0. Access to financial literacy through night school or non-formal education was given a mean score of 2.54, with a standard deviation of 1.28 points, as can be seen in Table 4.9, which presents the findings of this research. A mean score of 2.76 and a standard deviation of 1.30 were assigned to the option to obtain financial literacy from representatives of financial institutions. This suggests that the respondents disagree with the statements regarding the origin of their financial knowledge. I get my information about financial literacy from the radio, TV, and other forms of media and scored a mean of 2.56, which indicates that respondents Disagreed with the statement. Mean score was 3.06, which indicates that the majority of people who responded agreed with the statement that most of the respondents receive financial literacy through the formal acquisition of credentials. Acquisition of financial literacy through participation in various trainings, seminars, and workshops received a mean of 3.31, which indicates that the majority of those who responded are either neutral toward the topic at hand or are unsure how they feel about it. Evidently since all the respondents are educated or have acquired some form of education, it is clear that they will have a high inclination towards acquiring their financial literacy through more formal channels of which various trainings, seminars, and workshops are the most likely because they are short in duration and provides industry affiliation to SME owners.

Table 4.9: Descriptive statistics on sources of financial literacy

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation

I access financial literacy from night school/nonformal education.	70	1	5	2.54	1.282
I access financial literacy from agents of financial institutions.	70	1	5	2.76	1.301
I access financial literacy from radio/TV/media outlets.	70	1	5	2.56	1.150
I access financial literacy through formal acquisition of certificates.	70	1	5	3.06	1.463
I acquire my financial literacy from seminars/workshops/trainings.	70	1	5	3.31	1.291
Valid N (listwise)	70				

Source: Field Survey, 2022

4.5 Sources of SME finance

The results of an analysis of the many avenues of financial support available to small and medium-sized businesses in Tema are presented in Table 4.10. Crowd funding (also known as Susu), bank finance, trade finance, personal savings, more than one of the listed items, and none of the listed items were some of the options that were shown to the respondents as options for them to choose from on the list. The highest response rate was achieved for the topic of personal savings, which was given a frequency of 24 and a percentage of 34.3. The response option "more than one of the listed," which means more than one of the possibilities that were chosen received a frequency score of 21 and a percentage score of 30%. Trade Finance received a score of 5 for its frequency and 7.1% for its proportion. Respondents who indicated that they did not receive funding from any of the available alternatives obtained a score of two on the frequency scale and a percentage of 2.9%.

Table 4.10: Sources of finances to SMEs

What are the sources of finance to SMEs?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Crowd funding (Susu)	6	8.6	8.6	8.6
	Bank finance	12	17.1	17.1	25.7
	Trade Finance	5	7.1	7.1	32.9
	Personal savings	24	34.3	34.3	67.1
	More than one of the listed	21	30.0	30.0	97.1
	None of the listed	2	2.9	2.9	100.0
	Total	70	100.0	100.0	

Source: Field Survey, 2022

4.6 Effects of financial literacy on access to funding

Table 4.11 is an attempt to present the findings of an investigation into the implications of financial literacy on the availability of funding for small and medium-sized enterprises (SMEs) in Tema. In light of the findings presented in Table 4.11, it is possible to deduce that the following characteristics of respondents' financial expertise were enumerated so that they could identify the degree to which each characteristic impacted their capacity to obtain money for their respective entities: Bookkeeping, creating a budget, making sensible financial decisions, separating personal accounts from business accounts, and having trust in the financial world are all components of a financially literate individual. According to the findings presented in Table

4.11, the total number of people who provided responses to the questions was 70, and their responses ranged from a minimum value of 1 to a maximum value of 5. According to Table 4.11, the average score given by respondents to the statement that "poor bookkeeping impacts access to financial support" was 3.96. In addition, the assertion that "Poor budgeting hinders access to financial support" was given a mean value of 3.87 out of 5 possible points. The assertion that "Lack of confidence in my finances affects access to financial support" received a mean score of 3.41,

while the statement that "Inability to separate company accounts from personal accounts affects access to financial support" had a mean score of 3.79. A mean value of 3.61 was assigned to the assertion that "the inability to differentiate between personal and commercial accounts impacts access to financial information." A breakdown of the analytical scale, which is utilized for the interpretation of the results in Table 4.11 and gives a presentation of the Likert scale with five points, can be found as follows, based on the results in Table 4.11: If you receive a score between 1 and 1.80, it is considered to be in the "lowest" category. If you receive a score between 1.9 and 2.6, it is considered to be at the "good" level. If you receive a score between 2.7 and 3.4, it is considered to be "unsure." If you receive a score between 3.5 and 4.2, it is considered to be "high," and 4.3-5 is considered to be the "highest." Based on the findings presented in Table 4.11, it is possible to draw the conclusion that all of the respondents reached the same conclusion regarding the inability to conduct proper bookkeeping, engage in prudent budgeting, make prudent financial decisions, carefully separate personal accounts from business accounts, and low confidence in one's financial situation as factors that funding institutions considered when crediting owners of SMEs in Tema.

Table 4.11: Effects of financial literacy on access to funding

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Poor bookkeeping affect access to financial support.	70	1	5	3.96	1.185
Poor budgeting affect access to financial support.	70	1	5	3.87	1.154
Poor financial decisions affect access to financial support.	70	1	5	3.79	1.075

Inability to separate business account from personal account affects access to financial.	70	1	5	3.61	1.266
Lack of confidence in my finances affects access to financial support.	70	1	5	3.41	1.210
Valid N (listwise)	70				

Source: Field Survey, 2022

4.7 Effects of financial literacy on sustainability of SMEs in Tema

The breakdown of the analytical scale, which is utilized for the interpretation of the results in Table 4.12 and gives a presentation of the Likert scale with five points, can be found as follows, based on the results in Table 4.12: If you receive a score between 1 and 1.80, it is considered to be in the "Strongly Disagree" category. If you receive a score between 1.9 and 2.6, it is considered to be at the "Disagree" level. If you receive a score between 2.7 and 3.4, it is considered to be "Neutral." If you receive a score between 3.5 and 4.2, it is considered to be "Agree," and 4.3-5 is considered to be the "Strongly Agree."

In light of the findings presented in Table 4.12, the following questions were posed to the respondents: to what extent do you agree or disagree with the assertions that guarantee and encourage the longevity of SMEs? The statements that were included were as follows: Financial literacy improves the bookkeeping of my business; Financial literacy improves the budgeting of my business; Financial literacy improves the financial decisions made by my business; Financial literacy allows me to keep my personal finances separate from my business finances; Financial literacy improves my financial confidence; and Financial literacy improves my financial confidence. According to the findings in Table 4.12, the statements received a mean score ranging from 3.81 to 4.17, with 3.81 being the lowest and 4.17 being the highest. According to the data

presented in Table 4.12, the mean score for using financial literacy to improve bookkeeping was the lowest possible, coming in at 3.81, whereas the mean score for using financial literacy to improve budgeting was the greatest possible, coming in at 4.17. Based on the findings presented in Table 4.12, it is possible to draw the conclusion that all respondents in Tema are in complete accord on the significance of financial literacy to the long-term viability of SMEs.

Table 4.12: Effects of financial literacy on sustainability of SMEs

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Financial literacy improves bookkeeping of my business.	70	1	5	3.81	1.354
Financial literacy improves budgeting of my business.	70	1	5	4.17	.978
Financial literacy improves my business financial decisions.	70	1	5	4.11	1.110
Financial literacy allows me to separate personal accounts from business account.	70	1	5	4.16	1.125
Financial literacy improves my financial confidence.	70	1	5	4.14	1.146
Valid N (listwise)	70				

Source: Field Survey, 2022

4.8 Parametric Tests

4.8.1 Pearson Correlation

The current investigation is predicated on the hypothesis that there is a connection between financial literacy and sustainability of SMEs. H_1 : the more financial literate an owner of SME is

the more likely his capacity to sustain his business. The null hypothesis, H_0 , suggests that there is no correlation between financial literacy and sustainability of SMEs. The total number of cases, N , is 70, which indicates that 70 individuals responded to the questions regarding financial literacy and sustainability of SMEs. The probability value, also known as the statistical significance value, is 0.05, and the correlation coefficients are 1 and -1. A correlation coefficient of 1 indicates a perfect positive connection, while a correlation coefficient of -1 indicates a perfect negative correlation. When looking at the findings presented in Table 4.13, it can be observed that the correlation value is 0.491, which is a positive number. This indicates that there is a perfect positive correlation between financial literacy and sustainability of SMEs. In addition, the correlation value of 0.491 is positive; however, it is not particularly high association. Therefore the idea that financial literacy affects the sustainability of SMEs is supported by the findings. Additionally, the significance value is 0.000 which is below the significance constant of 0.05 and as such there is positive and significant connection between financial literacy and sustainability of SMEs.

Table 4.13: correlation between Financial Literacy and Sustainability of SMEs

		Correlations	
		SSME	FL
SSME	Pearson Correlation	1	.491**
	Sig. (2-tailed)		.000
	N	70	70
FL	Pearson Correlation	.491**	1
	Sig. (2-tailed)	.000	
	N	70	70

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

Source: Field Survey, 2022

4.9 Discussion

Seventy (70) registered SMEs that had permission from the Tema Metropolitan Assembly to do business in the Tema industrial area were asked to take part in the study. The results of the study showed that the 70 people who answered the survey were evenly split between men and women, with 35 responses from each gender. This means that there are the same number of men and women running SMEs in Tema. Twumasi et al. (2022) say that the decision to start a business is based on the age, gender, and level of education, as well as their assets, and how much they know about economics.

The research found that the respondents ranged in age from 18 to 25 years old, 26 to 35 years old, 36 to 45 years old, 46 to 55 years old, 56 to 65 years old, and 66 years old and up. In Table 2, the results are shown. In the second part of the study, it was found that most SME owners in the Tema industrial area are between the ages of 26 and 35, which is 70% of the total. Most small and medium-sized business owners in Tema are in this age group. This means that more young people than old people are starting their own businesses. This could also be because young people are looking for other ways to make money. Young people starting their own businesses could also be because there are more unemployed people in the formal sector of Ghana. One could also say that people between the ages of 26 and 35, who make up 70% of the 49-year-olds, are young and in the middle of their lives, between the ages of leaving school and becoming adults.

The results are shown in Table 4.3, which shows that tertiary education got a score of 64 and 91.4% of the time. Most of the people contacted for the survey have a tertiary education. Keefe and Copeland (2011) say that a well-educated person who is considered literate must be able to read and write a simple statement about what they do every day while still being able to understand what they are reading and writing. Because 91.4% of the people polled said they had tertiary

education, it is safe to say that most SME owners in Tema, Ghana, can read and write and understand what they are reading and writing. Also, there were 5 people in the "less than high school" category, which is a percentage of 7.1%. There was 1 person in the "non-formal education" category, which is a percentage of 1.4%, and there was no one in the "no education" category, which is a percentage of 0%. (0). The research results, which are shown in Table 4.3, show that all seventy (70) survey respondents had at least some education and could read and write. This means that they all had basic skills for managing money and could understand basic financial ideas. Mahdzan and Tabiani (2013) say that an entrepreneur's education has a big effect on how involved he or she is in financial markets and services.

Table 4.4 shows the answers to the question about what kind of business the survey participants run. The poll divided business types into four groups: sole proprietorships, cooperative societies, partnerships, and limited liability corporations. We thought that most SMEs would be run by a single person. Samuel (2018) says that SMEs are run based on the goals and values of their owners. So, their success or failure depends on how much money and time their owners have. The most important thing about a sole proprietorship is that it is run according to the owners' beliefs and values. The research results, which are shown in Table 4.4, back up what Samuel (2018) said, since sole proprietorship got a score of 41 and a percentage of 58.6%. Cooperative society got a score of 5 and 7.1% of the votes. In essence, there were 8 partnerships, which were 11.4%, but there were 16 private limited companies, which was 22.9%. Aside from being a sole proprietor, the most common type of business is a limited liability company. This is because most small and medium-sized enterprises (SMEs) don't have enough money to start a business as a limited liability company.

47 percent of respondents employed in Tema's services sector, as evidenced by the numbers in Figure 4.5. The services sector also obtained a frequency of 33, meaning that 33 respondents ran businesses that provided a range of services to customers. 28 respondents, or 40% of the sample, work in the retail industry. This meant that the majority of SMEs are in the service and retail sectors, and that this is because there are more and more white-collar middle-class workers who don't have enough time to handle certain basic facets of their lives. Laundry services, delivery services, catering services, etc. could all be among the services offered by SMEs. Additionally, the majority of SMEs are in the retail industry, which is understandable given that the industry is small and has low startup costs.

The data in Table 4.6 clearly demonstrates that 39 respondents, or 55.7% of the total respondents, operate enterprises that have been in existence for less than five (5) years. 28 people responded in total, which explains the 40% of respondents whose companies had been in existence for five to ten years. 1.4% of the respondents, or one in every one, has been in business for between 11 and 20 years. Additionally, Table 4.6's findings reveal that only two SMEs, or 2.9% of all respondents to the survey, were in business for longer than two years when they participated in the study. Businesses are anticipated to take advantage of the experience they've accumulated over time to promote firm expansion, claim Quartey et al. (2017). Strategies created throughout time to counteract challenges from the corporate environment and seize opportunities are intended to result in worthwhile experiences by facilitating learning (Quartey et al., 2017). The SMEs sampled in the study, which made up the majority of responses and represented 55.7% of the total respondents with a frequency of 39, have been in operation for less than five (5) years, so it would be prudent to suggest that they may not have the experience necessary to take advantage of opportunities in the business environment. But with the spread of technology, Tema-

based SMEs with less than five (5) years of operation may now use technology and media to gain experience and capture possibilities.

According to Ishtiaq et al. (2020), small- and medium-sized business owners that are financially literate are better equipped to handle the complexity and number of financial products that are increasing. Ishtiaq et al. essentially contend that knowledgeable small- and medium-sized business owners are capable of managing the financial aspects of their companies. The study, which aimed to determine how much financial knowledge respondents possessed, discovered that they did. The majority of respondents had some form of education, and those with tertiary education had the greatest financial literacy. According to Quintilian et al. (2018), financial education is the process through which customers or investors learn more about financial products and concepts through the use of information, adherence to guidelines, and development of the confidence to identify financial risks and possibilities. According to the findings, which are presented in Table 4.7, the following behaviors were regarded as indicators of financial savvy, hence respondents who engaged in them were considered to be financially astute. In this instance, the average score for daily business transaction recording was 3.54, with a 1.25 standard deviation. The average grade for monitoring the company's daily earnings and expenses was 3.81. The majority of respondents (41.7%) indicated that they keep their personal and professional accounts separate. A mean score of 3.53 was assigned to respondents' responses to the issue of whether or not they keep their personal and professional accounts separate. Quintilian et al. (2018) assertion that financially educated entrepreneurs are individuals who can use information to grasp financial products and concepts is supported by the research findings, which are presented in Table 4.8. The findings of the research as shown on Table 4.8 corroborates with the conclusions of a research undertaken by Mahdzan and Tabiani (2013) whom identified that aside education, people gain expertise in the

management of money, investment and saving (financial knowledge) experience on the job and other specific requirements.

According to Keefe and Copeland (2011), a person is functionally literate if they are capable of performing all the tasks that need to be done in order for their group or community to function properly and advance. The purpose of the research questions was to determine how much each of the 70 respondents knew about money. The respondents were asked how they learned financial literacy. They replied, "I learned financial literacy through night school or other forms of nonformal education; I learned financial literacy from representatives of financial institutions; I learned financial literacy through radio, TV, and other forms of media; I learned financial literacy through the formal acquisition of certificates; and I learned financial literacy through seminars, workshops, and other forms of in-person training." The average score for respondents who learnt about finances through night classes or other non-traditional education was 2.54. The average score for respondents who stated they learned about money from those who work in financial institutions was 2.76. The average score for those who learned financial literacy in formal institutions was 3.06 points. According to the findings, financial literacy can be learnt in a variety of settings. As a result, it contains the fundamental information and abilities required to make financial decisions. The survey findings support what Quintilian et al. (2018) discovered, which is that in order to be financially literate, a person has to possess a range of skills and talents that enable them to make wise financial decisions.

The questions were designed to identify the sources from which each of the seventy (70) survey respondents learned about money. The findings of the study are presented in Table 10. It is obvious that because every respondent is educated or has some type of schooling, they are more likely to learn about money through more official means. Due to their brief duration and ability to link SME

owners with others in their field, trainings, seminars, and workshops are perhaps the most well-liked. The study's findings support several earlier ones, including those of Preston and Wright (2019), who discovered that formal financial literacy can be acquired in a variety of methods, such as through classroom instruction or on-the-job training. A source of financial knowledge is also encounters with persons who have specialized knowledge. According to the study, those who claimed to have learnt about money through formal schooling had an average score of 3.06 out of a possible 3. This indicates that official sources had greater approval ratings. This indicates that the majority of respondents agreed with the claim that the majority of respondents acquired their education in order to learn about money. The findings corroborate Oppong-Boakye and Kansanba's (2013) conclusion that formal schooling is the best approach to learn about money. A person's financial literacy is influenced by their degree of education and how simple it is for them to obtain knowledge about money, according to the data, which also support what Kuffour and Adu (2019) discovered.

The research's findings identified a number of financial resources that are available to small and medium-sized businesses in Tema, including crowd funding (also known as Susu), bank financing, trade financing, personal savings, and more than one of the listed items. However, none of the listed options were presented to the respondents as options from a list. The most responses were received on the subject of personal savings, which was mentioned 24 times and received a response rate of 34.3 percent. This demonstrated that more owners of small and medium-sized firms in Tema operated their companies with the help of their personal savings or the savings of close friends and colleagues. More than one of the alternatives that were selected was the response option "more than one of the listed," which obtained a frequency score of 21 and a percentage score of 30%. There were 12 occurrences on average, and the percentage for bank funds was 17.1 percent. Crowd funding, also known as "susu," received a score of 6 and an 8.6% percentage. This indicates that

even though the majority of the survey respondents operated their firms as sole proprietorships, they chose to obtain funding from formal and private sources over local ones. Personal savings, which were assigned a frequency of 24 and a percentage of 34.3, may be a result of SMEs being unable to obtain financing due to a lack of adequate collateral. The findings of this study support those of Herawati et al. (2020), who noted that small and micro companies (SMEs) are an essential component of economic growth but find it challenging to obtain credit because they lack collateral.

According to the data that are reported in Table 4.11, the total number of persons who responded to the questions was 70, and the replies that they supplied varied in value from a minimum of 1 to a maximum of 5 in each case. According to Miller et al. (2015), owners of small and medium-sized businesses (SMEs) need to have a combination of investment and consumer awareness of commercial items, as well as the capability and confidence level required to appreciate risk and business prospects, as a result of competitive and financial portfolios in financial markets. This is because SMEs are more likely to be involved in high-risk activities. It is possible to draw the conclusion, using the research results that are presented in Table 4.11, that all of the respondents reached the same conclusion regarding the inability to conduct proper bookkeeping, engage in prudent budgeting, make prudent financial decisions, carefully separate personal accounts from business accounts, and have low confidence in one's financial situation as factors that funding institutions considered when crediting owners of SMEs in Tema. This conclusion can be reached because all of the respondents reached the same conclusion regarding the inability to conduct proper bookkeeping, engage in prudent.

The owners of small and medium-sized businesses (SME) would have an easier time understanding and applying financial expertise to their businesses if they were exposed to financial literacy and

the information it offers. This would provide SME owners a competitive advantage (Siekei, Wagoki, & Kalio, 2013). In general, having a strong grasp of finance enables company owners to approach financial planning and decision-making with a deeper awareness of the complexity of the present economic situation. This is especially helpful in times of economic uncertainty (Remund, 2010). Based on the claims made by Siekei, Wagoki, and Kalio (2013) and Remund, the purpose of the present research was to get an understanding of the financial literacy and sustainability of small and medium-sized enterprises (SMEs) in Tema, Ghana (2010). The following inquiries were addressed to the respondents in light of the results that were provided in Table 4.12: How strongly do you agree or disagree with the claims that ensure and foster the lifespan of small and medium-sized businesses? The following are some of the assertions that were included: improving my financial literacy improves the bookkeeping of my business; improving my financial literacy improves the budgeting of my business; improving my financial literacy improves the financial decisions made by my business; improving my financial literacy allows me to keep my personal finances separate from my business finances; improving my financial literacy improves my financial confidence; and improving my financial literacy improves my financial confidence. The data shown in Table 4.12 indicate that each of the assertions was given a mean score that varied from 3.81 to 4.17, with 3.81 being the lowest possible score and 4.17 representing the greatest possible score. According to the findings that are presented in Table 4.12, the mean score for using financial literacy to improve bookkeeping was the lowest possible, coming in at 3.81, whereas the mean score for using financial literacy to improve budgeting was the greatest possible, coming in at 4.17. Based on the findings that are presented in Table 4.12, it is possible to draw the conclusion that all respondents in Tema are completely in agreement regarding the significance of financial literacy to the long-term. According to Samuel (2018), the significance of the contribution that small and medium-sized businesses (SMEs) make toward the achievement of

the sustainable development goals of developing countries cannot be overstated. This is because it is impossible to overstate the significance of the contribution that SMEs make. Adomako and Danso (2014) explored the direct association between financial literacy and business performance as well as the potential moderating influence of resource flexibility and financial capital availability on the relationship between financial literacy and firm performance and discovered that "a firm's performance can be improved by increased financial literacy, particularly under circumstances in which financial capital is available." The findings of the present study affirm the position of Adomako and Danso (2014), who found that "a firm's performance can be improved by increased financial literacy, particularly under circumstances in which financial capital The separation of personal and business finances, increased financial confidence, improved bookkeeping, better budgeting, and improved financial decisions, as well as the separation of personal and business accounts, have all been identified by multiple academics as potential ways to improve the performance of businesses and ensure their continued viability. The current research investigated the possibility of a connection between the variables of bookkeeping, budgeting, improved financial decisions, and separation of accounts. The findings of this investigation, which are summarized in Table 4.12, indicate that financial literacy has a significant impact on the continued viability of small and medium-sized businesses in Ghana. Agyapong and Attram (2019) investigated the impact of an owner-financial manager's literacy on SME performance in Cape Coast, Ghana, and discovered a favorable correlation between the variables and SME sustainability. The findings of the variables identified in this study align with the findings and conclusion of Agyapong and Attram (2019). In their study, the authors found a favorable correlation between the variables and SME sustainability.

Being financially literate may, in the end, be of assistance to business owners of SMEs in managing their companies and preparing for unanticipated financial demands and occurrences.

CHAPTER FIVE

SUMMARY RECOMMENDATIONS AND CONCLUSIONS

5.1 Introduction

This chapter presents a summary of the findings, along with some recommendations and conclusions drawn from the research. The results are addressed in relation to the results of the data analysis as well as the outcomes of the previous research that was looked at. The goal of the study is to investigate how financial literacy promotes sustainability of SMEs in the Tema industrial region of Ghana. The data that was collected and analyzed using IBM's Statistical Package for the Social Sciences (IBM-SPSS), and the findings were compiled into tables for presentation.

5.2 Conclusion

The objective of this study is to evaluate the ways in which financial literacy contributes to the long-term viability of small and medium-sized enterprises (SMEs) in Ghana's Tema industrial zone. The fact that financial literacy has been identified as a crucial knowledge resource for financial decision making was the driving force behind the decision to conduct this study. This was especially true in light of Ghana's enormous financial system advancement, which has been brought about by financial sector reforms such as the Structural Adjustment Program (SAP), the Financial Sector Structural Adjustment Program (FINSAP), and the Support Program of Enterprise Empowerment Development (SPEED). However, very little attention has been paid to the topic of financial literacy (Agyapong & Attram, 2019).

The first research question aimed to assess how respondents would rate their financial behavior.

By obtaining this rating, the study seeks to gain insights into their proficiency in managing finances, making financial decisions, and handling monetary matters. This approach serves as a means to evaluate the financial responsibility and habits of the respondents.

The second research question focused on identifying the sources of financial credit for SMEs. Through this inquiry, the study attempted to uncover the diverse channels through which SMEs can secure funding and access credit to support their operations, expansion, and growth. SMEs commonly rely on a combination of financing options to fulfill their financial requirements.

The third research question aimed to quantify the impact of financial literacy on the access to financial credit for SMEs. This involved assessing the correlation between the level of financial literacy among SME owners and their ability to obtain credit from various sources. By doing so, the study sought to comprehend how financial knowledge influences the accessibility of credit for SMEs.

The fourth research question aimed to determine the influence of financial literacy on the sustainability of SMEs. This was undertaken to gain a deeper understanding of the vital role played by financial literacy in various aspects of SME operations and long-term success. It was based on the premise that the level of financial literacy among business owners and managers can significantly impact the overall sustainability of SMEs (Small and Medium-sized Enterprises).

The research used descriptive statistics to identify the frequencies of variables and questions answered in the questionnaire by creating a central measure of tendency. This was done by calculating a mean value for the variables.

Even though education level was identified by the research to have a much relatively weak correlation with financial knowledge and literacy, respondents have been identified as being highly

educated, with the majority of them having tertiary educations. As a consequence of this, a sizable proportion of the respondents have a strong propensity to acquire their financial literacy through more formal channels. Among these channels, various trainings, seminars, and workshops are the most likely candidates due to the fact that they last for a relatively short amount of time and provide SME owners with industry affiliation.

According to the findings of the survey, a significant portion of the capital and assets that small and medium-sized enterprises (SMEs) in Tema put to use in their operations originate from the owners' personal savings.

Finally, the research found that respondents came to the same conclusion about the inability to keep accurate books, engage in prudent budgeting, make prudent financial decisions, carefully separate personal accounts from business accounts, and lack of confidence in one's own financial situation as factors that funding institutions considered when crediting owners of SMEs in Tema. These factors were identified as being important considerations by funding institutions.

5.3 Recommendations

In conclusion, the findings of the research lend credence to the idea that an individual's level of financial literacy serves as a primary factor in determining the level of success that a small or medium-sized enterprise (SME) achieves and that increasing one's level of financial literacy should be an essential component. Therefore, managers must to acknowledge and actively oversee the process of continuing their education in financial management. This study also poses a challenge to academics and business managers to conduct a more nuanced analysis of how and why the availability of financial capital and resource flexibility affect the performance outcomes of small

and medium-sized enterprises (SMEs), which rely on personal savings for their means of subsistence.

In addition, because the vast majority of owners of SMEs rely on training seminars and workshops to improve their financial literacy, the government, through agencies such as the Ghana Enterprises Agency (GEA), should increase its efforts to organize and support the launch of training seminars and workshops for owners and managers of SMEs. As a result, knowledge of basic financial concepts have to be included in each and every GEA training program. In order to further promote financial literacy, the Ghana Enterprises Agency should continue to engage with other government agencies as well as the business sector to distribute additional materials and develop Training of Trainers (TOT) for SME owners. It is possible to plan events of this kind via partnerships between businesses and educational institutions.

5.4 Summary

The objective of the project is to explore the ways in which financial literacy contributes to the sustainability of small and medium-sized enterprises (SMEs) in Ghana's Tema industrial zone.

The following are the precise goals that this research aims to achieve:

To begin, it is necessary to ascertain the level of financial expertise possessed by the owners of SMEs. It is possible to draw the conclusion, based on the findings of the research, that respondents had knowledge of financial matters.

The second step is to determine where small and medium-sized business owners in Tema can acquire the knowledge and skills necessary for financial literacy. Even though the research identified a number of ways in which owners of SMEs could determine the origins of their funding, the majority of the results showed that personal savings were given the highest rating as the

primary source of funding for SMEs. This was the case despite the fact that the research had identified a number of other options.

In addition, research the impact that financial literacy has on the ability of small and medium-sized business owners in Tema to gain access to financing. It is possible to draw the conclusion that financial literacy has an effect on access to finance and credit for the operation of SMEs in Tema, Ghana, based on the findings of the study. These findings were found in Ghana.

Finally, research the effect that financial literacy has on the long-term viability of small and medium-sized enterprises (SMEs) in Tema, and analyze the financial practices of SMEs' business owners. It is possible to arrive at the conclusion that financial literacy plays a significant role in determining the long-term viability of SMEs based on the findings that were presented in the research.

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APPENDIX A QUESTIONNAIRE

KWAME NKURUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY
INSTITUTE OF DISTANCE LEARNING A SURVEY
QUESTIONNAIRE

I am conducting a research as part of my study titled “Financial literacy and sustainability of small and medium enterprise’s (SME’s) in Ghana: A survey of selected SME’S in Tema industrial region”. This survey instrument is designed to enable me obtain the necessary data on the aforementioned topic. Your response to this questionnaire is appreciated and any information provided will be treated as confidential and applied for the academic purpose for which this questionnaire was deployed. Thank you for your time.

SECTION A: Respondents and Company Demographics

Instruction: kindly tick () the appropriate option where required.

Q 1. Gender of Respondent:

- (1). Female
- (2). Male

Q 2. Age:

- (1). 18-25 (4). 46-55
- (2). 26-35 (5). 56-65
- (3). 36-45 (6). 66 and more

Q 3. Education level:

- (1). No education (3). Non-formal
- (2). Lower than high school (4). Tertiary

Q 4. What is the form of your business?

- (1). Sole trader (3). Partnership
- (2). Co-operative society (4). Private Limited

Q 5. What is the nature of your business?

- (1). Services (3). Wholesale
- (2). Manufacturing (4). Retail

Q 6. Years since establishment of SME?

- (1). Less than 5 years (3). 11-20 years
- (2). 5-10 years (4). More than 20 years

PART II: HOW WILL YOU RATE YOUR FINANCIAL KNOWLEDGE?

Using the scale 1 to 5; where (1). Strongly disagree [] (2). Disagree [] (3). Neutral [] (4). Agree [] (5) Strongly agree []. Kindly provide your response to the following questions.

	1	2	3	4	5
Q 7. I record daily business transactions.					
Q 8. I keep track of daily revenue and expenditure of the business.					
Q 9. I separate my personal account from my business account.					
Q 10. My expenditure is based on prior planning.					
Q 11. I seek financial advice before making major financial decisions.					

PART III: WHAT ARE THE SOURCES OF FINANCIAL LITERACY FOR SMES BUSINESS OWNERS?

Using the scale 1 to 5; where (1). Strongly disagree [] (2). Disagree [] (3). Neutral [] (4). Agree [] (5) Strongly agree []. Kindly provide your response to the following questions.

	1	2	3	4	5
Q. 12. I access financial literacy from night school/non-formal education.					
Q 13. I access financial literacy from agents of financial institutions.					
Q 14. I access financial literacy from radio/TV/media outlets.					
Q 15. I access financial literacy through formal acquisition of certificates.					
Q 16. I acquire my financial literacy from seminars/workshops/trainings.					

PART IV: WHAT ARE THE SOURCES OF SME FINANCE?

Q 17. What are the sources of finance to SMEs?

- | | |
|---|--|
| (1) Crowd funding (Susu) <input type="checkbox"/> | (4). Personal savings <input type="checkbox"/> |
| (2). Bank finance <input type="checkbox"/> | (5) More than one of the listed <input type="checkbox"/> |
| (3). Trade Finance <input type="checkbox"/> | (6) None of the listed <input type="checkbox"/> |

PART V: DOES THE LEVEL OF FINANCIAL LITERACY AFFECT ACCESS TO FINANCIAL SUPPORT AMONG SMES BUSINESS OWNERS IN TEMA?

Using the scale 1 to 5; where (1). Strongly disagree [] (2). Disagree [] (3). Neutral [] (4). Agree [] (5) Strongly agree []. Kindly provide your response to the following questions.

	1	2	3	4	5
Q. 18. Poor bookkeeping affect access to financial support.					
Q 19. Poor budgeting affect access to financial support.					
Q 20. Poor financial decisions affect access to financial support.					
Q 21. Inability to separate business account from personal account affects access to financial.					
Q 22. Lack of confidence in my finances affects access to financial support.					

PART VI: DOES FINANCIAL LITERACY INFLUENCE THE SUSTAINABILITY OF SMES IN TEMA?

Using the scale 1 to 5; where (1). Strongly disagree [] (2). Disagree [] (3). Neutral [] (4). Agree [] (5) Strongly agree []. Kindly provide your response to the following questions.

	1	2	3	4	5
Q. 22. Financial literacy improves bookkeeping of my business.					
Q 23. Financial literacy improves budgeting of my business.					
Q 24. Financial literacy improves my business financial decisions.					
Q 25. Financial literacy allows me to separate personal accounts from business account.					
Q 26. Financial literacy improves my financial confidence.					

Thank You.

