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Financial Literacy and Financial Inclusion for Small-Scale Enterprises in Sunyani Municipality in the Brong -Ahafo Region of Ghana

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ABSTRACT: *This study sought to examine the relationship between financial literacy and financial inclusion among owners/managers of SSEs in the Sunyani Municipality. Primarily, the research examined the financial literacy level, the extent of financial inclusion, and the relationship between financial literacy and financial inclusion for SSEs in Sunyani Municipality, which was necessary for their business. The study's objective employed primary data and used a mixed method approach as well as a descriptive design survey design to randomly sample 230 owners/managers from five categories of SSEs in the Sunyani Municipality. The findings revealed that managers with high financial literacy were more likely to have sound judgment about financial issues, make the right decision among financial alternatives, and have sound personal finance practices. In addition, it was found that the extent of financial inclusion depended mainly on SSEs' knowledge levels of financial products/services. The positive outcomes of being financially literate and financially inclusive were driven by behaviour such as planning expenditures and building up a financial safety net. Since financial literacy is necessary for business financial inclusiveness, it was recommended to SSEs strive for financial knowledge to enable them to make good financial decisions and aid their financial inclusiveness. Again, any policy that aims at the growth and development of SSEs with adequate training and education to help increase their financial status which will affect their financial inclusion.*

KEY WORDS: financial literacy, financial inclusion, small scale enterprises, human capital, Ghana

INTRODUCTION

Financial literacy remains an interesting concept for enterprises in both developed and developing economies (Tuffour, Amoako, & Amartey, 2020). Financial literacy encapsulates investors' understanding of financial products and concepts and their ability and confidence to appreciate financial risks and opportunities, make informed choices, know where to go for help, and to take effective actions to improve their financial well-being (Agarwalla, Barua, Jacob & Varma, 2015). More importantly, the financial literacy level of individuals and entrepreneurs determines, to a large extent, their human capital stock.

According to Huston (2010), the human capital of individuals, defined in terms of knowledge, skills, and attitude specific to financing facilitates their access to and usage of financial products and services. These are considered important adjuncts for promoting financial inclusion that looks at access and usage of

financial services (Ramakrishnan, 2011). Ramakrishnan argues that the capacity to have familiarity with and understand financial market products and services helps people make informed choices regarding the use and management of money which is considered an important requirement for functioning effectively in society. While financial literacy helps inculcate enterprises with the financial knowledge necessary to create a business budget, initiate savings plans, and make strategic investment decisions (Remund, 2010), proper application of financial knowledge helps enterprises to meet their financial obligations through wise planning and resource allocation. Murari (2019), has noted that most entrepreneurs of small enterprises get their financial management skills from the media, seminars, and formal courses. Other relevant sources of financial knowledge are friends, family, and knowledge from a formal school.

According to OECD (2014), enterprises that are likely to achieve financial viability have their managers/owners financially educated. This is because financial literacy enables managers to obtain, understand and evaluate relevant information necessary for the financial viability of their enterprises. Similarly, Tuffour, Amoako, & Amartey (2020), have opined that financial literacy empowers and educates businesses to be knowledgeable in evaluating financial products and services and prepares them for tough financial times "through strategies that mitigate risk such as accumulating savings, diversifying assets, and purchasing insurance". Tuffour, Amoako, & Amartey, (2020) further argue that financially literate enterprises can evaluate and compare financial products such as saving products, credit, loan options payment instruments, and investments.

Financial literacy is positively associated with self-beneficial financial behaviour (Ajzen, 1991). This is in line with the theory of planned behaviour. According to Ajzen (1991), perceived behavioural control, together with behavioural intentions, can be used directly to predict behavioural achievement. Therefore, financially literate entrepreneurs will be able to access financial services often referred to as financial inclusion. According to Bruhn and Love (2014), financial inclusion is defined in terms of the availability, cost (both explicit and opportunity cost) as well as the type and quality of financial services.

Access to finance is essential to the survival and performance of any business enterprise. This is because no enterprise, no matter how well managed, can survive without enough funds for working capital, fixed asset investment, employment of skilled employees, development of the market and new products, and the availability of finance is positively associated with productivity and growth (Global Partnership for Financial Inclusion (GFPI), 2011).

According to OECD (2014), inclusive finance through secure savings, appropriately priced credit and insurance products, and payment services help small enterprises to increase incomes, acquire capital, manage risk, and work their way out of the poor performance. The merits of financial inclusion are strongly rooted in the empowerment philosophy (Lagarde, 2014). By empowering businesses to cultivate economic opportunities, financial inclusion can be a powerful agent for strong and inclusive growth. These benefits enable small enterprises to overcome the problem of inadequate access to finance which has been consistently cited in many surveys as a principal constraint to the growth and development of small enterprises in developing countries (Simwa & Sakwa, 2013).

The importance of small-scale enterprises (SSEs) to the economies of countries has been widely recognized. Especially in developing countries, SSEs contribute to the national economies by mobilizing funds that otherwise would have been idle (Moyi, 2013) and also promote indigenous technology as most of them use mainly local resources. In terms of their contribution to employment, McPherson and Rous (2010) have noted that SSEs employs about 25 percent of the working-age population in most developing countries since a greater percentage of the labour force in these countries can be found in the informal sector.

According to Adomako, Danso, and Damoah (2016), Ghana has identified the private sector as the engine of growth, a strategy for wealth creation, and poverty reduction. As part of the overall national strategy, the Sunyani Municipality is aggressively pursuing prudent and private-sector-friendly programs and projects towards accelerated socio-economic development of the district. This is being done using financial literacy programs by microfinance institutions and this has the potential for greater financial inclusion to boost growth in small-scale businesses (Alhassan, 2016).

Financial institutions operating within the Sunyani Municipality include commercial banks like GCB bank, Barclays, National Investment, Stanbic, and Ecobank. Microfinance Institutions operating in the district also include Sinapi Aba Trust, Smart Micro-Finance, First Liberty, BACCSOD, and Pro Credit. Some of the bodies responsible for financial inclusion include State Insurance Company (SIC), Enterprise Assurance, and GLICO. Prempeh (2015) explains that the SSEs in the Sunyani West District seek financial assistance from microfinance institutions.

In the case of Sunyani Municipality, the financial institutions have contributed to the growth of small businesses by assisting them to overcome financial challenges (Alhassan, 2016), However, Owusu (2015) explains that despite this, businesses still face the issue of inadequate funds, and this is mainly attributed to their low financial knowledge which ultimately affects their inclusiveness. In some situations, those who can access financial services, especially from microfinance institutions have lost their savings to fake microfinance institutions. Between 2015 and 2019 many SSEs and other individuals lost their investments to some financial institutions in the municipality and Ghana in general resulting in the overhaul of the financial sector which led to the closure of many financial institutions. Many have attributed the success of the scam to the inadequate financial knowledge of owners/managers of SSEs. The study, therefore, examined the relationship between financial literacy and financial inclusion for small-scale enterprises in the Sunyani Municipality. Aside from the introduction, this paper is organized as follows: First, the theoretical and empirical discussion on financial literacy and financial inclusion are explored, followed by the methodology of the study. These will be followed by the results and discussions. The final section is devoted to conclusions and policy implications.

Theory and empirics on financial literacy and financial inclusion

Different theories have been used in addressing the issue of financial literacy and how it can promote financial inclusion for SSEs. Notable among the theories is the Resource Based Theory and the Theory of Planned Behaviour (TPB) (Ajzen, 1991). These theories have identified some attributes of individuals/managers that need to be looked at to increase their capacity in financial decisions. According to the Resource Based Theory, human capital, defined in terms of capabilities, knowledge, and

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competencies and developed through training (Huston, 2010), is considered a source of comparative advantage for entrepreneurial firms. Herrington, Kew, and Kew (2009) have posited that adequate education and training is the most important cause of success for SSEs. The theory further suggests that adequate financial, human, and organizational resources and capabilities increase the firm's innovative activities and its access to financial resources (Williamson & Asia, 2009).

The Theory of Planned Behaviour, on the other hand, argues that knowledge directly correlates with behaviour. Azjen's TPB (1987, 1991) models the relationship between an individual's attitude towards intended behaviour and actual behaviour. Its central premise is that intentions mediate the relationship between attitudinal beliefs and actual behaviour. Influences such as traits, demographics, skills, and social, cultural, and financial support affect attitudes and indirectly intentions and behaviour (Soutaris, Zerbinati & Al-Laham, 2007). Therefore, people/managers who have acquired knowledge in financial matters will tend to have a positive attitude towards budgeting and financial management which will positively affect their inclusiveness in financial services.

Financial inclusion is determined by several factors. According to Fungacova and Weill (2015), access to financial products and services is determined, among other factors, by the sex, education, age, and income size of an individual. Using the 2012 Global Findex, Fungacova and Weill found that richer, more educated, and relatively older people are more likely to be financially included as compared to the poor, less educated, and young people. Sometimes, ownership of a bank account puts a person in a better state to access financial services and products.

Another factor that determines financial inclusion is the ownership of a business (Abor, 2007). According to Huston (2010), business owners that are established as either sole proprietorships or partnerships prefer to exhaust internal sources of finance before going for debt or equity because of the collateral incentives of financing institutions that have bearings on the personal assets of the business. Pandula (2010) similarly explained that entrepreneurs choose ownership structures in large part to ensure adequate financing and because of the selection effect whereby finance goes to firms with the appropriate ownership structures. Thus, ownership structure in firms can influence the ability to have access to finance. Pandula (2010) indicates that lending banks may prefer lending to enterprise or industry sectors that are growing. Thus, businesses in certain sectors will require more credit to invest in equipment, buildings, labour, and raw materials than businesses in other sectors. For instance, businesses with more capital requirements may face proportionately greater constraints.

Financial literacy allows the owners/managers to encounter difficult financial times, through strategies that mitigate risk such as accumulating savings, diversifying assets, and purchasing insurance which are all components of financial inclusion (Remund, 2010). Financial literacy covers the combination of entrepreneurs' understanding of financial products and concepts and their ability and confidence to appreciate financial risks and opportunities, make informed choices, know where to go for help, and to take effective actions to improve their financial well-being (Atkinson & Messy, 2012). Thus, financial literacy empowers entrepreneurs by educating them to acquire relevant knowledge and skills in financial management as well as financial inclusiveness. Again, financial knowledge helps to overcome most difficulties in advanced credit markets.

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Several studies have identified financial education and training as key to improving financial knowledge and promoting financial literacy as well as financial inclusion. Hilgert, Hogarth, and Beverly (2003) examined the relationship between financial knowledge and financial behaviour among households in Michigan. Using a descriptive cross-sectional design and financial knowledge and financial behaviour measured in terms of cash-flow management, credit management, savings, financial attitude, positive childhood experiences, and tax incentives respectively, the study found a significant relationship between financial knowledge and financial behaviour across the range of personal finance activities. The major factors affecting financial knowledge identified by the study were learning experiences and effective ways to learn personal financial management skills, media, and video presentations. Other relevant sources of financial knowledge that the study identified were friends, family, and knowledge from a formal school. However, the study did not provide conclusive evidence on how financial literacy leads to sound personal finance decisions.

Nyabwanga (2011) also explored the effect of financial literacy, in terms of working capital management practices, on the financial decisions and performance of small-scale enterprises in the Kisii South district in Kenya. Nyabwanga used the Resource Based Theory to explain how the comparative advantage of entrepreneurs' human capital affects their marketing strategies. The study found that knowledge of business management affects the financial decisions and performance of SSEs. Enterprises with low knowledge of business management did not take good financial decisions which ultimately affected their performance.

Similar to the earlier studies, Adomako and Danso (2014) used the Resource Based Theory to examine the effects of financial literacy on firm performance in Ghana. A cross-sectional survey design was adopted for the study which involved 298 randomly sampled firms. Among the variables used for the study are financial literacy, financial capital availability, resource flexibility, and entrepreneurial firm performance. It became evident from the study that financial literacy is directly related to firm performance.

Our paper draws important lessons from the empirical review concerning financial literacy and the financial inclusion of SSEs. Most of the studies used the Human Capital and Resource Based Theories (Adomako & Danso, 2014; Bruhn & Zia, 2011; Nyabwanga, 2011) to examine the relationship between financial literacy and financial behaviour while Hilgert, Hogarth, and Beverly (2003) used the Theory of Planned Behaviour to explain how knowledge affects human behaviour.

Regarding issues of methodology, most of the studies on financial literacy and financial inclusion (Adomako & Danso, 2014) have used a quantitative approach to analyzing the relationship between financial knowledge, financial behaviour, and business practices. Others used both quantitative and qualitative approaches (Hilgert, Hogarth & Beverly 2003) to examine financial knowledge and behaviour. A detailed analysis of the methodological approaches used shows that the dominant study design was descriptive cross-sectional (Adomako & Danso, 2014; Hilgert, Hogarth & Beverly 2003; Nyabwanga, 2011) while in some cases an ex-ante evaluative design was used. The most common variables that the data collection instrument covered were levels of financial knowledge, types of financial behaviour, and

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levels of financial attitude. The variables were mostly measured on the interval scale and data were analyzed with correlation and regression tools (Adomako & Danso, 2014; Nyabwanga, 2011).

Conceptual framework of financial literacy and financial inclusion

From the foregoing, it is clear that there is an association between financial literacy and financial inclusion for small-scale owners/managers. This relationship is underpinned by the nexus between the Theory of Planned Behaviour (Ajzen, 1991), the Resource Based Theory (Penrose, 1959), and the Human Capital Theory (Becker, 1964). According to the theory of Planned Behaviour, information affects the human capital of individuals which, in turn, influences their attitudes in decision-making.

The various literature show suggests that financial literacy can inform financial inclusion in that once a person is financially literate, he/she will be able to access and use financial products and services. On the other hand, financial inclusion can also inform financial literacy. This is because as people access and use more financial products and services, they tend to learn from their experiences and thus, become financially literate. Financial literacy varies in terms of knowledge, attitude, and behaviour. Financial knowledge is measured in terms of awareness of financial products and services while financial attitude covers regular savings, liquidity management, insurance, and reliance on experts for financial advice. Financial behaviour on the other hand is measured in terms of the preparation of budgets, competitive purchasing, competitive investment, and prompt payment of bills.

The literature also recognizes the inter-relationship between financial knowledge, financial attitude, and financial behaviour. The interactions among the components of financial literacy enable people to have access to financial services and products. Being informed by the theories of Planned Behaviour, Resourced Based, and Planned Behaviour, the nexus is cyclical as financial knowledge leads to financial inclusion and financial inclusion, in turn, leads to financial literacy.

METHODOLOGY

The successful outcome of the report of any scientific study largely depends on the quality and accuracy of field data (Babbie, 2007). Research methodology is therefore an important component of research because it serves as a guideline for the researcher to follow (Sarantakos, 2013). The study used the cross-sectional survey design to analyze the relationship between financial literacy and financial inclusion for selected Small-Scale Enterprises in the Sunyani Municipality. The choice of this design was informed by studies by Hilgert, Hogarth, and Beverly (2003) and Nyabwanga (2011). The most important advantage of cross-sectional studies is that in general, they are quick and cheap because data are collected from a cross-section of the population at one point in time (Sarantakos, 2013). This design was appropriate for the study because the study sought to address pertaining situations of financial literacy and financial inclusion for SSEs at one point in time since there was no intermediation by the researchers in the course of the study.

The Sunyani Municipality is one of the districts in the Bono Region of the Republic of Ghana with a total land area of 1,059.33 square kilometers. The population of the SSEs in the Sunyani Municipality, according to Business Advisory Center (BAC), is not known because many of the enterprises do not

register with the Registrar General's Department. These sites are spread across the municipality; however, many of the enterprises reside in urban localities. Between 2008 and July 2015, 650 small-scale enterprises had a certificate of registration. The BAC is of the view that this number (650) may be too high since the exit rate is high. Out of this, about 31 percent are in the food industry; 30 percent in dressmaking and garment; 23 percent in wood and furniture processing; 13 percent in agrochemicals; and others (3%). These figures represent the registered SSEs. In terms of literacy and education, the majority of the SSEs managers are basic and secondary school leavers Ghana Statistical Service (GSS), 2014).

A multistage sampling method, consisting of probability sampling techniques, was used to select the respondents for the study. First, the total number of SSEs in the Sunyani Municipality was determined after which they were stratified into five subsectors based on the National Board for Small Scale Industries (NBSSI) groupings of SSEs. The subsectors were agrochemical, wood processing, dressmaking, food, and hairdressing. The total number of SSEs in the municipality provided by the NBSSI at the time of the study was 650. To ensure the representativeness of the sample to the study population, a total of 242 SSE operators were sampled. This was based on the sample size determination table of Krejcie and Morgan (1970) which state that a population of 650 requires a sample size of 242 given a 95 percent confidence level with a degree of accuracy of 0.05. Proportionate sampling was then applied to determine the sample for each stratum. Due to the homogeneity of the SSEs under each stratum, the simple random sampling technique was used to select the SSEs from each stratum. The distribution of the sample by subsector is captured in Table 1.

Table 1: Population and Sample Size of SSEs Operators

SSEs	Population	Percentage to population (%)	Sample size
Food industry	201	31	75
Dressmaking	196	30	73
Agrochemical	148	23	55
Wood processing	86	13	32
Hairdressing	19	3	7
Total	650	100	242

Source: NBSSI/BAC, 2015

RESULTS AND DISCUSSION

Introduction

This section presents the results and discussion of the field data. The discussion starts with the background data of the respondents followed by the relationship between financial literacy and financial inclusion. Out of the 242 sampled owners/managers, 230 of them consented to be interviewed. The discussion is therefore based on a response rate of 95 percent.

Background Characteristics
This section of the analysis deals with the background variables of the respondents as well as the profile of the enterprises. The variables examined concerning the background information of the owners/managers are age, sex, and educational level. The enterprise characteristics covered some years in business, registration status, association status, and type of ownership.

The first background information of respondents that the study examined was age. This was necessary because age is one of the factors that explain literacy in general and financial literacy in particular (Worthington, 2004). Findings from the study showed that the youngest respondent was 27 years while the oldest was 54. The mean age was 39 years (median = 36 years, skewness = 0.369) with a standard deviation of 7.1 years. Concerning sex, the majority (52.6%) of the 230 respondents were males, and the rest (47.4%) were females. The examination of the sex distribution was necessary because one's sex to a large extent determines his/her literacy level Mandell (2008). Also, most of the respondents had either basic (40.4%) or secondary education (40.3%) education with the rest having acquired tertiary (18.3%) education or no formal education (1.3%).

Aside from the background information of respondents, the study further examined the characteristics of the sampled enterprises. The discussion covered the number of years in business, association status, and type of ownership. Concerning the number of years in business, the minimum was one year, and the maximum was 22 years. The distribution of the number of years in business was approximately normal. The mean number of years in business was 10.4 years (skewness = 0.163, median = 10 years) with a standard deviation of 5.9 years. Another enterprise characteristic that the study examined was association status. Out of the 230 sampled enterprises, 52.6 percent belonged to an association or group while the rest (47.4) did not. The sampled enterprises were dominated by sole proprietors (63.0%), followed by family businesses (24.3%) and partnerships (12.7%) in that order. In the view of Abor (2007), ownership is important in the continuity of the operations of enterprises, and also decisions related to the demand for financial services and products sometimes depend on ownership.

Relationship between Financial Literacy and Financial Inclusion
The study generally examined the relationship between financial literacy and the financial inclusion of SSEs in the Sunyani Municipality. Financial literacy was defined in terms of financial knowledge, behaviour, and attitude. An index was created for financial inclusion by using the criteria of the OECD (2013). Using these criteria, a financial knowledge score was created by summing correct answers and reporting them as a score out of 100. The process of counting correct answers began by assigning a value to the responses to each question. That is a value of 1 to a correct response and 0 in all other cases. Based on Chen and Volpe's (1998) approach, the mean percentage of correct scores was grouped into three grades: grades (1) 80 percent and above, (2) 60 percent to 79 percent, and (3) below 60 percent. For this study the scores were scaled down as follows: 9.6 and above represent 80 percent or more; 7.2 to 9.59 represent scores between 60 percent and 79 percent, and a score of less than 7.2 represents below 60 percent. Analysis of the responses to each question by entrepreneurs indicates that the combination of knowledge questions adequately identified a high level of knowledge, a moderate level of knowledge, and a relatively low level of knowledge respectively.

The knowledge questions provide a list of possible answers, from which the respondents must choose from. The questionnaire also encouraged respondents to say if they do not know the answer to an item, to dissuade them from guessing. It is worth noting that in prior research "don't know" answers identified respondents with very low levels of financial knowledge (Lusardi & Tufano, 2008; Lusardi & Mitchell, 2007). Thus, such responses could be equated to incorrect answers. The first three items on personal financial literacy, financial planning, and budget had three correct responses which contributed to a value of three. The other questions on turning money into cash, net value, and inflation had one possible correct answer.

Regarding general financial knowledge, which comprises the three components of financial literacy definition (financial knowledge, behaviour, and attitudes), the minimum score observed was 6 and the maximum was 12. The median score was 11.5 (Mean = 11.04, Skewness = .93) with a quartile deviation of 0.6. This suggests that, on average, small business owners present a high financial literacy level. The analysis showed that out of the 230 respondents the majority (91.7%) had a high financial literacy level, 7.8 percent had a moderate financial literacy level and the rest (0.4%) had a low financial literacy level. This finding implies high financial inclusion.

Financial inclusion can only occur if products are available and if people are aware of the products that are offered (Atkinson & Messy, 2013). This is supported by the European Commission (2010) that people become included in the financial industry when they are aware and have acquired knowledge that provides the understanding required to access products that allow them to be financially active. The study examined financial inclusion in terms of access and usage of financial services and products. In this regard, awareness of financial products can be seen as an important indicator of the demand side factors influencing financial inclusion (Ramakrishnan, 2011). Out of the 230 respondents, 97 percent indicated that they were aware of financial products and services for SSEs. Investment, savings, and loans were the most common financial products and services.

Access to and usage of financial products/services was used as a proxy for financial inclusion. Financial inclusion was scored by creating a two-scale measure with one indicating inclusion and zero indicating no inclusion. Zero inclusion measured managers who had never accessed or used financial products/services and one indicating inclusion measured managers who had accessed or used financial products/services. The relationship between financial literacy and financial inclusion was tested using Spearman's Rank Order Correlation. Findings from the data showed that financial knowledge related directly to financial inclusion and the relationship was significant at the 5 percent alpha level ($r = 0.147$, p-value = 0.013). This means that owners/managers that are financially knowledgeable have a greater chance of accessing financial services and products than those with lower levels of financial knowledge. This finding corroborates that of Ramakrishnan (2011). In Ramakrishnan's view, people who have high levels of financial knowledge are likely to be included in financial services and products.

The relationship between financial knowledge and financial inclusion was disaggregated based on the business and background characteristics of the owners/managers. With respect to type of enterprise, the study found a significant relationship between financial knowledge and financial inclusion for wood processing ($r = 0.655$, p-value = 0.000, alpha = 0.01) and dressmaking ($r = 0.260$, p-value = 0.035, alpha

= 0.05). The relationship was, however, not significant for agrochemicals, food, and dressmaking ($r \leq 0.112$, p-value ≥ 0.230). Again, the relationship between financial knowledge and financial inclusion was significant for both registered ($r = 0.231$, p-value = 0.007, alpha = 0.01) and unregistered ($r = 0.445$, p-value = 0.000, alpha = 0.01) enterprises.

Significant associations were also found between financial knowledge and financial inclusion for family enterprises ($r = 0.587$, p-value = 0.000, alpha = 0.001) while the relationship was significant at the 5 percent alpha level for sole proprietorships ($r = 0.188$, p-value = 0.023). However, the relationship was not significant for partnerships ($r = 0.042$, p-value = 0.512). In terms of association status, both respondents in associations ($r = 0.276$, p-value = 0.002) and those that do not belong to associations ($r = 0.409$, p-value = 0.000) showed a significant relationship between financial knowledge and financial inclusion at the 1 percent significance level.

Aside from the business characteristics, the finding on the relationship between financial attitude and financial inclusion was disaggregated based on sex and education. Concerning sex, both females ($r = 0.026$, p-value = 0.005) and males ($r =0.432$, p-value = 0.000) showed a significant relationship between financial knowledge and financial inclusion at the 1 percent alpha level. In terms of educational level, the relationship was significant at the 1 percent alpha level for respondents with basic education ($r = 0.291$, p-value = 0.005) and tertiary education ($r = 0.451$, p-value = 0.000) but not for those with secondary education ($r = 0.15$, p-value = 0.153) and those with no formal education ($r = 0.191$, p-value = 0.123). These results were consistent with previous studies (Ajzen, 1987; Higert, Hoggart & Beverly, 2003), which explain how financial knowledge affects the financial inclusiveness of entrepreneurs. According to the authors, entrepreneurs who have acquired financial knowledge have subsequently increased sales levels because they can prevent unnecessary wastage thereby leading to business growth.

The study also examined the relationship between financial behaviour and financial inclusion. Literature has revealed that education has an impact on the behavior of an individual by transforming their financial well-being (Higert, Hoggart & Beverly, 2003). Spearman's Correlation analysis shows a direct relationship between financial behaviour and financial inclusion signifying that financial behaviour is related to increasing access to and usage of financial services. However, the relationship was not significant ($r = 0.091$, p-value = 0.84). The study further disaggregated the relationship between financial behaviour and financial inclusion based on the business characteristics as well as background information of respondents. In all, the disaggregated data showed no significant relationships for all categories of business and background characteristics of the respondents ($r \leq 0.\ 141$, p-values ≥ 0.156). This finding did not support previous studies (Higert, Hoggart & Beverly, 2003; Lusardi, 2008) which explained that managers who have acquired knowledge and skills in financial matters have a positive attitude towards budgeting, financial management, and other financial matters which positively affect their inclusiveness in financial services.

The final analysis of the relationship between financial literacy and financial inclusion bordered on the last component of financial literacy, that is, financial attitude. Attitudes are considered to be an important element of financial literacy (OECD, 2013). If managers have a rather negative attitude towards saving for their future, it is argued that they will be less inclined to undertake such behaviour. Evidence from the

field data, as captured in this analysis shows, that financial attitude directly relates to financial inclusion. The relationship, however, was not statistically significant ($r = 0.63$, p-value = 0.171). The study disaggregated the relationship between financial attitude and financial inclusion based on the business characteristics as well as background information of respondents. The disaggregated data showed no significant relationships for all categories of business and background characteristics of the respondents ($r \leq 0.182$, p-values ≥ 0.165).

The study further aggregated the three components of financial literacy (knowledge, behaviour, and attitude) to form an index for financial literacy. The financial literacy index was then correlated with financial inclusion. The results showed a direct significant relationship between financial literacy and financial inclusion ($r = .376$, p-value = .000). Further analysis was done to determine the association based on the background characteristics of respondents. At the 5 percent significance level, the association between financial literacy and financial inclusion was significant for all types of enterprises ($r \geq 0.260$, p-value ≤ 0.038). Similar associations were found for registered and unregistered enterprises ($r \geq 0.231$, p-value ≤ 0.007) and all types of ownership ($r \geq 0.188$, p-value ≤ 0.023).

In terms of background characteristics, the relationship between financial literacy and financial inclusion was significant at the 1 percent significance level for both male and female owners/managers ($r \geq 0.265$, p-value ≤ 0.005). Similar relationships were found for respondents with basic ($r = 0.291$, p-value = 0.005), and tertiary education ($r \geq 0.345$, p-value = 0.001). However, the relationship between financial literacy and financial inclusion was not significant for respondents with no formal education ($r \geq 0.130$, p-value = 0.230) and those with secondary education ($r = 0.150$, p-value = 0.153). These results were consistent with Ramakrishnam's (2011) study which explained how financial literacy affects the financial inclusiveness of people due to the financial knowledge acquired.

CONCLUSIONS AND POLICY IMPLICATIONS

Following the discussion, it can be concluded that attributes such as knowledge and attitude, which are gained through financial literacy, improve the human capital stock of managers and enhance their financial decision-making. This encourages them to use appropriate financial services and products. With regards to the extent of financial inclusion of SSEs, it can be concluded that the SSEs are aware of financial products and services and had ever accessed and used these products and services. However, the access and usage of financial products and services were higher for agrochemical, food, and hairdressing enterprises than for dressmaking and wood processing enterprises. Also, registered enterprises use more financial products and services than those that are not registered. In addition, male owners/managers access and use more financial services and products than their female counterparts. Finally, owners/managers with higher educational levels also access and use more financial services and products than those with lower educational levels. Generally, it can be said that the SSEs in the Sunyani Municipality are financially knowledgeable, which is reflected in their high access to and usage of financial products and services. However, the study found that good financial behaviour and attitude do not necessarily inform financial inclusion.

Based on the conclusions it is recommended to SSEs owners/managers increase their level of education as this will put them in a better position to access financial products and services. In addition, since registered enterprises access and use more financial services and products than unregistered ones, it is recommended to unregistered enterprises make effort to register their enterprises as this will put them in a better position to access and use financial services and products. Finally, since good financial behaviour and attitude do not necessarily inform inclusion it is recommended to SSEs owners/managers approach financial institutions and enquire about the availability of their services and the conditions for accessing them.

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