FINANCIAL LITERACY AND BUSINESS SUSTAINABILITY OF SELECTED SMALL BUSINESS ENTERPRISES IN NYENDO MARKET, MASAKA MUNICIPALITY, UGANDA

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To my wife Teddy, mom, dad, brothers and sisters and my friends Tony, Jim, Mary, Sam who have supported me throughout the entire process of doing my research.

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LIST OF ABBREVIATIONS

SME: Small and Medium Enterprise

OECD: Organization for Economic Cooperation and Development

MSEs: Micro and Small Enterprises

FL: Financial Literacy

BS: Business Sustainability

BASA: The Banking Association of South Africa

BOU: Bank of Uganda

ABSTRACT

The purpose of this study, conducted in Nyendo Market, Masaka Municipality, was to investigate the effect of Financial Literacy on the sustainability of business enterprises. The study is premised on the evidenced problem of increasing tendency of failure of small business enterprises to survive amidst the prevailing tough economic times. The objectives of the study were to; establish the effect of Financial Knowledge on Business Sustainability, establish the effect of Financial Skills on Business Sustainability and assess the effect of Financial Behaviour on Business Sustainability.

The theory of planned behaviour (Ajzen, 1991)), was cited to guide the study. The study uses a cross sectional survey based on a random sample of 123 business Managers/business owners or employees out of the target population of 180 representing a 66.6% response rate. Data was gathered by use of questionnaires, key informant interviews and document reviews using the qualitative and quantitative approaches to data collection and analysis. At univariate/descriptive level, findings indicate that the respondents possess a given level of Financial Literacy in form of the knowledge skills and exhibited financial behaviour despite not having high levels of education but attribute their business failures to poor government policies like unfair taxes and poor planning for businesses. At a bivariate level, the correlations of independent variables (Financial knowledge, Financial skills and financial behaviour) showed a significant positive relationship ($r = 0.670$, $p < 0.00$). However, using the regression model, the findings revealed that Financial Behaviour was the best predictor of Business Sustainability with (Beta 0.401) followed by Financial Knowledge (Beta 0.240) and Financial Skills (Beta 0.240). This implies that Business Sustainability is best achieved through Financial Behaviour.

Results of the study show that Financial Knowledge, Financial Skills and Financial Behaviour significantly affect Business Sustainability and therefore the business owners, business Managers and employees should endeavor to acquire the necessary Financial Knowledge, Financial skills and sustain the required Financial Behaviour in order to sustain their businesses. Recommendations include but not limited to the following; Masaka Municipality should organize financial Education programs to create more awareness in financial related areas, drawing more attention to equipping business Managers/Owners/employees with the necessary Financial Skills.

CHAPTER ONE

1.0 Introduction

This study examines the effect of financial literacy (FL) on the sustainability of businesses and it was a survey of business enterprises in Masaka Municipality. Gordon & Brayden (2014) observe that small businesses continue to play a key role in triggering and sustaining economic growth and equitable development in both developed and developing economies. Despite the numerous benefits of MSEs worldwide, these enterprises are reported to have both a high birth rate and high death rate (Turyahebwa *et al*., 2014; Fatoki, 2014; GOK, 2005 & Oluoch, 2014). Timmons & Spinelli (2007) state that the lack of knowledge of financial management contributes to the low prevalence of new venture creation, and ultimately the high failure rate of Small and Medium-sized Enterprises (SMEs), as most entrepreneurs are intimidated by financial management. The high failure rate has also been attributed to low financial literacy which results into poor planning, limited access to finance and poor financial management (Oluoch, 2014; Agyei, 2014; Njoroge, 2012). Njoroge & Fatoki, (2014) observe that individuals with financial literacy skills tend to make better financial decisions with fewer management mistakes than their counterparts who are financially illiterate.

This chapter systematically explores the background to the study, the statement of the research problem, the general objective, specific objectives, research questions, scope of the study, significance of the study, conceptual framework, limitations and the definition of terms and concepts used in the study.

1.1 Background to the study

Financial literacy is now globally acknowledged as a key life skill and as an important element of economic and financial stability and development (OECD INFE, 2012). Several researchers have undertaken studies on financial literacy across the world. For instance, Ropega (2011) reported results from a 2008 survey of Polish entrepreneurs indicating that the owners' lack of management knowledge contributed to 11.4% of the small business failures. The second cause of failure, according to Ropega (2011), is insufficient capital, including excessive debt and poor capital management (33.5% and 33 %, respectively). Low levels of financial literacy are supported by related research by Timmons & Spinelli, (2007) who stated that the lack of knowledge of financial management contributes to the low prevalence of new venture creation, and ultimately the high failure rate of SMEs. The results extend to Europe, where Miles (2004) showed that UK borrowers displayed a weak understanding of mortgages and interest rates. Meanwhile, a Japanese consumer finance survey showed that 71% of adult respondents knew little about equity and bond investments, and more than 50% lacked any knowledge of financial products, OECD (2005). A Korean youth survey conducted by the Jump$tart coalition in 2000 showed that young Koreans fared no better than their American counterparts when tested on economics and finance knowledge.

According to Ketley et al (2012) and CBN (2012), Nigerians lack financial literacy, and more than 46.3% did not have access to financial services and lag behind some developing and developed countries. In 2008, the world experienced a recession, and the experts such as the World Bank Group (2009) and the International Monetary Fund (IMF) as observed by Alderman (2010) speculated on the return to recession and urged people to save in order to survive. The Banking Association of South Africa, BASA (2011) observed that a lack of Financial Literacy (FL), which, according to BASA is the key to saving, is one of the factors that brought about a global financial crisis in recent years. Lusardi and Mitchell (2011) placed emphasis on financial literacy in several economies noting that it has raised a lot of attention and has grown in recent years. Lusardi and Mitchell (2011) further stated that this is because of the complexities arising in the dynamic financial industry that requires financial consumers to more actively make financial choices and decisions. Lyons (2005) indicated that the financial products and services have inherently increased and become more complex without a commensurate growth in the level of financial literacy among several classes of people in society. The long-term survival of SMEs is important in the theory of sustaining entrepreneurship considering that it can lead to permanent job creation most especially in developing countries Willemse, (2010). Nyambonga et al, (2014) noted that the global economy is heavily dependent on the success of Small and Medium Enterprises (SMEs) which create employment, poverty alleviation and balanced developments which bring about economic growth in rural and urban setups. Nunoo et al (2012) in a study to examine how financial literacy influences SMEs in Ghana found that financial literacy is crucial in stimulating the SMEs sectors.

Also Enikanselu and Oyende (2009) made it clear in the results of their research when they established that no business can run effectively without being financially literate and also having one form of accounting records or the other. It can therefore be deduced that appropriate financial literacy is important for a successful management of any business, whether big or small. More importantly, financial literacy enhances decision making processes such as payment of bills on time, proper debt management which improves the credit worthiness of potential borrowers to support livelihoods, economic growth, sound financial systems, and poverty reduction, Nyambonga et al, (2014). According to Ernst and Young (2011), SMEs play a significant role in employment and income generation, producing import substituting products, mitigating rural-urban drift and mobilization of local resources. The study is focused on the effect of financial literacy on the sustainability of businesses. The economic and social environment in which people take financial decisions has also changed drastically, and this change is set to continue with the dynamic and ever changing technology, Mitchell (2011). As a consequence as Huston (2010) adds, it is also defended that financial literacy should be seen as a public policy objective in order to improve welfare through better decision making and mitigate the asymmetry between the final consumer and mainly the financial institutions. All of these studies found substantial evidence about the effect of financial literacy on the sustainability of businesses. Altman (2012) observes that an increase in financial literacy resulting from financial education should lead to more informed and effective financial decisions.

The BOU report (2013) and Care (2014) observed that the national financial education levels in Uganda are very low at all ages and social groups which explain their low levels of financial inclusion and low-saving rates. Hatega (2007) found that many small business owners/managers have limited information on financing products, personal financial management and lack financial knowledge, skills and abilities to carry out budgeting, proper book-keeping and financial planning. More so, Bitature (2010) observed that many citizens of developing nations including Uganda lack financial literacy and management skills and this accounts for low levels of wealth creation. Beck *et al.* (2007) argued that when individuals are financially illiterate, they will not be familiar or comfortable with financial products and will not demand for them. Rooks & Sserwanga (2009) observed that the situation of business sustainability is appalling in Uganda and that many businesses don’t live even for a year. Research by PELUM (2011) established that limited market, fluctuations in commodity prices, inefficient value addition techniques, lack of access to timely market information, limited access to capital, low bargaining power, and limited managerial skills and capacity are some of the most pressing challenges faced by Ugandan small businesses owners. The importance of financial literacy is not only expressed in the failure of small businesses and its consequences, as expressed by Pearl and Eileen (2014). Also, financial literacy plays an important role among those business owners because it provides the financial tools needed to take informed decision, through the accurate understanding of financial information, which largely contributes to the future success of the company (Brown *et al.*, 2006). Despite the importance of small businesses in many economies, the major research done so far is mainly focused on personal finance issues of general public, leaving a gap for the analysis of the levels of financial literacy among small businesses, Brown *et al (*2006). So, considering the importance of businesses at national economy and the little attention that recent research has given to the effect of financial literacy on business sustainability, this study is filling this gap by assessing the effect of financial literacy among business owners and managers on the sustainability of businesses.

1.1.1 Background to the case study

Nyendo Market is situated in Masaka district which is one of the districts in the Central region of Uganda. It is bordered by Sembabule district and Bukomansimbi district in the Northwest and South east, Kalungu in the North, Rakai and Lwengo in the south and west, and Kalangala District in the east. According to the information from the Town Clerk of Masaka Municipality, Nyendo market has got a divergent population of businesses dealing in a range of products for instance agribusiness enterprises, hardware shops, grocery shops and drug shops.

1.2 Statement of the problem

The World Bank Report (2017) stated that SMEs account for about 90% of all businesses. The report further observed that SMEs contribute significantly to GDP and play a crucial role in creating employment. Formal SMEs contribute up to 45% of total employment and up to 33% of GDP in emerging economies. According to the recent business climate index survey by the Economic Policy Research Centre (EPRC, 2013), business confidence declined from 93.5 to 79.2, a drop of 20%. This is the worst decline in business climate index since 2012.

The URSB Report (2016) observed that Uganda despite being one of the most entrepreneurial nations in the world, still registers one of the highest failure rates. The report further stated that it is therefore critical for any business to follow some generally acceptable principles of management that can be a lifeline, rescuing the business from failing. Sound financial management is therefore critical to the survival and management of medium and small enterprises because financial literacy skills empower and educate investors so that they are able to evaluate financial products and make informed decisions (MasterCard, 2011). Siekei *et al*., (2013) argued that financial literacy prepares investors for tough financial times through strategies that mitigate risk such as accumulating savings, diversifying assets and avoiding over indebtedness. Njoroge (2014) and Fatoki (2014) stated that individuals with financial literacy skills tend to make better financial decisions with fewer management mistakes than their counterparts who are financially illiterate. According to the Bank of Uganda Report Pillar 1 (2017), financial literacy has been recognized as a critical factor in improving the quality of life and enhancing financial inclusion in Uganda. Although some studies tended to address the issue of business sustainability, the critical question of the sustainability of businesses remains unresolved. This study therefore, aimed at investigating the effect of financial literacy on the sustainability of businesses.

1.3 Objectives of the study

1.3.1 Major Objective

The major objective of the study was to investigate the effect of financial literacy on the sustainability of business enterprises in Uganda.

1.3.2 Specific Objectives

The study was guided by the following specific objectives;

i. To examine the effect of financial knowledge on business sustainability
ii. To analyze the effect of financial skills on business sustainability
iii. To assess the effect of financial behaviour on business sustainability

1.4 Research Questions

i. What is the effect of financial knowledge on business sustainability?
ii. What is the effect of financial skills on business sustainability?
iii. What is the effect of financial behaviour on business sustainability?

1.5 Scope of the Study

1.5.1 Content Scope

The study was limited to examining the effect of financial literacy on business sustainability. The study was limited to investigating three key areas that is; financial knowledge, financial skills and financial behaviour while personality, business environment and government policies were considered as moderating variables to the sustainability of businesses. The sustainability of businesses was measured in terms of progress of improvement in the following key areas namely; growth, efficiency and profitability.

1.5.2 Geographical Scope

This study was conducted on business enterprises in Masaka Municipality. Masaka Municipality comprises of counties including Katwe Butego, Kimanya Kyabakuza and Nyendo Ssenyange. Masaka Municipality is located in the central region of Uganda in Masaka District. The survey area was chosen because that is where the researcher identified the problem being so pertinent in line with topic under study.

1.5.3 Time Scope

The researcher reviewed data from 2013 to 2017 during the compilation of evidence for the research because that is when the problem most exhibited itself and it also enabled the researcher to make valid conclusions about the study. The actual research exercise covered a period of two years that is from 2016 to 2018, this period was enough for the researcher to write a research proposal, collecting data, analyzing data and writing a final report for this dissertation.

1.6 Significance of the Study

The study will provide a report to the leaders of local governments on how business enterprises should position themselves to handle the changes in Uganda and Global arena in this era of competitive business and economy.

Furthermore the study germinates a clear view for researchers in the future to have a background for them to extend towards new frontiers of the study for the future best of sustainability of business enterprises.

Additionally, to other researchers, the study will be useful since it will add knowledge to other researchers intending to study about the effect of financial literacy on the sustainability of business enterprises. This will provide them with a high range of choices, opportunities and knowledge of the challenges that are being faced by business enterprises in their bid to attain sustainability.

Critical policy issues will benefit the current and future governments and policy makers in understanding the challenges and needed solutions for business enterprises to serve socio-economic issues. To other sectors of the economy, a better understanding of business enterprises will provide information to stakeholders about the utilization of resources more rationally through linking the sectors of the economy efficiently.

The study will additionally benefit the leaders in Masaka Municipality and in Uganda at large in finding lasting solutions to the causes of business failure and ensure that they come up with programs that will aim at educating the general business community about how they can run sustainable businesses.

This study will be useful to investors because it will highlight the benefits that will be derived by their firms from acquisition of financial literacy. These benefits will include proper financial management skills that will lead to sustainability of their firms. Also, for investors who are assisted by others, it will emphasize the importance of financial literacy so that they can be able to understand financial reports of the firm, how assets are allocated, what ratio of debt to equity to be used and how to derive further profits.

1.7 Justification of the Study

Many researchers have done a lot of work about financial literacy and specifically SME sustainability but there has not been much work about financial literacy and sustainability of business enterprises in general. The researcher investigated the effect of financial literacy on the sustainability of business enterprises in Masaka Municipality since the study area has got a big number of business enterprises starting up on a high scale.

The researcher has been following the falling trends of businesses in Masaka Municipality and was always keen to find out the cause of the trend given his passion about doing business; therefore, this study will help address the researcher's concerns.

1.8 Definition of Key Terms

Financial Literacy: Remund (2010) defines financial literacy as the degree to which one understands key financial concepts and possesses the ability and confidence to manage personal finances through appropriate, short-term decision making and sound, long-range financial planning. However the study is going to take FL to mean a combination of awareness, knowledge, skill, attitude and behaviour necessary to make sound financial decisions and ultimately achieve individual financial wellbeing.

Financial skills: Hogarth (2002) defines Financial Skill as the capability to use relevant knowledge and understanding to manage an expected or an unpredictable situation in order to solve a financial problem and convert it to a benefit and opportunity to one's advantage. However, this study will define financial skills as the ability to apply knowledge and understanding across a range of contexts including both predictable and unexpected situations.

Financial behaviour: Financial behaviour as defined by (Zeynep, 2015), is the capability to capture of understanding overall impacts of financial decisions on one's circumstances and to make the right decisions related to the cash management, precautions and opportunities for budget planning.

Growth: Wickham (2006) defines financial growth as the development of the business as a commercial entity.

Efficiency: Efficiency signifies a level of performance that describes using the least amount of input to achieve the highest amount of output. Efficiency refers to the use of all inputs in producing any given output, including personal time and energy. It is a measurable concept that can be determined using the ratio of useful output to total input. It minimizes the waste of resources such as physical materials, energy and time while accomplishing the desired output.

Profitability: The word profitability is composed of two words, namely, profit and ability (Dr. Monica Tulsian, 2014). Aliet (2012) defines profitability as an income generated in the business which is calculated by subtracting the expenses from the revenue.

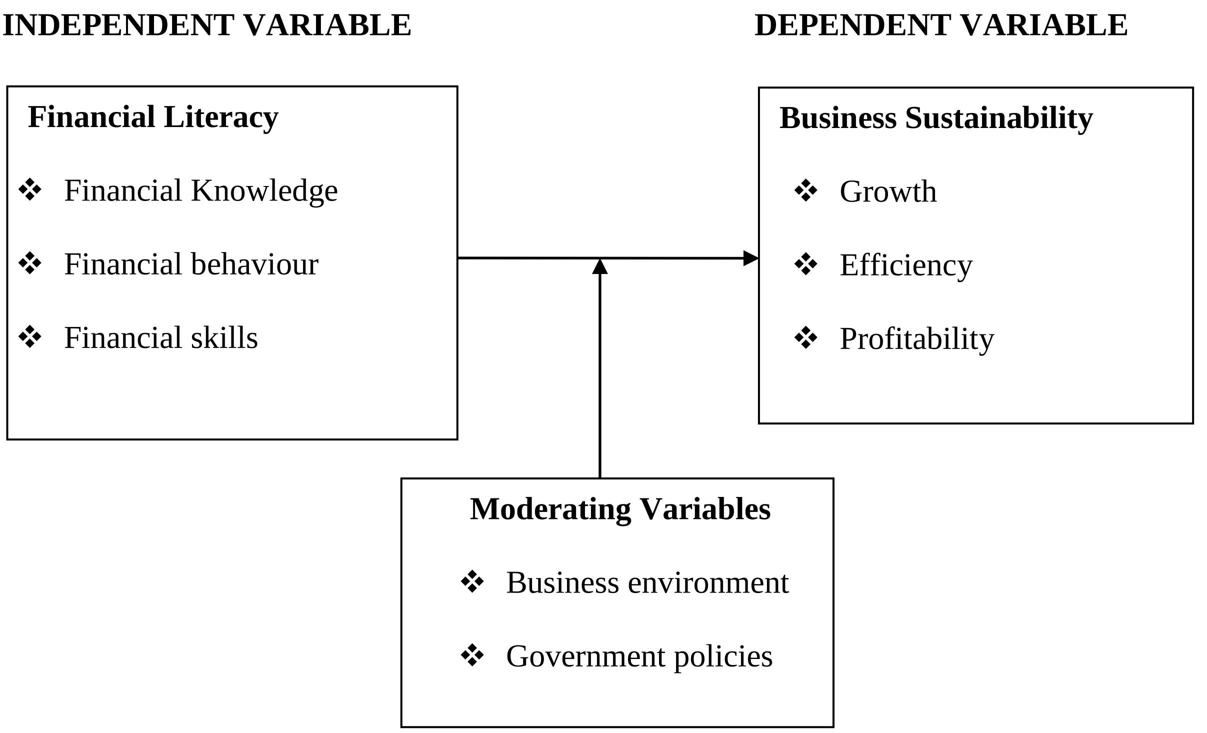
Business Sustainability: Business sustainability is defined as managing the triple bottom line, that is to say, a process by which firms manage their financial, social and environmental risks, obligations and opportunities. These three impacts are sometimes referred to as people, planet and profits, (Dyllick & Muff, 2012

1.9 Conceptual framework

Figure 1 below shows the conceptual framework, and it highlights the relationship between the variables under study; Financial Literacy (Independent Variable) and Business Sustainability (Dependent Variable). Remund (2010) notices that the concept of financial literacy comprises several aspects: financial knowledge, financial operations experience, ability to communicate about different financial concepts, ability to use different financial concepts and instruments, ability to take adequate financial decisions, attitude towards the use of financial instruments and people's confidence in financial operations performed.

While Gavigan (2010) views financial literacy as the ability to make informed judgments and effective decisions regarding the use and management of money, Remund (2010) defines financial literacy as the degree to which one understands key financial concepts and possesses the ability and confidence to manage personal finances through appropriate, short-term decision-making and sound, long-range financial planning.

Figure 1: Conceptual Framework showing the diagrammatic relationship between Financial Literacy and Business Sustainability



Source: Remund (2010) and Gavigan (2010) and modified by the researcher

The Conceptual Framework explains that Financial Literacy will determine the level of sustainability of a business enterprise in terms of growth, efficiency in operations and profitability of the business enterprise. Financial knowledge in form of book keeping, budgeting skills, ability to do sales forecasting and prudence in spending has an influence on the sustainability of a business enterprise. This influence is further reported to be increased by the financial competence of a business owner or manager which comprises of one's knowledge, experience and skills. The competence of a business owner or manager can lead to a business being efficiently run hence leading to the general profitability. Financial behaviour also greatly affects the sustainability of a business. As emphasized by Nakamura (2007), unbecoming behaviour of most Ugandan business men such as a poor saving culture, acts of financial indiscipline, lack of a desire and commitment to achieve greater heights, irresponsibility, laxity, laziness and a lack of a vision are key factors hindering the survival of business enterprises.

Additionally, the aspect of business sustainability can be moderated by other factors like personality of an individual, business environment, and government policies. The personality of business owners or Managers as noted by Gupta & Muita (2013) might affect business sustainability negatively through the 'dark side' of their personality. (Gupta and Muita 2013: 88).

The government policies also affect the sustainability of the businesses in a sense that if the policies are unfavorable in terms of high taxes or restrictions to some areas of trade, then however much a business owner or Manager has the requisite skill, knowledge or the desired financial behaviour, might greatly affect the sustainability of a particular business. The general business environment might also be harsh or favorable and this can be in terms of boom or recession in terms of economic activity. During periods of boom, the financial knowledge, skills and behaviour are complemented by the inherent favorable business conditions to facilitate the sustainability of the business. Conversely, however much one is financially literacy but the business environment is harsh, businesses can hardly survive.

1.10 Conclusion

Chapter one has given an overview of what the research is all about, that is “the effect of financial literacy on business sustainability.” This chapter has provided the introduction and background to the study and a well explained conceptual framework and research problem. The section also explained the purpose of the study and research objectives. The next chapter will look at the review of the contribution of different scholars to the study.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter presents a review of literature in relation to the study objectives. Firstly, it presents a theoretical review and then a comprehensive review of the objectives of the study looking at the three elements of financial literacy, that is; financial knowledge, financial skills and financial behaviour.

Onwuegbuzie et al (2012) define literature review as an evaluation of a body of research that addresses a research question. A literature review also provides a new interpretation of existing literature and represents the most significant step of the research method, Onwuegbuzie et al, (2012). According to Rhoades (2011), the literature review's purpose is to combine and summarize the literature as it links to the research subject and avoids accidental duplication of existing research.

The aim of this chapter therefore is to present a review of existing literature on the effect of financial literacy on the sustainability of business enterprises. It will focus on the effect of financial knowledge, financial behaviour and financial skills on the sustainability of business enterprises.

2.1 Theoretical Review

2.1.1 Theory of planned behaviour

Ajzen (1988) developed the Theory of Planned Behaviour as an off-shoot of the theory of Reasoned Action. Ajzen's (1991) Theory of Planned Behaviour uses attitudes, subjective norms and perceived behavioural control to predict "intention" with relatively high accuracy.

The theory assumes that a person's intention, when combined with perceived behavioural control, will help predict behaviour with greater accuracy than previous models. (Ajzen, 1991).

Theory of Planned Behaviour considers volitional control as a variable. By definition, volitional control means a person must have the resources, opportunity and support available to perform a specific behaviour (Ajzen, 1991). Ajzen's (1988). Theory of Planned Behaviour can be broken down into three conceptually independent antecedents leading to behavioural intention (BI): Attitude toward the Behaviour (AAct), Perceived Behavioural Control (PBC) and Subjective Norms (SN) (Ajzen, 1991). Attitude toward the behaviour measures the degree to which a person has a negative or positive evaluation toward his/her performance of the behaviour. Perceived Behavioural Control refers to people's perceptions of whether or not they can perform that specific behaviour and how easy it is to perform. Subjective Norms refer to what individuals believe other key people in their lives think about whether or not the individual should perform the behaviour. The perceived opinions of these key people help determine whether a person will actually perform the behaviour.

Strength

The theory of planned behaviour can cover people's non-volitional behaviour which cannot be explained by the theory of reasoned action. An individual's behavioural intention cannot be the exclusive determinant of behaviour where an individual's control over the behaviour is incomplete. By adding "perceived behavioural control," the theory of planned behaviour can explain the relationship between behavioural intention and actual behaviour. Several studies found that the TPB would help better predict health-related behavioural intention than the theory of reasoned action. The TPB has improved the predictability of intention in various health-related fields such as condom use, leisure, exercise, diet, etc.

In addition, the theory of planned behaviour as well as the theory of reasoned action can explain the individual's social behaviour by considering "social norm" as an important variable.

Limitations of the theory

Some scholars claim that the theory of planned behaviour is based on cognitive processing and have criticized the theory on those grounds. More recent, some scholars criticize the theory on the basis of ignoring one's needs prior to engaging in a certain action, needs that would affect his behaviour regardless of his expressed attitudes. For example, one might have a very positive attitude towards beefsteak and still, not order one as he is not hungry. Or, one might have a very negative attitude towards drinking and little intention to drink and still, engage in drinking as he's seeking group membership.

Also, one's emotions at the interviewing or decision-making time are ignored despite being relevant to the model as emotions can influence beliefs and other constructs of the model. Still, poor predictability for health-related behaviour in previous health research seems to be attributed to poor application of the model, associated methods and measures. Most of the research is correlational and more evidence based on experimental studies is welcome although experiments, by nature, lack external validity because they prioritize internal validity.

2.2 Overview of Financial Literacy

According to Nye et al, (2013) “Financial literacy is a measure of the degree to which one understands key financial concepts and possesses the ability and confidence to manage personal finances through appropriate short term decision-making and sound, long-range financial planning, while mindful of life events and changing economic conditions. Gouws and Shuttleworth (2009) state that the term ‘financial’ refers to the information dimension; the term literacy’ refers to the mental processes of individuals when using this information. The early definition by Noctor et.al (1992) cited in Marcolin and Abraham (2006) point to financial literacy as the ability to make informed judgments and to take effective decisions regarding the use and management of money. Atkinson and Messy (2012) cited by OECD (2013) also defined financial literacy as, a combination of awareness, knowledge, skill, attitude and behaviour necessary to make sound financial decisions and ultimately achieve individual financial wellbeing. Lusardi and Mitchell (2013) also defined financial literacy as, ability to process economic information and make informed decisions about financial planning, wealth accumulation, debt, and pensions. That is, it is the ability to use knowledge and skills to manage financial resources effectively for a lifetime of financial well-being. Financial literacy is about discernment and makes effective decisions on utilization of financial management, Gavigan (2010). Jacobs (2001) adds that financial literacy requires knowledge, skill, attitude and experience with goals to deal with the survival of the firm; profit maximization; sales maximization; capturing a particular market share; minimizing staff turnovers and internal conflicts; and maximizing wealth. Financial literacy is listed as one of the critical managerial competencies in SMEs firm and development, Spinelli, Timmons, & Adams (2011).

According to Onea & Dornean (2012), Financial literacy implies a persons' minimal knowledge about financial terms such as money, inflation, interest rate, credit and others, but besides this the abilities and skills of that person to use all this information in personal life, being aware about the consequences of its financial actions. Based on the review of financial literacy studies implemented in different parts of the world, Capuano and Ramsey (2011) categorized various benefits of financial literacy into three main categories of beneficiaries, that is to say; individuals, financial system and the economy, and the community. With respect to individuals, according to them, financial literacy has benefits which include; Increased savings and retirement planning, more realistic assessments of financial knowledge by consumers and life skills and bargaining power. They further state that financial literacy ensures financial efficiency, lifetime utility and financial wellbeing, greater competition, innovation and quality products. Financially literate clients make optimal financial and economic decisions including, savings, borrowing, investment as well as properly managing of daily money. Increasing number of empirical studies have also evidenced the role financial literacy plays in managing personal finance, both asset and liability, Capuano and Ramsey (2011).

Kempson et al (2006) defines financial literacy as the ability to make informed judgments and take effective decisions regarding the use and management of money. According to Kempson et al. (2006), financial literacy can also be defined as people who are financially capable. They further state that financially capable people are able to make informed financial decisions. They are numerate and can budget and manage money effectively. They understand how to manage credit and debt. They are able to assess needs for insurance and protection. They can assess the different risks and returns involved in different saving and investment options. They have an understanding of the wider ethical, social, political and environmental dimensions of finances.

Similarly, Gray et al. (2009) pointed out that, if improvement in financial literacy is needed in more developed contexts, it is even more critical for people living in the developing world in which the landscape of financial products and services is changing rapidly and people live more on the margin. Huston (2010) considers financial literacy as including awareness and knowledge and financial instruments and their application in business and personal life. A person is financially literate if he/she is able to manage his/her personal finance in life and changing society in order to which he/she must achieve necessary perception, develop his/her skills in this area and be able to understand the impact of individual's financial decisions on his/her own, others and the environment Remund, (2010).

Increased financial literacy has a positive impact on people's personal and business life. The financial knowledge helps in reducing social and psychological pressures and increasing the welfare of the family in the personal life. Financial knowledge reduces stress, illness, financial disputes, abuse of children and conflict among the families. People from families with high financial knowledge and well-being are less depressed, show less aggressive and anti-social behaviour and have more self-confidence (Fox et al., 2005). In work life, higher financial literacy has higher efficiency and productivity and will help employees to better understand benefits offered by the organization and improve their satisfaction (Brennan, 1998). According to Champoin (2001), financial education reduces the absences in organization and keeping valuable employees. According to Kim (2007), high financial literacy decreases emotional stress and anxiety in the workplace. Worthington (2006) found financial literacy in Australia to be highest amongst people aged between 50 and 60, professionals, business and farm owners, and university and college graduates. Financial literacy was lowest for unemployed, females, and those from non-English speaking backgrounds with a low level of education. Such findings are consistent with those of de Clercq and Venter (2009) who found financial literacy dependent on gender, age, and language.

Vitt, Reicbach and Siegenthaler (2005) define an individual financial literate as follows: "A financially literate individual understands his or her relationship to money (e.g., the need for financial security, tolerance for risk) and can read about, discuss and communicate regarding personal financial issues. They possess knowledge of banking and credit, practice money management, understand the need for protection against unforeseen emergencies, plan for major life events, and save and invest for the future. A financially literate individual is a lifelong learner who applies that learning to new financial situations. He knows how and where to find information to make effective personal financial choices. The distinguishing characteristic of such a person is self efficacy -the sense that "I can do this!" and "I want to do this!"-in pursuit of what he or she believes are attainable goals. The rich are rich because they are more literate in different areas than people who struggle financially. So if you want to be rich and maintain your wealth, it's important to be financially literate, in words as well as numbers (Kiyosaki, 2012).

Beal and Delpachitra (2003) argued that having financial literacy skills enables individuals to make informed decisions about their money and minimizes the chances of being misled on financial matters.

FINANCIAL KNOWLEDGE

Financial knowledge and understanding according to the Basic Skills Agency (2004) is the ability to make sense of and manipulate money in its different forms, uses and functions. Lusardi & Mitchell, (2008) define financial knowledge as wisdom acquired through learning the ability to manage income, expenditure and savings in a safe way.

FINANCIAL SKILLS

Financial skill according to the Basic Skills Agency (2003) is the ability to apply knowledge and understanding across a range of contexts including both predictable and unexpected situations.

2.3 Overview of Business Sustainability

Filene, (2011) defines sustainability as the ability of an entity to continue a defined behaviour indefinitely. In other words, it is the ability of an organization to meet its goals or target over the long term. In the context of financial institutions and for firms, this requires private profitability, a return on equity, net of subsidy that exceeds the private opportunity cost of resources, Schreiner & Yaron, (1999). Self-sustainability can be measured in terms of both financial and economic sustainability. Financial sustainability means the smooth operation of financial institutions with the necessary profitability, having adequate liquidity to overcome any challenges of bankruptcy.

Sa-Dhan (2013) observes that the term sustainability has broader dimensions, including financial sustainability, institutional sustainability, mission sustainability, programme sustainability, human resource sustainability, market sustainability, legal policy environment sustainability and impact sustainability.

GROWTH

Wickham (1998) views business growth from four interdependent perspectives: financial, strategic, structural and organizational. These are contained in Wickham's model of the dynamics of business growth. A business owner has to consider all of them when planning for growth. The neglect of one element could cause business failure or lead to other problems Nieman & Nieuwenhuizen, (2009). Wickham (2006) defines financial growth as the development of the business as a commercial entity. It is concerned with increases in turnover, the costs and investment needed to achieve that turnover, and the resulting profits. It is also concerned with increases in the assets of the business. This study utilizes measures of financial growth as proposed by Wickham (2006), particularly changes in total assets, changes in capital, changes in turnover and changes in profit. Strategic growth relates to changes that take place in the way in which the organization interacts with its environment as a coherent strategic whole. Primarily, this is concerned with the way the business develops its capabilities to exploit the market. According to Wickham (2006) it is associated with the profile of opportunities which the business exploits and the assets, both tangible and intangible, it acquires to create sustainable competitive advantages. The measures used in this study for strategic growth are taken from those proposed by Wickham (2006), specifically; changes in sales and/or production volumes, changes in cost of sales/production and changes in customer base.

Structural growth relates to the changes in the way the business organizes its internal systems, in particular, managerial roles and responsibilities, reporting relationships, communication links and resources control systems Wickham, (2006). This study utilizes measures of structural growth as proposed by Wickham (2006), namely; Changes in number of employe0es; and changes in the size and/or location of business premises. Organizational growth relates to the changes in the business's processes, culture and attitudes as it grows and develops. It is also concerned with the changes that must take place in the owner's role and leadership style as the business moves from being a 'small' to 'large' firm Wickham, (2006). For the purpose of this study the organizational growth dimension is excluded. This is because of the wide discrepancy in the interpretation and understanding of Wickham's (2006) proposed measures for organizational growth, by respondents in the pilot of this study.

Enterprise growth can be measured in various ways. Gupta *et al.*,(2015) suggests the use of quantitative features such as; value addition, revenue generation, volume of assets and volume of business or qualitative features like market position, quality of product, and goodwill of the customers, on the contrary Mateev and Anastasov (2010) opine that financial structure, productivity, sales revenue and total assets have a more direct impact on growth but caution that the number of employees, investment in R & D, and other intangible assets have minimal influence on the enterprise's growth prospects. Lorunka *et al*., (2011) argues that the gender of the founder, the amount of capital required at the time of starting the business, commitment of the entrepreneur and growth strategy of the enterprise are the most important factors in predicting growth in a small enterprise. Men owned enterprises exhibited faster growth than women owned enterprises. This could be attributed to the assertion that men tend to acquire knowledge on financial literacy earlier in life while women will do so late in life particularly in anticipation of death of a spouse (Lusardi and Mitshell, 2013).

EFFICIENCY

Efficiency measures relationship between inputs and outputs or how successfully the inputs have been transformed into outputs (Low, 2000). To maximize the output Porter's Total Productive Maintenance system suggests the elimination of six losses, which are: (1) reduced yield –from start up to stable production; (2) process defects; (3) reduced speed; (4) idling and minor stoppages; (5) set-up and adjustment; and (6) equipment failure. The fewer the inputs used to generate outputs, the greater the efficiency. According to Pinprayong and Siengthai (2012) there is a difference between business efficiency and organizational efficiency. Business efficiency reveals the performance of input and output ratio, while organizational efficiency reflects the improvement of internal processes of the organization, such as organizational structure, culture and community. Excellent organizational efficiency could improve entities performance in terms of management, productivity, quality and profitability.

PROFITABILITY

Profit and profitability are two different terms. Nimalathasan (2009) defines profit as excess of return over outlay and profitability as the ability of a given investment to earn a return from its use. Nimalathasan (2009) mentioned that profit is the primary objective of a business, which measures not only the success of a product, but also the development of the market for it. Barad (2010) defined profitability as the ability of a company to generate profit after any costs, overhead, and other expenses, and provide incomes for the sacrifice of resources. Aliet (2012) indicated that profitability is defined as an income generated in the business which is calculated by subtracting the expenses from the revenue. Karuru (2005) has indicated that profitability is the difference between the sales generated by a business and the expenses incurred during the business operations. Brinker (2002) agreed with Karuru (2005) by stating that the definition of profitability is the difference between the revenue and the operational expenses incurred in the business. The above definitions indicate that profitability is a positive balance after calculating the difference between the businesses sales and the operational expenses that is to say; Profit is given by the difference between sales and expenses.

2.4. Actual review of literature

2.4.1 Financial knowledge and business sustainability

The Basic Skills Agency (2004) observes that financial knowledge and understanding allows people to acquire the skills they need to deal with everyday financial matters and make the right choices for their needs. Robb, (2014) states that financial knowledge is associated with a number of “best practice” financial behaviours, including possessing an adequate emergency fund, monitoring credit reports, avoiding checking account overdrafts, avoiding revolving debt, owning a dedicated retirement account, and having insurance protection. The term financial involves a wide range of daily activities that are associated with the funds and includes activities such as check control to credit card management, budget preparation, purchasing insurance and investment. Garman and forgue (2000) have identified financial knowledge as understanding the principles and terminology needed for a successful management of personal financial issues. Jacob et al (2000) considered personal financial knowledge as concepts of personal financial management skills and information. They have considered the meaning of the word knowledge as knowing conditions, practices, rules and norms required for performing financial duties.

Financial knowledge means possessing the skills and confidence to make appropriate decisions in managing personal or business finances, Taft et al (2013). Huston (2010) and Potrich et al (2014) state that financial literacy and knowledge are used synonymously but Huston (2010) continues to state that financial knowledge is an integral dimension of, but not equivalent to financial literacy. Similarly, Shim et al (2009) observe that financial knowledge has significant contribution to the financial behaviour of a person. But, Collin (2010) argues that knowledge only is inadequate to change one’s behaviour. In this connection, Chaulagain (2015) presents financial knowledge as a first dimension in financial literacy that is contributed by financial education. Jariwala (2013) opines financial literacy as a basic concept and understanding of financial matters and markets. Basic concepts and understanding of financial services and market are some of the sources of financial knowledge.

This is further supported by Pamarthy (2012) who argues that most of the personal financial problems are caused by deprivation of financial knowledge. Even though Hung et al (2009) argue that the financial knowledge includes perceived knowledge, actual knowledge and financial skill, Jariwala (2013) affirms that financial knowledge is often considered central to financial literacy; it should be distinguished from general knowledge. Similarly, Bolanos (2012) argues that the financial knowledge is an important dimension of financial literacy. He further affirms that in this sense, financial knowledge contributes to financial literacy and thereby financial behaviour. Other authors have also confirmed the positive association between knowledge and business sustainability. For instance, Calvet et al (2005) found that more financially sophisticated households are more likely to buy risky assets and invest more efficiently. Van Rooji, et al (2007) found that respondents who are more financially sophisticated are more likely to invest in stocks.

His findings are in line with the findings of Obago (2014) who found that higher numeracy skills have a positive relationship with higher levels of household wealth and good financial decisions while poor numeracy was linked with unnecessary expenses. According to the FSD (2009) and Master card (2011) findings, financially illiterate individuals tend to borrow too much and generally use more expensive sources of finance that may impact negatively on their business performance and are also likely to report excessive debt position or inability to measure their debt position. Lusardi *et al.,* (2011) asserts that an increase in the financial knowledge of an individual with otherwise average characteristics is associated with a 17 percentage point higher probability of stock market participation.

Lusardi & Michell (2006) suggested that financial literacy is needed to create a measure of financial competence, i.e. knowledgeable about financial matters. These literate people are more participating in financial markets because they know financial matters. Lusardi & Bassa

(2013) examined the impact of financial literacy and high cost of the borrowers. The result indicated that there is a relationship between financial literacy and low-cost borrowers. Most high-cost borrowers display very low levels of financial literacy and lack knowledge of basic financial concepts, which affects their performance level in a business. Tamimi & Kalli (2009) examined the impact of financial literacy on financial knowledge. Their results showed that the field of individual activities affects the financial literacy level and people that invest in financial awareness have a higher level of financial literacy.

Drexler et al (2014) noted that entrepreneurs usually suffer from sufficient financial literacy to make the complex financial decisions they face. This is unfortunate, since according to Oseifuah (2010), 'financial literacy among youth entrepreneurs contributes meaningfully to their entrepreneurship skills.' Entrepreneurs wanting to grow need to feel confident of their finances, as well being adequately informed, Kotzè & Smit (2008). If the owners/managers are illiterate concerning their organizational finances, the financial knowledge of their firms will also be lacking and will lead to reduction in innovation that can transform into competitive capability, unable to access different sources of financing provision due to non-awareness and this attitude will lead to possible failures of SMEs, Kotzè & Smit (2008). What all these perspectives seem to agree on is that entrepreneurs suffer from a lack of financial knowledge and such deficiency undermines the probability of getting different sources of financing that can result into competitive capability and firm superior performance.

According to Bosma and Harding (2006), many SMEs fail because they lack financial knowledge, insufficient business acuity, and can also undermine entrepreneurial activity.

Nunoo et al (2012) in a study to examine how financial literacy influences SMEs in Ghana found that financial literacy is crucial in stimulating the SME sectors. They further observed that financially literate small business owners may save more, and better manage risk, by purchasing insurance contracts. Also, past studies reveal that in some countries there was a certain trend to consider the studies related with financial knowledge as a good approach of financial literacy, Atkinson & Messy (2011). Omerzel & Antoncic, (2008) also noted that entrepreneurs' knowledge and skill have a noticeable positive effect on profitability and business performance. According to Chua (2009) and Jeon et al (2011), the management of knowledge has generated considerable interest in business and management circles due to its capability to deliver to organizations, strategic results relating to profitability, competitiveness and capacity enhancement. Riege (2007) further states that organizations that effectively manage and transfer their knowledge are more innovative and perform better.

Successful organizations now understand why they must manage knowledge, develop plans as to how to accomplish this objective and devote time and energy to these efforts. This is because financial knowledge has been described as a key driver of organizational performance, Bousa & Venkitachalam (2013), and one of the most important resources for the survival and prosperity of organizations as stated by Kamhawi, (2012). Therefore managing and utilizing knowledge effectively is vital for organizations to take full advantage of the value of knowledge. Martensson (2000) considers financial knowledge as an important and necessary component for organizations to survive and maintain competitive keenness and so it is necessary for managers and executives to consider financial knowledge as a prerequisite for higher productivity and flexibility in both the private and the public sectors.

Robb, (2014) states that financial knowledge is a very critical aspect of any decision making regardless of the subject matter, as it is argued to result in a more effective decision. It impacts key outcomes including borrowing, savings, investment and even future plans in terms of retirement income as observed by Lusardi & Mitchell, (2014). Lusardi and Michell (2006) contended that financial literacy is needed to create a measure of financial competence in terms of participation in financial market and ability to manage financial matters. A few researchers have attempted to show the relationship between financial knowledge and growth in terms of profitability and size of businesses. Another research by Clark et al (2014) on investment performance and financial knowledge using a unique and new set of data found that financially knowledgeable employees have more volatile and diversified portfolios. They recommended that efforts to enhance financial knowledge should be exerted as it helps people invest more profitably. Guliman, (2015) evaluated financial literacy of MSE owners with focus on financial knowledge and skills and found that most owners of these enterprises have low financial knowledge on taxation, time value of money and investing in securities. In their paper on financial literacy and high cost borrowing, (Lusardi & Bassa, 2013) found that lack of financial concepts affects performance level in a business hence having a ripple effect on the sustainability of businesses.

A lack of financial knowledge has been associated with behaviours that led to financial mistakes such as over borrowing, high interest rate mortgages (Lusardi, 2008), and limited saving and investment. According to Braunstein and Welch (2002), a deficiency in financial knowledge impacts the day-to-day management of finances as well as the ability to save money for the long-term. For example, financial knowledge has been associated with positive financial behaviours such as having a checking account, paying bills on time, tracking expenses, having a savings account, and having an emergency fund (Hilgert, Hogarth, & Beverly, 2003). Financial knowledge and understanding allows people to acquire the skills they need to deal with everyday financial matters and make the right choices for their needs

(SEDI 2008). People require a basic body of knowledge and understanding, upon which they can draw when managing their financial affairs. This knowledge will be acquired in different ways for instance; through experience, through education and training and through passive receipt of information from different sources such as family and friends, the media and information materials produced by the financial sector (Widdowson et al., 2007). In a very substantial international study, Kempson et al. (2013) found that, after controlling for other relevant variables, self-employed individuals in a sample of developing countries (Armenia, Colombia, Lebanon, Mexico, Nigeria, Turkey and Uruguay) performed worse than the general population on standardized assessments of their ability to monitor expenses, to budget, and to live within their means.

The literature related to small firms consistently shows that an owner's lack of financial knowledge can be a serious impediment to business success (Agyei-Mensah, 2011; Atkinson & Messy, 2011; Halabi, Barrett, & Dyt, 2010; Huang, Nam, & Sherraden, 2013; Lusardi & Mitchell 2011; Papulová & Mokros, 2007; Wise, 2013). A common solution to lack of financial knowledge is the prescription of financial education with the general assumption that improved knowledge will result in more effective financial decision-making (Robb & Woodyard, 2011).

Policymakers, the financial service industry and educators have promoted numerous initiatives to combat low levels of financial knowledge through promoting financial education programs (Tang & Peter, 2015). The knowledge of uncertainties or risks associated with an investment is important because it helps to investor or business owner to make certain changes in behaviour or activities of the business to prevent uncertainties (Maranjian, 2013). In their paper on financial literacy and high cost borrowing, (Lusardi & Bassa, 2013) found that lack of financial concepts affects performance level in a business. Maric (2013) found that workers with knowledge are potential entrepreneurs and are of critical importance to an organization.

2.4.2 Financial skills and business sustainability

According to the Basic Skills Agency (2003), Financial Skills allow people to plan, monitor, manage and resolve any financial problems or opportunities. Accounting is the language of business, it tells the owners/managers and other stakeholders of the business what is happening in the business. Accounting provides information to a wide range of interest groups and ultimately shows how a business has been managed for a period- whether successfully managed or otherwise. It also provides information regarding the financial position of the firm. According to Osuala (2009) the knowledge of fundamental accounting skills are very imperative for sustainable business. The non-possession of these fundamental accounting skills by SMEs, therefore, constitutes a problem such that, the chances of survival of the business are slim and the probability of imminent failure/collapse become high.

Hence every small and medium scale enterprises should strive to acquire and possess these fundamental skills. Furthermore, according to Onoh (2011) fundamental accounting skills are those competencies in basic accounting required by a person to function competently, confidently, and successfully in the process of carrying out one's function of recording daily business transactions. They include skills in book-keeping, purchasing and supply, bargaining, determining labour costs, simple budgeting, keeping of accurate receipts, sales records skills in keeping reliable records, sourcing for market outlets, work in progress records, credit purchases, invoices, cheque payments, keeping customers' records and goods inventory. Others are skills in good credit facility practices, operating the cash payment receipts, cash sales, prudent financial and working capital management.

The knowledge of fundamental accounting skills by SME will promote in them good financial management, which is aimed at ensuring that there is adequate cash on hand to meet the necessary current and capital expenditures as well as to assist in maximizing growth and profits. It requires knowledge of liquidity management. Management of money demands that the SME owner/ manager must need to plan for all his future need for funds, plan for the most economical way of acquiring funds from different sources and be able to also plan for the most efficient way of putting to use acquired money from friends, family members, banks and other sources. Oyesode (1998) in Nwokike (2010) reveales that no business activity could be successfully operated without the assistance of the accounting skills. This is because procurement and spending of money are involved. Accounting education according to Nwokike (2010) is the type of education that provides individuals with skills and knowledge in accounting, computing and data processing occupations for gainful employment in private and public enterprises for self-employment. Nwoha (2006) stated that accounting provides managers with the information needed for decision making and exposes them to the various users of accounting information and the interest of the users of such information.

The development and appreciation for accounting functions such as skills to keep fundamental accounting records and its use is so important to the SME owners/managers to the extent that without it, the SME owner can get up one day to discover that he/she has used up the working capital. The result of this could be such that the owner can no longer pay salaries of his staff, cannot replace equipment or materials, cannot purchase raw materials as consumables and can no longer pay for other utility services. Acquisition of fundamental accounting skills by SME owners/managers will boost their operational efficiency. It will empower the application of the arts of science in the management of enterprises. The acquisition of fundamental accounting skills will imbue on SME owners a favourable disposition to prudently manage their enterprises in the most profitable way. It adjusts the enterprise to the dynamic situation in which it is being conducted, co-coordinating factors to achieve the maximum return of the capital invested.

As Earl et al (2015) take financial management as a cognitive function; similarly, Lawless (2010) focuses on investment decision making skill that may add the value of money for a longer period of time. Investing the money in earning areas is also a part of money management. There is very thin boarder between financial literacy and skills. Mireku (2015) argues that financial literacy and skill are used synonymously and that they contribute to financial attitude. According to Brown *et al*. (2006), financial literacy for small business owners must contemplate the ability to read and understand fundamental financial statements, as well as, the ability with numbers, in order to make informed judgments and to make effective decisions regarding the use and management of money. Lusardi (2012) argues that numeracy and financial literacy are important life-time skills of an individual that are closely related with financial decision making in regular financial behaviour. Lusardi (2012) continues to state that numeracy is more related with the capacity of calculating any transaction such as interest rate both in saving and credit, tax to pay on interest and business earning, gain discounts or rebates, penalty and service charges to pay.

Similarly, Oanea and Dornean (2012) have defined financial literacy as skill and ability in managing personal finance under applied definition. Skill is an ability of a person, however, being skilled and applying the skill are not always the same. Hogarth et al (2003) argue that financial literacy helps in financial skill building; however they cannot present the process and contents of skill building. Every enterprise, however simple requires written records which are used by managers as guides to routine action, taking of decisions, formulation of general rules and maintaining relationships with other organizations or with individuals, Frank wood (2010). Therefore a business without written records is like a blind man without his aid or a vehicle without a driver for it does not know which way it is going. Frank wood, (2010) identifies the following as the main benefits of keeping business records; they help in calculating business profits or losses, reveal value of debtors in terms of amount due and when payments are due so as to avoid heavy costs of bad debts, they also help in business planning and are needed by lenders of business finance. Ezejiofor *et al.,* (2014) notes that, a good accounting system is not only judged by how well records are kept but by how well it is able to meet the information needs of both internal and external decision-makers. Quality accounting information will enhance financial management as well as accessibility of finance by small businesses.

Wise (2013) observes that increase in financial literacy leads to more frequent production of financial statements and such an entrepreneur has a higher probability of loan repayment and a lower probability to voluntarily close his/her business. Ezejiofor *et al.,* (2014) found that MSEs in Nigeria that kept proper books of account were able to measure accurately the performance of their businesses. They also established that business decisions with regard to expansion, maintaining a competitive edge, prevention of business failure and filling tax returns need to be supported by quality financial information which needs to be relevant, user friendly and available in a timely manner. Lack of business records results into information asymmetry which makes it difficult for financiers to quantify accurately the level of risk involved in a business opportunity so as to fix accurate interest rates which results into high transaction costs due to high cost of information.

Ozdemir, Temizel, Sonmez and Fikret (2015) express financial literacy as synonymous as financial skill that contains ability of money management, financial risk identification, making financial plan and getting financial information. Skill is very close to behaviour, and the skill which is not practiced, is worthless. OECD, Statistics Canada (2011) classifies the skill into four types; prose literacy, document literacy, numeracy and problem solving. However, such skill are more practiced and measured by educated people only. Ozdemir, et al (2015) express financial literacy as synonymous with financial skill generally, financial skill contains financial numeracy, making financial plan for business, making retirement plan, budgeting, record keeping of regular personal transactions and decision making in basic level. MacLeod & Straw (Eds) (2010) focus in budgeting, managing debt, selection of appropriate account and understanding the statement are a basic capability of a person. According to Thompson (2004), in today's world of change and uncertainty there is need for the talent of entrepreneurs more than ever. The previous studies conducted on the Owner financial skills support that Owner financial skills are the important ingredient for the success of a firm as noted by (Ferreira & Azevedo, 2007; Smith *et. al.* 2006).

Mohd (2005) noted that entrepreneurial financial skills can influence the type of firm that will be created as well as how it will be financed. Thus, it is important to understand these entrepreneurial financial skills. Several studies have listed the personality financial skills needed to develop entrepreneurship as to include among others; need for achievement and motivation, determination, leadership, risk taking etc. Blackman (2003) asserted that an individual's financial skills are attributed to his achievements which also have direct effect on the entrepreneurial firm performance. Many researchers have suggested that financial skills of entrepreneurs are relevant factors in determining the ability of the business to achieve significant levels of performance. Among the financial skills that are believed to have impacted performance are leadership, motivation, determination and communication skills (Hisrich & Peters, 2002; Shane, 2003; Johnson, 2001). Martin and Staines (2008) found out that, lack of managerial experience, skills and personal qualities are found as the main reasons why SMEs fail. Businesses in the SME sector all over the world are more prone to failure due to the specific qualities possessed by the businesses, their owners and managers (Bannock, 2005).

People also need the ability to apply their knowledge and understanding in order to manage their money and to make appropriate financial decisions. This calls for a range of specific skills, which need to be underpinned by basic levels of literacy and numeracy (SEDI, 2008). Consumers should be able to choose the products that are right for them; this requires the ability to compare costs and returns, an ability to assess risk and to identify risky products, and an ability to look at products holistically (kakande et al., 2007). These skills include such generic cognitive processes as accessing information, comparing and contrasting, extrapolating and evaluating – applied in a financial context (Kakande et al, 2007). Additionally, financial literacy involves skill in managing the emotional and psychological factors that influence financial decision making (Mandell, 2001). Huston (2010) argues that "if an individual struggles with arithmetic skills, this will certainly impact his/her financial literacy. Financial literacy skills enable individuals to navigate the financial world, make informed decisions about their money and minimize their chances of being misled on financial matters, Beal & Delpachitra (2003). Now more than ever, numeracy and financial literacy are lifetime skills necessary to succeed in today's complex economic environment, Lusardi (2012). Existing empirical evidence shows that adults in both developed and emerging economies who have been exposed to financial education are subsequently more likely than others to save and plan for retirement, Bernheim, Garrett & Maki (2011).

Smith and Perks, (2006) state that lack of skills has been a major challenge to the SMEs and skills acquisition through training can provide a long lasting solution to the survival battle of the SMEs. They further observe that apart from the financial problems that may affect the businesses, the input of the owner and the business skills are very important in keeping the business afloat. As argued by Sandra (2011) personal finance knowledge increases the skill set as well as the attitudinal character inherent in an individual towards money management for his or her lifetime welfare. In line with this argument, Lusardi and Mitchell (2014) note that though being literate financially is vital for ones‟ welfare, the ability to understand the basic tenets concerning money management becomes an issue amongst modern businesses today. Jiyane & Zawada, (2013) stated that the management of any business requires a person to have gained skills by means of information literacy and financial literacy among other things. Financial literacy is now globally acknowledged as a key life skill and as an important element of economic and financial stability and development (OECD INFE, 2012). However, according to Ikoja-Odongo and Ocholla, (2004) the majority of entrepreneurs in the informal sector acquire skills through experience and they therefore lack financial literacy.

According to (Sucuahi, 2013), record keeping is an important skill for business owners because it provides vital information for decision-making. The findings of (Lusimbo & Muturi, 2016) revealed that most MSE managers are not practicing bookkeeping in their businesses because of lack of appropriate skills and knowledge of how it is done. Research has shown that most MSE owners recruit unskilled personnel for clerical and accounting management and in turn they are not able to keep reliable accounting records, hence inability to determine profits or loss of the firm (Everlyn, 2016). Given that Micro and small enterprises have significant impact on economic activity of most countries, a low financial skill or poor financial behaviour might have an adverse effect in the future of the business (Sucuahi, 2013). Zubair (2014) also revealed that the constraints impeding financial evolution and survival of small-enterprises in the developing country of Nigeria are (a) ineffective management, (b) absence of training and skill, and (c) insufficient need for merchandise and services. An entrepreneur essentially decreases his failure rate by training and improving his financial skills.

Olowu and Aliyu (2015) concluded that investment in knowledge, skills, and abilities enhance the productivity of entrepreneurs. Lack of business knowledge is a major constraint hindering the growth of SME's in developing countries (Chowdhury, Islam, & Alam, 2013). Chowdhury et al. (2013) stated that SMEs with more experienced, educated, and skilled employees are expected to be more efficient. Jindrichovska (2013) and Xavier (2013) stated that poor financial management skills by owners and managers are the main cause of the underlying problems of small and medium-sized businesses.

2.4.3 Financial behaviour and business sustainability

Zeynep, (2015) defines financial behaviour as the capability to capture or understand overall impacts of financial decisions on one's circumstances and to make the right decisions related to the cash management, precautions and opportunities for budget planning. Latif et al, (2011) define financial attitude as the application of financial principles to create and maintain value through decision making and proper resource management. Increasing financial literacy in young adults as well as their confidence in their financial abilities may be the key to improving financial behaviours. Research by de Bassa Scheresberg (2013) reported a significant association between a subjective measure of financial knowledge and positive financial behaviour.

Common to all of definitions, attitudes are often considered as an evaluative or cognitive process, and a disposition to behave in certain ways, Jaccard & Blanton (2005). Financial attitude of a person shows a psychological or mental judgment of financial matters and situation. In other words, the attitude evaluates how the things are going on, and guides the activities. Financial attitude is a contextual, dynamic and ever-changing domain. Normally, attitude is positive and negative; however, sometimes the individuals also stay indifferent. Walley et al. (2009) (as cited in Jain, 2014) opine that attitude is divided into three; positive, negative and neutral. Knowledge is one of the sources of attitude, but not necessarily knowledge always helps in formulating a positive attitude.

Therefore, knowledge sometimes is an independent and attitude is a dependent factor. Moreover, when the financial attitude is an independent factor, financial behaviour is a dependent factor. Carpena et al (2011) opine that financial attitude is the perspective towards financial market and benefits. Similarly, Shim et al (2009) observed that the financial knowledge predicts financial attitude and the financial attitude contributes to financial behaviour of a person. But, Agarwalla et'al (2015) and Consumer Financial Protection Bureau (2015) mention that merely the financial attitude does not influence financial behaviour. Therefore, financial attitude is not a single factor determining financial behaviour. Louw et 'al (2013) argue that financial literacy helps in developing positive financial attitude. Here, the financial attitude is subject to change in improved financial literacy of persons. Financial literacy and financial attitude determine not only the financial behaviours of individuals but also to their financial well-being.

Atkinson & Messy (2012) argue that negative financial attitude of a person results in a negative and defective financial behaviour that may not contribute to financial well-being. However, there is a positive but not necessarily a proportional relationship among financial literacy, financial attitude, behaviour and well-being of individuals. Mitchell and Curto (2010) argue that the basic implication of financial literacy is to change financial behaviour of persons. Therefore, the literacy that cannot change the behaviour is worthless. Financial behaviour of individuals is important but difficult to understand, define and measure. Behaviour is a demonstration of the activities, which are possible to watch and observe by the others too. Tyson (2010) opines that being financially informed and knowing the correct financial activities is not enough to bring financial change, there is need of a change in poor financial habits into good.

Dew and Xiao (2011) present financial behaviour as the financial management behaviour. Financial management is the activities of managing money in maximizing the yield. The people who behave well with the money can get positive financial behaviour and thereby sustainable financial well-being and vice-versa. In this, Xio et al (2013) opine that financial literacy influences financial behaviour. Lusardi et al (2010) argue that the basic implication of financial literacy is to change financial behaviour of persons. Therefore, the literacy that cannot change the behaviour is worthless. Similarly, Monticone (2010) opines that there is a double relationship between financial literacy and behaviour as he states that financial literacy affects financial behaviour and vice-versa. Primarily, the financial behaviour is about how persons deal with money. In other words, the financial behaviour is an application part of financial literacy that is believed to contribute to financial well-being of persons positively. Gradually, a conscious behaviour shows in decision making, comparing opportunity cost and seeking alternatives of wastage minimization.

Financial behaviour can be divided into two; consumption and financing. The first one is related with how the money is to be used in consumption expenditure and the second one is related with how the money is to be used as investment and saving. However, the debate between effects of financial knowledge into behaviour and/or financial behaviour into knowledge is to be established by further studies. But, Lusardi and Mitchell (2013) found that causal relationship between financial literacy and behaviour to be difficult. In practice, if the literacy and behaviour are measured by following the scientific process, however, measuring the literacy and behaviour is not that much difficult.

Tang et al., (2015) researched other variables that could contribute to responsible financial behaviour and they concluded that responsible financial behaviour is not just attained from financial knowledge but also parental influence and self-discipline otherwise known as psychological characteristics. Research has shown that financial literacy consistently predicts measures of financial behaviour of individuals, Hung et al (2009). Some findings like that of Potrich et al., (2016) who came up with various models that could be used to measure financial literacy indicated that financial knowledge and financial attitude have positive impacts on financial behaviour. Sucuahi (2013) highlighted that a good financial behaviour involves the ability to make financial decisions that increase wealth and prevent uncertainties of businesses and individuals.

Good financial behaviour is argued by Grohmann et al (2015) to be the ability to diversify assets across multiple types of investments as different investment types are affected by its own specific risk profile. In many African countries, Micro and Small enterprises MSE's employment are almost twice the level of total employment in registered large-scale enterprises confirming that micro and small enterprises are a major source of livelihood for a large proportion of the population (Tarfasa et al., 2016). Financial behaviour having to involve adequate use of financial resources determines whether the firm will survive or not because it involves decisions that lead to profit maximization, sales maximization, capturing a greater market share and wealth maximization (Abiodun, 2016).

2.5 Literature gap

This research topic was based on Financial Literacy and Business Sustainability and the critical issues and concepts relating to this study have been explored in the literature review.

2.6 Conclusion

In summary, the literature review clearly explained how important the elements of Financial Literacy affect the sustainability of small business enterprises. A survey of literature dealing with this area indicated that there is a significant gap in knowledge of the effects of financial literacy on the sustainability of Small Business Enterprises which the study is trying to fill.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

This chapter focuses on the research methods and the instruments to be used by the researcher to carry out the study. It provides a description of the research design, study population, area of study, sample size and selection, sampling procedures and techniques, methods of data collection, data management and analysis, reliability and validity, ethical considerations and the limitations to the study

3.1 Research Design

Oso & Onen, (2009) defines a research design as a description of the pattern that the researcher intends to follow. The researcher employed a cross sectional survey design to establish the effect of the independent variable (Financial Literacy) on the dependent variable (Business Sustainability). The researcher believed that the cross-sectional study would help provide a snapshot of the outcome and the characteristics associated with it, at a specific point in time and hence enable the drawing of inferences from existing differences between respondents' viewpoints about Financial Literacy and its possible effect on Business Sustainability in Nyendo market. The study used both qualitative and quantitative research approaches which complemented each other in order to ensure that they produced the best outcomes. The qualitative techniques involved use of interview guides which were used to analyze information in a systematic way so as to come up with useful conclusions and recommendations. The quantitative techniques mainly involved the use of a Likert scale to measure responses such as strongly disagree, disagree, not sure, agree and strongly agree respectively. Quantitative techniques on the other hand basically involved logical presentation and interpretation of the statistical data obtained from the field particularly using Statistical Package for Social Scientists (SPSS) computer package.

3.2 Area of study

The study was carried out in Nyendo Market in Masaka Municipality located in the Central region of Uganda. The selection of the case study was as a result of the researcher observing a continuous trend of large numbers of small businesses closing down over time. Nyendo market was selected for the study for the purposes of efficiency in terms of time and money since it is close to the researcher and also because of the availability of a wide coverage of business enterprises constituting an adequate number of potential informants about Financial Literacy and how it has affected the sustainability of businesses.

3.3 Study population

Sekeran (2009) defines a population as any group of people, events or things that are of interest to the researchers and that they wish to investigate. Amin (2005) in Nicholas, O. (2009) defines population as a complete collection or the universe of all the members or units of a group that is of interest in a particular study. The study population comprised of a total of 180 small businesses enterprises at Nyendo market dealing in the sale of related merchandize. The unit of analysis was business enterprises and the unit of inquiry was business owners or managers and the researcher limited the study to only one person per business enterprise.

Table 3.1: Population distribution of respondents

Category	Population
Business owners	153
Business managers	16
Other employees	11
Total	180

Source: Primary data (2018)

3.4 Sampling Procedures

Oso & Onen (2009) define a sample as part of the target population that has been procedurally selected to represent it. Amin (2005) defines a sample as a collection of some elements of a population. It is often impossible to study the whole target population; therefore, the researcher selected a representative sample of the entire collection. This helped the researcher to ensure efficiency, effectiveness and accuracy in data collection process given the fact that the scope of operation is limited as stressed by Sekeran, (2003).

3.4.1 Sample Size

A sample refers to a sub set of the population. It comprises some members selected from it for the study. Some, but not all elements for the population would form the sample, (Sekaran, 2003). The sample size of 123 business owners out of 180 was used, and this was determined using Krejcie and Morgan's table (1970). The population of 180 business enterprises was obtained from the recent statistics of trading licenses offered in the office of the Town Clerk of Masaka Municipality.

Table 3.2: Sample distribution of respondents

Category	Population	Sample Size	Sampling technique
Business owners	153	104	Simple random
Business managers	16	12	Simple random
Other employees	11	07	purposive
Total	**180**	**123**	

Source: Primary data (2018)

3.4.2 Sampling Techniques

Oso & Onen (2009) define sampling techniques as a description of the strategies which the researcher will use to select representative elements from the target. It is from these selected elements that the generalizations of the findings can be made by the researcher. The researcher used simple random sampling because it ensures that each member of the target population has an equal and independent chance of being included in the sample.

The researcher also used a purposive sampling where some key respondents were sought to provide some crucial information. Purposive Sampling technique (Also Known as Judgmental, selective or Subjective Sampling is a sampling technique in which a researcher relies on his or her own judgment when choosing members of the population to participate in the study (Sekaran, 2003). Purposive sampling was used to select small business enterprises from Nyendo market that would provide in depth information about the study. Purposive sampling technique was used because the focus of researcher was to get in-depth information and not simply to make generalizations.

3.5 Data Collection Methods and Instruments

Data collection methods are the methods that the researcher will use in gathering raw data from the field of study. During the study, the researcher used both primary and secondary sources of data.

3.5.1 Primary Sources

Primary data was collected from the small business enterprise owners and managers in Nyendo Market using questionnaires and interview guides to fetch their perceptions on the topic under study.

3.5.2 Secondary Sources

This included review of official policy documents, journals, financial reports, and seminar papers to get the relevant data. This helped to capture what other scholars had written about Financial Literacy and Business Sustainability.

3.5.3 Data Collection Instruments

Questionnaire

Oso & Onen (2009) define a questionnaire as a collection of items to which a respondent is expected to react usually in writing. The researcher administered one questionnaire with both open and close ended questions for collection of quantitative and qualitative data from respondents. The questionnaire was used because it covers bigger numbers of respondents in a relatively short period of time and it is also cost effective. The questionnaire was administered to the business managers and owners who had ability to read and write.

ii) Interview guide

Oso & Onen (2009) define an interview as a person to person verbal communication in which one person asks the others questions intended to elicit information. An interview guide is something that provides information to guide the interview process. It can be a list of questions that will be asked during the interview or a list of themes from which interview questions can be derived during the interview. (Onen, 2009).

The researcher used interview guides to collect some qualitative data that involves explanations so as to have a good understanding of the case study. The business owners and Managers who could not read and write were the ones who were interviewed.

3.6 Measurement of variables

Questionnaires statements were formulated and arranged on a Likert scale from which the respondents were required to choose from options 1 to 5 where 1 represented strongly disagree, 2 represented disagree, 3 represented not sure, 4 represented agree and 5 represented strongly agree.

3.7 Quality Control Methods

The researcher ensured that there are some measures to control the quality of the data collected by the questionnaires. Quality control was considered looking at reliability and validity as further explained below:

3.7.1 Reliability

Amin (2005) defines reliability as a degree which a set of variables is consistent with what it is intended to measure. An instrument is said to be reliable if it produces the same results whenever it is repeatedly used to measure a concept for the same respondents even by other researchers.

To ensure reliability of the tools, the questionnaires were pre-tested to ensure that errors are highlighted and rectified. Data collection tools were tested, piloted and refined. This took into consideration the language spoken and understood by respondents. Reliability was also ensured statistically by computing the Cronbach alpha coefficient using SPSS. Internal Consistency reliability was tested using Cronbach's alpha to ascertain the level of correlation of the individual items on the questionnaire. Cronbach's alpha is very important for instruments that use the Likert scale and consequently, if individual items are highly correlated with each other, this would imply that there is a high degree of confidence in the reliability of the entire scale. Hence the alpha reliability coefficients for items testing the variables in this study are indicated in the Table 3.3 below;

Table 3.3: Alpha reliability coefficients for the variables of the study

Variable	Number of items	Alpha Value
Financial Knowledge	6	0.858
Financial Behaviour	8	0.901
Financial Skills	10	0.658
Business Sustainability	13	0.891

Source: primary data 2017

The reliability average obtained after running the SPSS gave a value of 0.827 which indicates a high level of internal consistency for our scale with the researcher's sample. Field (2005) recommends a minimum alpha value of 0.7 although he also opines that in psychological constructs, values below 0.7 can realistically be expected while a value of 0.9 is rated as excellent. In this study, the alpha value of 0.827 was way above the minimum recommended by Field (2005) of 0.7 which shows that the instrument had a high level of internal consistency.

3.7.2 Validity

Onen & Oso (2009) define validity as the extent to which the research instruments measure what they are intended to measure. A validity test on the research instruments was carried out to find out whether the questions captured the intended data. The researcher reviewed the questions to determine whether intended responses were achieved.

Content validity was ascertained by asking experts to sieve through the questionnaire to gauge if it covers requisite content of the study's questions and if each and every element included there in is relevant.

The researcher ensured convergent validity through the use of literature review and observation to complement or affirm what the questionnaire was to collect. Divergent validity was ascertained through examining other extraneous variables in the study to establish their influence on the concept of business sustainability.

The researcher also assessed the content validity by using the content validity index (CVI) to further ascertain the validity. A formula whereby the number of items rated as relevant was divided by the total number of items on the questionnaire was adopted to achieve the content validity index (CVI) to compute content validity thus:

$$\text{CVI} = \frac{\textit{Total of items rated as relevant}}{\textit{Total number of items in the questionnaire}}$$

$$\text{CVI} = \frac{34}{40}$$

$$= 0.85$$

The validity Index of 0.85 is in line with that of Amin (2004) who contended that a CVI of 0.7 and above is always recommended for the study.

3.8 Data Management and Processing

After collecting the necessary data, the researcher sieved through returned questionnaires and then code them so as to put the data into more interpretable forms that could make meaning. The procedure for analyzing data was by looking at question by question as extracted from the questionnaire.

3.9 Data Analysis

Data analysis was done using the Statistical Package for Social Scientists (SPSS V 20) which allowed deeper insights into the objectives of the study through developing relationships, tabulations and graphical presentations. Analysis was based on dependent and independent variables as defined by the conceptual framework of the study. Analysis of data was done at two levels;

A descriptive analysis was done at a univariate level, presenting the data as established, discussing the findings backed up by literature and experiences, without due reference to the relationship that exists between the variables. This level of analysis was based on the mean scores for each of the items/questions asked and the overall generated average index.

Bi-variate data analysis involved examining relationships through cross-tabulations between the dependent and independent variables in order to answer the research questions and conclusions were made basing on the results of the cross-tabulations using the interpretation of the Pearson correlation coefficient.

3.9.1 Qualitative Data Analysis

The qualitative data analysis was done at two stages; first, data was recorded verbatim and the verbatim quotes were used to illustrate typical and varied voices from the respondents particularly those who participated in interviews. Secondly, data was transcribed and recorded using emerging themes.

3.9.2 Quantitative Data Analysis

Prior to the analysis, the data was checked for errors if any, to reinforce validity, consistency and completeness of responses. The data was then coded and analyzed using the statistical software package, SPSS. Quantitative data was analyzed using descriptive statistics and correlation analysis. Descriptive statistics was applied on respondent's background variables and some other responses in the questionnaire. Data was first presented in form of frequencies and percentages and then presented more systematically using tables and or figures. This helped both reduce the size of verbal narratives and to make judgments of trends of business sustainability more easily. Pearson's coefficient of correlation analysis was done to examine relationships between financial literacy and business sustainability.

3.10 Ethical Considerations

The researcher conducted the study in an ethical manner. A letter of authorization was obtained from the university and was presented to the Nyendo market authorities before the data collection process. Before the participation of the respondents, the respondents were informed of the purpose of the study and informed consent was obtained. The researcher also maintained a high degree of confidentiality at all times and in all activities of the study. The citations that permeate this study have been duly acknowledged.

3.11 Limitations of the Study

Limitations of the study arose from a number of aspects related to the study design and methodology as follows:

The questionnaires in particular were based on likert scales which are always subject to the respondents' biases. Although not verified, respondents may have avoided extreme positions (central tendency bias). However, qualitative data was supportive of the quantitative data.

The study was only limited to a few indicators of Financial Literacy that is, financial knowledge, financial skills and financial behavior. Further research could focus more on other indicators of Financial Literacy and could be conducted in other areas in Uganda apart from Nyendo.

The study could have benefited from an investigation across other businesses in different parts of Uganda and not only small business enterprises in Nyendo market.

Time constraints; the researcher is employed and therefore found problems allocating enough time to do the research. He however managed to utilize the limited time available to do the research like the weekends and public holidays and the researcher also applied for a leave from his place of work.

3.12 Conclusion

The study employed both qualitative and quantitative methods to analyze data. Questionnaires were the major instruments for data collection in addition to the interviews. The validity and reliability of instruments was ensured through expert reviews by supervisors and pretesting of items to determine the acceptable Cronbach alpha value > 0.8 which confirms that the study was based on quality data.

CHAPTER FOUR

PRESENTATION, ANALYSIS AND DISCUSSION OF FINDINGS

4.0 Introduction

The study collected and is presenting data based on establishing *the effect of Financial Literacy on Business Sustainability.* The study has established and has presented findings on its specific objectives which looked at establishing the effect of financial knowledge, financial skills and financial behaviour on business sustainability.

The study population was small business enterprises in Nyendo Market in Masaka Municipality. This chapter presents descriptive and inferential quantitative data. The descriptive results from questionnaires are in form of means and standard deviations. The inferential data is presented in form of correlations and regressions to show the nature of relationship and magnitude of the effect the independent variable has on the dependent variable.

It further presents qualitative results from interviews, in form of quotations and narrative themes as per respondents' views in regard to the study objectives. This chapter also presents the response rate, which shows the number of participants that actually participated in the study. It also presents the background information of respondents which shows the common demographic characteristics of respondents that participated in the study.

4.1 Response Rate

The study population was 180 small business owners and the study sample size was 123 but 82 respondents actually participated representing a response rate of 66.6% in both questionnaires and interviews, others did not participate in the study with claims of being busy. This response rate was well above the recommended 60% response rate as per Guttmacher Institute, (2006) which asserts that for a study to be considered with satisfactory results it should have a response rate above 60% in the overall study. Therefore, these findings can be used to derive meaning for academic purposes by readers and users.

4.2 Bio data of respondents

4.2.1 Categorisation of Respondents by Occupation

The study sought to establish the different categories of respondents based on their roles and duties in the business. The findings of the various categories of respondents are presented in Table 4.1

Table 4.1 Category of respondents

Respondents	Frequency	Percent
Business owner	50	61
Business manager	23	28
Employee	9	11
Total	**82**	**100**

Source: Primary data (2017)

The findings presented in Table 4.1 ascertained that the owners of the businesses tended to run the operations of the respective businesses. The owners of the businesses constituted 50 (61%) of the respondents, with the business managers being 23 (28%) and employees at 9 (11%). This illustration of the distribution possibly indicates that the businesses tend to be sole proprietorships or family businesses. This is a possible result to the entrepreneurial effort by various owners due to the shifting trends of employment in Uganda. The implication of this finding is that most of the people in the stalls are business owners not employees just because the businesses are now becoming sources of livelihood for their families.

4.2.2 Gender of Respondents

The study established the gender of the respondents. The distribution of gender was categorized as male and female. The respondents' gender distribution is presented in Table 4.2.

Table 4.2: Gender of Respondents

Gender	Frequency	Percent
Male	43	52.4
Female	39	47.6
Total	**82**	**100**

Source: Primary data (2017)

The findings in Table 4.2 illustrate that 43 (52.4%) of the respondents are male with 39 (47.6%) being females. This respondents' distribution indicates that the possible divide in the gender domination of job roles or gender exclusive roles is ceasing. The business culture in Nyendo can be said to be based on the business abilities of the respective respondent. There is also a possibility that there is an increasing trend of single parenting nowadays making more women to become bread winners.

4.2.3 Age of respondents

The study sought to establish the age bracket of the respondents. The age bracket of the respondents is presented in Table 4.3.

Table 4.3: Age Bracket of Respondents

Age group	**Frequency**	**Percent**
Below 18 years	2	2.4
19-39	56	68.3
40-49	22	26.8
50 and above	2	2.4
Total	**82**	**100**

Source: Primary data (2017)

The findings presented on the age bracket of the respondents in Table 4.3 established that 56 (68.3%) of the respondents were in the age bracket of 19 – 39 years followed by 22 (26.8%) for the age bracket 40-49. These findings illustrate a tendency for the youthful persons these days to establish their own individual jobs/occupations due to the decreasing availability of formal jobs. The findings further established a minimal statistic of 2 (2.4%) each for those over 50 years and those below 18 years. This distribution of categories below 18 and those above 50 was possibly so because they are presumed to be in school for those under 18 years, and those above 50 are believed to have been of a generation where institutional based employment was ideal and available and are no longer ambitious and no longer have the energies to push them do business.

4.2.4 Highest level of education of the respondents

The study sought to ascertain the education level of respondents. The study determined education levels with the categories of those with the highest education level being primary school, secondary school, certificate level, diploma and those with a degree. The respondents were requested to indicate their education level and the findings using descriptive statistics are presented as below;

Table 4.4: Education Level of Respondents

Education level	**Frequency**	**Percent**
Primary	17	20.7
Secondary	30	36.6
Certificate	11	13.4
Diploma	8	9.8
Degree	16	19.5
Total	**82**	**100**

Source: Primary data (2017)

The results in table 4.4 above show that a big number of respondents are secondary school leavers at 36.6%, followed by primary school leavers at 20.7%, followed by degree holders at 19.5%, followed by those with certificate level at 13.4% and diploma holders trailing at 9.8%, with the majority of people operating businesses being 30 (36.6%). It possibly illustrates the rise in literacy and record keeping by those who run businesses. The possible implication for the above results is that there is an increase in the incidences of highly formally educated people joining the business as an occupation. This possibly means that the operation of businesses might improve in future and could become sustainable. The statistic also implies that most of the people went to Nyendo market to do business because of their low levels of education as seen in the combined percentage of 70.7% for primary, secondary and certificate graduates as compared to the combined percentage of 29.3% for diploma and degree graduates.

4.2.5 Period spent in business

The study sought to establish the duration of the respondents in business operation which was categorized as 0-1 year, 1-5 years, 5-10 years and above 10 years. The respondents were requested to indicate the period spent in business and the findings are presented using descriptive statistics in Table 4.5.

Table 4.5: Period spent in business

Years in Business	**Frequency**	**Percent**
0-1	17	20.7
1-5	30	36.6
5-10	17	20.7
Above 10	18	22
Total	**82**	**100**

Source: Primary data (2017)

From table 4.5 above, the findings show that the highest number of respondents i.e. 30 (36.6%) had been in business for between 1 – 5 years. The findings further established that the year distribution of above 10 years followed with a statistic of 18 (22.0%). The categories of respondents with the least distribution were those with 17 (20.7%) representing the durations of both less than 1 year and that of 5-10 years. The possible implication is that the learning curve for efficiently running of the business enterprises is still low since the biggest number of businesses have been in existence for 0-1 years and 1-5 years constituting a combined percentage of 57.3% as compared to the combined percentage of 42.7% for those businesses which have been in existence for 5-10 years and above 10 years. This further implies that most of the businesses in Nyendo market are still in the growing stage meaning that the business Managers, business owners and employees of the businesses were yet to gain more financial knowledge, financial skills and continue developing appropriate financial behaviour in order to have sustainable businesses.

4.3 Indicative findings of the study objective by objective

4.3.1 Financial knowledge and Business Sustainability

The study sought to establish respondents' opinions on the effect of financial knowledge on business sustainability. The study posed questions to ascertain this effect and they are presented in form of descriptive data as presented below.

A likert scale of 1 to 5 was used where 1 represented strongly disagree, 2 represented disagree, 3 represented not sure, 4 represented agree and 5 represented strongly agree. For purposes of this study, mean values between 1.0 to 3.5 represent disagreement and mean values between 3.6 to 5.0 represent agreement.

Table 4.6: Descriptive Statistics on Financial knowledge

Statement	N	Minimum	Maximum	Mean	Std. Deviation
I understand the process of setting financial priorities	82	1	5	3.78	1.019
I set priorities in my financial plans	82	1	5	3.83	0.953
I follow my priorities in making my business expenditures	82	1	5	3.84	0.923
I maintain financial records during the course of operating my business	82	1	5	4.10	1.038
I record transactions whenever I make a sale or a purchase	82	1	5	3.98	1.267
I understand money matters in my business operations	82	1	5	4.23	0.96
Valid N (list-wise)	82				

Source: Primary data (2017)

From table 4.6 above, respondents were required to show if they understood the process of setting financial priorities and the responses indicated a mean of 3.78 and standard deviation of 1.019. This implies that business owners tended to agree about what it means to set financial priorities and this is attributed to the fact that most business owners and Managers generally have some knowledge about prioritizing business operations that are more beneficial than others. However, there were variations in the responses as indicated by the standard deviation of 1.019. This is possibly attributed to most of the businesses still being in their growth stage having an impact on the sustainability of businesses. During a transcribed interview with a key respondent, it was revealed that setting financial priorities in a business operation significantly lead to profitability, hence translating into business sustainability as one of the respondents explained that;

"…when one sets their priorities smartly, they will be able to focus on the key priority areas while executing their business and therefore, would attain maximum benefits since all the efforts would be placed only on the profitable areas depending on a season…"

This may therefore imply that setting of priorities while executing a business can facilitate a business owner/manager in focusing on priority areas of a given business in terms of profitability.

As to whether business owners set priorities in their financial plans, the responses indicated a mean score of 3.83 and standard deviation of .953. The mean score of 3.83 is a close score to the mean score of 4.00 tending to agreement with the statement and this implies that when business owners are preparing their financial plans, they tend to give priorities to some essential aspects of their businesses which contribute to business growth hence sustainability.

On finding out whether the businesses follow priorities in making business expenditures, respondents tended to agree to this statement with a mean score of 3.84 which is very close to a mean score of 4.00 for agreement and standard deviation of .923. The implication of this is that for successful sustainability of the businesses under study, business owners ensure that expenditures are prioritized so as to avoid wastage which would negatively affect their operations.

Findings also revealed that respondents agreed that they record transactions whenever they make a sale or a purchase with mean score 3.98 though with varying opinions represented by standard deviation of 1.267. This implies that in order to keep truck about the operations of the business, it is imperative to record the transaction as soon as one has just made a transaction, this helps business owners to avoid missing out any record of daily transactions especially when they make credit sales which would result into losses due to bad debts. The relevance of recording transactions in a business is further elaborated by the following excerpt:

"…how can you move on smoothly with your operations and be able to follow your expenses and profitability if you do not make records of your transactions? Every cash sale in this business has to be noted and at the end of the day summed up to ascertain the daily sales which are later compared to the daily business expenses…"(as reported by the interviewee)

To ascertaining whether the business maintains financial records during the course of operation, respondents also agreed with a strong mean score of 4.10 and standard deviation of 1.038. This implies that keeping financial records among business enterprises is very vital to business sustainability since managers and other stakeholders use these records to follow the progress of the business. This was found to be in line with scholars like Frankwood (2010) who opines that every enterprise, however simple requires written records which are used by managers as guides to routine action, taking of decisions, formulation of general rules and maintaining relationships with other organizations or with individuals. The findings were further supported by the work of some scholars like Ozdemir, Temizel, Sonmez and Fikret (2015) who stated that lack of business records results into information asymmetry which makes it difficult for financiers to quantify accurately the level of risk involved in a business opportunity so as to fix accurate interest rates which results to high transaction costs due to high cost of information which further enumerates the essence of keeping business records.

On whether business owners understand money matters in their business operations, respondents agreed with a mean of 4.23 and standard deviation of .960.This implies that people who run these businesses have knowledge regarding money matters like inflation which is important for business sustainability. The above findings were found to be in line with different scholars. Martensson (2000) considers financial knowledge as an important and necessary component for organizations to survive and maintain competitive keenness and so it is necessary for managers and executives to consider financial knowledge as a prerequisite for higher productivity and flexibility in both the private and the public sectors. One of the respondents asserted:

"…one of these days a business person must be in the know of how to juggle the little and hard earned money in profitable ventures and play about with the money to make it earn for you more. Short of this you can easily be pushed away from business…" (as reported by the respondent)

Robb, (2014) states that financial knowledge is a very critical aspect of any decision making regardless of the subject matter, as it is argued to result in a more effective decision. It impacts key outcomes including borrowing, savings, investment and even future plans in terms of retirement income as observed by Lusardi & Mitchell, (2014). Lusardi and Michell (2006) contended that financial literacy is needed to create a measure of financial competence in terms of participation in financial market and ability to manage financial matters. A few researchers have attempted to show the relationship between financial knowledge and growth in terms of profitability and size of businesses.

Irrespective that the respondents tend to agree that they maintain financial records and understand money matters in their business operations, it should be stated that most people do not understand the financial priorities basing on the findings where four out of six statements have an average of 3 which implies that they are not sure about financial knowledge. The possible reason is because they did not go far with their education and their businesses are young. Therefore, the business owners should be retrained in key areas of financial literacy and exposed to contemporary financial knowledge.

4.3.2: Financial Skills

The study sought to establish respondents' opinions on the effect of financial skills on business sustainability. The study posed questions to ascertain this effect and they are presented in form of descriptive data. The responses were tabulated and presented in Table 4.7

Table 4.7: Descriptive Statistics on Financial Skills

Statement	N	Minimum	Maximum	Mean	Std. Deviation
I plan for my business activities	82	1	5	4.21	1.039
I follow a formal budgeting process	82	1	5	3.90	1.026
I prepare operational budgets for my business	82	1	5	3.66	1.102
I regularly review my plans	82	1	5	3.84	1.071
I review the budget performance of my business	82	1	5	3.90	1.096
I make financial decisions based on the financial records	82	1	5	3.90	1.001
All financial decisions are based on the information I have	82	1	5	3.96	0.909
My practice on money related issues is critical for my business	82	1	5	4.17	1.063
Valid N (list-wise)	82				

Source: Primary data (2017)

Findings in table 4.7 revealed that majority of the respondents agreed that they plan for their business activities with mean score 4.21 and standard deviation of 1.039. This implies that business owners have the required skills to prepare business plans which are a guiding tool in business operations. However, some respondents had divergent views about this statement as indicated by the high standard deviation. The findings were in agreement with the findings of Ozdemir, et al, (2015) who stated that financial skill contains financial numeracy, making financial plan for business, making retirement plan, budgeting, record keeping of regular personal transactions and decision making in basic level.

Whether business owners follow a formal budgeting process, respondents agreed to this statement with mean 3.90 though with varying ideas shown by standard deviation of 1.039. This implies that budgeting process is crucial in business operations since it acts as a financial guide in relation to expenditures to avoid unnecessary expenditures in business.

Respondents were required to show whether they prepare operational budgets for their businesses. Majority of the respondents were not sure with this statement as indicated by a mean of 3.66 and standard deviation of 1.102 implying that they did not quite have the skills to formally prepare budgets for their businesses since most of them had low levels of education. Best practice requires that in daily operations of the business, operational budgets should be prepared by business owners and Managers so as to remain focused on how financial resources of the business are utilized which positively contributes to business sustainability. The findings seem to agree with the findings of Ozdemir, et al, (2015) who stated that financial skill contains financial numeracy, making financial plan for business, making retirement plan, budgeting, record keeping of regular personal transactions and decision making in basic level.

On whether the respondents regularly review their plans, majority of the respondents agreed that they regularly review their plans with mean 3.84 but with a standard deviation of 1.071. This implies that it is important to review business plans because they are normally prepared to act as guiding tools and reviewing such plans means that the business wants to remain focused to its mission, vision, goals and objectives which are all crucial for business success and sustainability.

As to whether businesses review their budget performance, still respondents agreed to the statement indicated by a mean value of 3.90. However, some respondents did not agree and this is shown by a standard deviation of 1.096. This implies that since majority of the respondents agreed to the statement, reviewing budget performance of the business helps the business to make expenditures in line with budgets so as to avoid divergence in financial resource allocation which negatively affects business sustainability and success. In fact, one of the respondents had to say this:

"…my business is always in my hands and at a given time, basing on what is prevailing, is what directs me on what I should do. I do not even know how to draw that thing called a budget but I try to make sure that I go for juicy deals! Therefore, for me I only go for trending businesses at a given time in terms of profitability so, I do not need to review a budget…"(as reported by the interviewee)

This can also be attributed to the respondents not having a good education background to be able to draw budgets as well as follow them and be able to also review them.

Respondents were required to show whether they make financial decisions based on financial records. Majority of the respondents agreed to the above statement with a mean of 3.96 though they had variations in their responses indicated by the standard deviation of 1.001. This implies that while making decisions especially financial decisions, it is vital to be guided by financial records, this helps to avoid mistakes that could arise out of making baseless decisions that could result into financial crisis on the side of the business. The findings were found to be in line with scholars like Lawless (2010) who focuses on investment decision making skill that may add the value of money for longer period of time. Investing the money in earning areas is also a part of money management. There is a very thin boarder between financial literacy and skills.

Respondents were required to state whether their practice on money related issues is critical for their businesses. It was established that the respondents tended to agree with a mean score of 4.17 and standard deviation of 1.063 indicating a significant variation in the responses. It should be appreciated that most of these businesses were not started by people with prior knowledge in business management with planning and money being critical for their business sustainability. Budgeting and making decisions based on financial knowledge as presented by averages 3.90 and 3.96 shows a tendency to appreciate the concepts but possibly the respective owners are not sure of the concepts and hence cannot utilize the information in their businesses. The weakest opinions of this set of responses tended to state that the respondents were not sure about preparing operational budgets and monitoring expenditures possibly because they seem not to have the basic skills of drawing the budgets.

The findings seem to agree with the findings of (Ozdemir, et al, 2015) who stated that financial skill contains financial numeracy, making financial plan for business, making retirement plan, budgeting, record keeping of regular personal transactions and decision making in basic level, which the respondents did not exhibit according to their responses. These findings presented further agree with Thompson (2004), who believes that when in a world of change and uncertainty there is need for the talent of entrepreneurs. It can be deduced that the financial skills are an important ingredient for the success of a firm and this was also in agreement with the work of (Ferreira & Azevedo, 2007) and Smith *et. al.* 2006).

The study borrows illustrations from Martin and Staines (2008) who found out that lack of managerial experience, skills and personal qualities are found as the main reasons why SMEs fail. The success stories state that, among the financial skills that are believed to have impacted performance and business sustainability are leadership, motivation, determination and communication skills (Hisrich & Peters, 2002; Shane, 2003; Johnson, 2001) . There are concerns about the fact that businesses in the SME sector all over the world are more prone to failure due to the specific qualities and skills possessed by the businesses, their owners and managers as noted by Bannock (2005). Mohd (2005) noted that entrepreneurial financial skills can influence the type of firm that will be created as well as how it will be financed. Thus, it is important to understand these entrepreneurial financial skills. Several studies have listed the personality financial skills needed to develop entrepreneurship as to include among others; need for achievement and motivation, determination, leadership, risk taking etc. Blackman (2003) asserted that an individual's financial skills are attributed to his achievements which also have direct effect on the entrepreneurial firm performance.

4.3.3 Financial Behaviour

The study sought to establish respondents' opinions on the effect of financial behaviour and business sustainability. The study posed questions to ascertain this effect and they are presented in form of descriptive data. The responses were tabulated and presented in Table 4.8 below;

Table 4.8: Descriptive Statistics on Financial Behaviour

Financial Behaviour	N	Minimum	Maximum	Mean	Std. Deviation
I have a saving plan for my business	82	1	5	4.26	1.016
I implement the saving plan strictly	82	1	5	4.20	1.048
My expenditures are guided by budgeted figures	82	1	5	3.62	1.203
I invest some of the savings	82	1	5	4.15	1.067
The way I behave with money influences my business decisions	82	1	5	4.12	0.822
I regularly monitor the performance of the business investments	82	1	5	4.06	0.880
My investment decision is influenced by the information I gather	82	1	5	3.80	1.012
I do a thorough analysis of opportunities before deciding to invest	82	1	5	3.82	1.208
My approach to financial matters are a strength to the business wellbeing	82	1	5	4.26	0.798
Valid N (list-wise)	82				

Source: Primary data (2017)

From table 4.8 above, the researcher sought to ascertain the respondents' opinions about the effect of Financial Behaviour on Business Sustainability and the responses were as follows.

Findings from the table 4.8 above revealed that respondents agreed that they have a saving plan for their businesses. From the findings it was found out that majority of the respondents were in agreement with the statement with mean 4.26 even though there was a variation in the responses indicated by a standard deviation of 1.016. This implies that for a business to sustain its self, it should have a saving plan and culture for its future growth and development. During an interview with a key respondent, it was revealed that majority of the respondents are very keen with their savings plan. The respondent stated that:

"…if you do a business and you do not have a savings plan, then you are doing a lot of nothing! Saving in a business is what helps it to expand and later leads to maximizing profits and taking advantage of any available opportunities. He however noted that despite the strict following of the savings plan, nowadays it is always a challenge to save up to the planned expectation as the economic times are now hard…"(as reported by the respondent)

Respondents were also asked whether they implement a savings plan strictly. It was established that majority of the respondents accented to the assertion with mean 4.20. This implies that for better sustainability of businesses, the business owners and managers should strictly follow their savings plan.

Whether business expenditures are guided by budgeted figures, respondents agreed to that statement with mean 3.62. This implies that having a financial behaviour of spending according to one's budget saves the business from incurring expenditures outside its budget which is important if a business is to grow.

Respondents were also asked whether they invest some of their savings and majority of the respondents agreed with mean 4.15 however with divergent ideas from some respondents indicated by a standard deviation of 1.067, meaning that some respondents do not reinvest some of their savings which affects their business growth and sustainability. This can imply that the businesses are now acting as a source of livelihood to the business owners and sometimes saving for investment may not be possible.

As to whether the way business owners behave with money influences their business decisions, majority of the respondents also agreed to the statement with mean score 4.12 and standard deviation of 0.822.This implies that in most cases the way some business people behave with money influences the decisions they make in regard to their business growth which influences business sustainability.

On asking whether respondents regularly monitor the performance of the business investments, it was found out that majority of the respondents agreed with the mean value of 4.06 and standard deviation of 0.880. This implies that majority of the respondents take time to monitor their business in order to ensure close supervision which is vital to business growth hence sustainability.

About whether the investment decision is influenced by the information gathered, majority of the respondents were in agreement with mean 3.80 but with a standard deviation 1.012. This implies that before investment decisions are made, information is needed to guide investment which is an aspect of bench making and it significantly contributes to business sustainability. However, there was a high standard deviation which implies that some respondents had divergent ideas about this matter.

Respondents also agreed that they do a thorough analysis of opportunities before deciding to invest with mean score 3.82 and standard deviation of 1.208. This implies that majority of the respondents do thorough analysis of the available opportunities before making a final decision to invest. This helps business owners to mitigate risks that would occur through making informed decisions. However, some respondents had contradicting information about this question as exhibited by a high standard deviation of 1.208 implying that some respondents may not certainly have the necessary skills to make thorough analyses of the available opportunities and therefore, there is need for improved analysis of available opportunities.

As to whether their approaches to financial matters are strength to the business wellbeing, respondents were in agreement with this statement with mean 4.26 and standard deviation of 0.798. This implies that using better financial approaches is vital to business sustainability.

Tang et al., (2015) researched other variables that could contribute to responsible financial behaviour and they concluded that responsible financial behaviour is not just attained from financial knowledge but also parental influence and self-discipline otherwise known as psychological characteristics.

Research has shown that financial literacy consistently predicts measures of financial behaviour of individuals, Hung et al (2009). Some findings like that of Potrich et al., (2016) who came up with various models that could be used to measure financial literacy indicated that financial knowledge and financial attitude have positive impacts on financial behaviour. Sucuahi (2013) highlighted that a good financial behaviour involves the ability to make financial decisions that increase wealth and prevent uncertainties of businesses and individuals.

Findings were in line with scholars like Tyson (2010) who opines that being financially informed and knowing the correct financial activities is not enough to bring financial change, there is need of a change in poor financial habits into good. Dew and Xiao (2011) present financial behaviour as the financial management behaviour.

4.3.4 Financial Literacy and Business Sustainability

The study sought to establish respondents' opinions on the effect of financial behaviour and business sustainability. The study posed questions to ascertain this effect and they are presented in form of descriptive data. The responses were tabulated and presented in Table 4.9

Table 4.9: Descriptive Statistics on Business Sustainability

Statement	N	Minimum	Maximum	Mean	Std. Deviation
I monitor the movement of my business capital	82	2	5	4.30	0.812
I formulate customer retention plans and I monitor the plans at intervals	82	1	5	3.96	0.949
I engage in research and development in my business operations to identify new ways of conducting business	82	1	5	3.82	1.090
I monitor the movements in my daily sales	82	1	5	4.39	0.926
I monitor the usage of resources in my business	82	1	5	4.10	0.897
I prepare job roles for my staff and follow their performance	82	1	5	3.59	1.206
I monitor the state of my resources and machines I use in my business and service them appropriately	82	1	5	3.74	1.195
I have a well organized work schedule for my employees and reporting structure	82	1	5	3.70	1.411
I monitor closely my business expenses	82	1	5	4.21	0.828
I investigate any changes in my daily revenues	82	1	5	4.10	0.938
I support innovation in my business operations	82	1	5	4.21	0.913
I am aware about the revenues and costs in my business	82	1	5	4.28	0.879
The success of my business is a sign of the experience I have in managing money.	82	2	5	4.49	0.653
Valid N (list-wise)	82				

Source: Primary Data 2017

Findings in table 4.9 revealed that majority of the respondents agreed that they monitor the movement of their business capital with mean score 4.30 and standard deviation of 0.812. This implies that in order for a business to remain sustainable, one has to monitor the movement of the business capital.

As to whether business owners formulate customer retention plans and monitor the plans at intervals, majority of the respondents agreed with mean score 3.96 and standard deviation of 0.949. This implies that for the business to be sustainable, business owners formulate customer retention plans so as to ensure that customers are always stable and loyal to facilitate business growth and sustainability. However, some respondents had mixed reactions about the matter as represented by the high standard deviation. One of the key respondents expressed the challenges they have in their bid to maintain their customer base, thus:

"…I am trying my best to make sure that the customer who comes today will also be enticed to come another time to purchase commodities from my business but the competition is becoming very high. The customers are very sensitive with the price changes and any slight change makes them look for alternative goods, moreover government is just increasing taxes on the goods we are trading..." (As reported by the respondent)

On finding out whether business owners engage in research and development in their business operations in order to identify new ways of conducting business. Majority of the respondents agreed with mean score 3.82 and standard deviation of 1.090. This implies that businesses that carryout research and development achieve high degree of sustainability because of acquiring new knowledge.

On ascertaining whether the business monitors the movements of its daily sales, majority of the respondents agreed with mean score 4.39 and standard deviation 0.926. This implies that monitoring of the business sales improves on its business sustainability. However, some respondents had different ideas which are accounted for by the standard deviation.

On finding out whether the business monitors the usage of its resources, a number of respondents agreed with mean score 4.10 and standard deviation of 0.897. This implies that monitoring of the usage of resources in the business positively contributes to business sustainability.

As to whether the business prepares job roles for staff and follows their performance, majority of the respondents agreed with mean score 3.59 with standard deviation of 1.206. The implication of the finding is that when the business prepares clear job roles for staff and follows their performance this improves on how the employees do their work and eventually contribute to business sustainability. However, the findings revealed a high standard deviation which implies that some respondents were either neutral or disagreed with the statement.

Respondents were required to state whether they monitor the state of resources and machines they use in their businesses and service them appropriately. Majority of the respondents agreed with mean score 3.74 but with a high standard deviation of 1.195. This implies that proper monitoring of business resources and machines is very vital if the business is to be sustainable. However, the findings showed a high standard deviation which implies that some respondents had different views about this matter.

To ascertain whether businesses have a well organized work schedule for employees and reporting structure, majority of the respondents agreed with mean score 3.70 and standard deviation of 1.411. This implies that when the business has a well organized work schedule for its employees and a clear reporting structure, it directly contributes to its sustainability since it enables supervision in the organization.

When respondents were asked whether they monitor their business expenses closely, majority of the respondents agreed with a mean score of 4.21 and standard deviation of 0.828. This implies that in order for one to sustain his or her business, monitoring the expenses of such a business is very important as it keeps the business operations on truck.

In addition, on to whether the business investigates any changes in my daily revenues majority of the respondents had to agree to the statement with mean score 4.10 and standard deviation of 0.938. This implies that when the business investigates any variations in its revenue, it in position to detect whether the revenue is increasing or decreasing and take the necessary measures which greatly contributes to business sustainability.

Majority of the respondents agreed that they support innovation in their business operations with mean 4.21and standard deviation of 0.913. This implies that when the business is innovative in its operations, it is in position to use up-to-date techniques of production and hence producing quality products that fit the customer's needs hence its sustainability.

On ascertaining whether the business owners are aware about the revenues and costs of their business, a number of respondents were in agreement with mean 4.28 and standard deviation of 0.879. This implies that being aware about your business revenues and costs is important as it helps to determine the future of one's business hence sustainability.

Findings also revealed that majority of the respondents had to agree that the success of their business is a sign of the experience they have in managing money with mean score 4.49 and standard deviation of 0.653. This implies that having experience about running a business and how to manage finances greatly contributes to business success and sustainability.

4.4 Relationship between Financial Literacy and Business Sustainability

4.4.1 Relationship between Financial Knowledge and Business Sustainability

The study further established a Pearson Correlation between Financial Knowledge and Business Sustainability in Nyendo Ssenyange Division. This Pearson correlation was to establish the relationship between financial knowledge and business sustainability. This relationship of financial knowledge and business sustainability is presented below in Table 4.10.

Table 4.10: Pearson Correlation of Financial Knowledge and Business Sustainability

Variable		Financial Knowledge	Business Sustainability
Financial Knowledge	Pearson Correlation	1	.606**
	Sig. (2-tailed)		.000
	N	82	82
Business Sustainability	Pearson Correlation	.606**	1
	Sig. (2-tailed)	.000	
	N	82	82

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

Source: Primary data (2017)

The findings from the table 4.10 above established that there was a positive moderate correlation between Financial Knowledge and Business Sustainability of ($r = 0.606$, $p <0.01$). These findings provide an illustration of a moderate statistic of $r= 0.606$ because financial knowledge is possibly not the sole reason for business sustainability. There are a range of other intervening and moderating factors affecting business sustainability. For instance the changing economic situation and climate have led to new situations which the businesses are not used to hence affecting the possible sustainability of the business.

The findings about the relevance of financial knowledge on business sustainability can inform the businesses on the importance of knowing the inside out of the respective businesses. It can be assumed that most of the businesses are started without prior research or experience to the respective operations. This ignorance of business operations has a direct relation and leads to having poor financial knowledge which results in making poor decisions. These poor decisions would directly impact on the sustainability of business operations.

It is hence imperative that for a business to succeed, the business operators need to have proper knowledge of incomes and expenditure. Braunstein and Welch (2002) state that a deficiency in financial knowledge impacts the day-to-day management of finances as well as the ability to save money for the long-term; Hilgert et al, (2003) further support this position as they note that financial knowledge has been associated with positive financial behaviours such as having a checking account, paying bills on time, tracking expenses, having a savings account, and having an emergency fund.

4.4.2 Relationship between Financial Skills and Business Sustainability

The findings about the relationship between financial skills and business sustainability are presented in Table 4.11.

Table 4.11: Pearson Correlation of Financial Skills and Business Sustainability

	Variable	Financial Skills	Business Sustainability
Financial Skills	Pearson Correlation	1	.670**
	Sig. (2-tailed)		.000
	N	82	82
Business Sustainability	Pearson Correlation	.670**	1
	Sig. (2-tailed)	.000	
	N	82	82

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

Source: Primary data (2017)

The findings from Table 4.11 established that there was a positive moderate correlation between Financial skills and Business Sustainability of ($r = 0.670$, $p < 0.01$). This moderate statistic of $r = 0.670$ is possible because financial skills possession has a strong potential contribution to the sustainability of a business.

Financial skills ascertain that one has practical experience on how to manage expenditures and inflows in businesses. Some of the financial skills such as interpersonal skills; ability to communicate, management experience, analytical ability, if utilized will facilitate the survival of businesses. These help in decision making, planning and problem solving. Therefore, this will ultimately lead to the longevity of businesses. Proper management of finances as stated by Lusardi (2012), thus "*Now more than ever, numeracy and financial literacy are lifetime skills necessary to succeed in today's complex economic environment…"* can potentially culminate into business sustainability.

Knowledge of financial skills is ideal but it still has limitation to impacting of business sustainability. The different interested stakeholders of small business enterprises should hence aim at growing financial skills. The growth of financial skills would ideally lead to improvement in business strengths. The financial skills relationship ideally will impact on businesses where a possible strong relationship should ultimately lead to sustainable businesses in Nyendo Ssenyange. This view is supported by the work of Beal & Delpachitra (2005) who believe that financial literacy skills enable individuals to navigate the financial world, make informed decisions about their money and minimize their chances of being misled on financial matters.

4.4.3 Relationship between Financial Behaviour and Business Sustainability

The study sought to establish the relationship between financial behaviour and business sustainability. The study posed questions to ascertain this relationship and they are presented in form of descriptive data. The responses were tabulated and presented in Table 4.12.

Table 4.12: Correlation between Financial Behaviour and Business Sustainability

Variable		Financial Behavior	Business Sustainability
Financial Behavior	Pearson Correlation	1	.693**
	Sig. (2-tailed)		.000
	N	82	82
Business Sustainability	Pearson Correlation	.693**	1
	Sig. (2-tailed)	.000	
	N	82	82

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

Source: Primary data (2017)

The Pearson Correlation established that r= 0.693 with p = 0.01. This Pearson Correlation shows a fairly strong significant positive relationship between financial behaviour and business sustainability. It could be possibly implied that since behaviour is attitudinal and perception based, the way people act to financial matters will be dependent on how they perceive financial discipline and this will influence the sustainability of a business.

The financial behaviour is a critical component in determination of life of a business. Xio et al (2013) opines that the people who behave well with the money can acquire positive financial behaviour and thereby sustainable financial well-being and vice-versa. Their study deduced that financial literacy influences financial behaviour a finding which the study further confirms. The respondents who are constituted by the business owners, managers and employees appreciate the need to change one's mindset and behaviour patterns to enable the business to keep alive. Failure to conform to ideal "*business behaviour*" would lead to the collapse of the business. Fortunately the business owners and managers in Nyendo Market tend to form a community in which they give each other support in their businesses. This support may be financial, business decisions, investment, career advancement and social. Such support tends to hasten the process of conformity to business practices and building a fraternity which allows businesses to stay sustainable. The findings of Lusardi et al (2010) who argued that the basic implication of financial literacy is to change financial behaviour of persons and therefore, the literacy that cannot change one's behaviour is worthless further support the hypothesis.

Similarly, Monticone (2010) opined that there is a double relationship between financial literacy and behaviour as he stated that financial literacy affects financial behaviour and vice-versa.

4.5 Effect of Financial Literacy on Business Sustainability

The study sought to establish the effect of financial literacy on business sustainability amongst the small business owners and Managers in Nyendo Market. The study drew and established a regression analysis between the variables.

Table 4.13: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.766[a]	.587	.571	.65494948

Source: Primary data (2017)

a. Predictors: (Constant), REGR factor score 1 for analysis 1, REGR factor score 1 for analysis 1, REGR factor score 1 for analysis 1

According to the study findings, variation in Business Sustainability, that can be explained by Financial Literacy through its dimensions studied here that is to say; Financial Knowledge, Financial Skills and Financial Behaviour, is 0.571 representing a percentage of 57.1%. This indicates that the balance of 43.9% could be explained by other variables not considered in this study.

4.5.1 Regression Analysis on the effect of Financial Literacy on Business Sustainability

The researcher carried out a regression analysis with an aim of examining the effect of financial literacy as the independent variable with dimensions of financial knowledge, financial skills and financial Behaviour on Business Sustainability as the dependent variable. The results from regression analysis are presented in table 4.14 below:

Table 4.14 Regression Analysis of Financial Literacy on Business Sustainability

Model		Un standardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	T	Sig.
1	(Constant)	-1.245E-16	.072		.000	1.000
	Financial Knowledge	.244	.095	.244	2.556	.013
	Financial Skills	.240	.112	.240	2.152	.035
	Financial Behaviour	.401	.101	.401	3.973	.000

Dependent Variable: Business Sustainability

Source: Primary data (2017)

The findings in table 4.14 above reveal that Financial Behaviour contributes more to the variation in Business Sustainability than the other factors with a Beta of 0.401. It is followed by Financial Knowledge with a Beta of 0.244 and lastly Financial Skills trailing with a Beta of 0.240. Based on this study, it can be implied that Business Sustainability is best achieved through Financial Behaviour.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.0 Introduction

The study examined the effect of Financial Literacy on Business Sustainability with specific reference to small businesses in Nyendo market, Masaka Municipality.

The study adopted three research objectives which looked at establishing the effect of financial knowledge, financial skills and financial behaviour on business sustainability. This chapter presents the summary of findings, conclusions and recommendations of the study and these are presented according to the findings per objective as discussed in chapter four.

5.1 Summary of Findings

5.1.1 Effect of Financial Knowledge on Business Sustainability

The study findings showed that there is a moderate positive and significant relationship (($r = 0.606$, $p < 0.01$).) between financial knowledge and business sustainability. The study findings revealed that financial knowledge significantly affects business sustainability. Hence the study findings imply that there is a moderate positive significant relationship between financial knowledge and business sustainability.

Regression analysis was done and findings showed that financial knowledge was responsible for 24.4% variance in Business Sustainability.

5.1.2 Effect of Financial Skills on Business Sustainability

The study findings showed that there is a high positive and significant relationship ($r = 0.670$, $p < 0.01$) between Financial Skills and Business Sustainability. The study findings revealed that Financial Skills significantly affect business sustainability. Hence the study findings imply that there is a high positive significant relationship between financial skills and business sustainability.

Regression analysis showed that Financial Skills were responsible for 24.0% variance in Business Sustainability.

5.2.1 Effect of Financial Behaviour on Business Sustainability

The study sought to establish the relationship between financial behaviour and the sustainability of small business enterprises in Nyendo Market.

The study findings showed that there is a high positive and significant relationship ($r= 0.693$ with $p = 0.01$) between Financial Behaviour and Business Sustainability. The study findings revealed that Financial Behaviour significantly affects business sustainability. Hence the study findings imply that there is a high positive significant relationship between financial Behaviour and business sustainability.

Findings also revealed that Financial Behaviour was the best predictor of Business Sustainability with (Beta 0.401)

5.2 Conclusion

The study findings showed that there was a moderate positive and significant relationship between financial knowledge and business sustainability. The researcher therefore concludes that having business knowledge is very important and it can significantly affect business sustainability. It therefore follows that business operators should try to acquire business related knowledge if their businesses are to stand the test of time in the present economy.

The study findings showed that there is a high positive and significant relationship between Financial Skills and Business Sustainability. Therefore, the researcher concludes that having financial skills like book keeping skill, skills of preparing and interpretation of financial statements is directly related to business success and sustainability. This implies that business owners should endeavor to acquire such skills in order to sustain their businesses.

The study sought to establish the relationship between financial behaviour and business sustainability of small business enterprises in Nyendo market.

The study findings showed that there is a high positive and significant relationship between Financial Behaviour and Business Sustainability. So the researcher concludes that financial behaviour directly affects business sustainability. Operators of various business enterprises should ensure that they develop better financial behaviours like financial discipline since it correlates with business sustainability.

The study concluded that financial literacy affects business sustainability of small business owners in Nyendo Market.

5.3 Recommendations

There should be investment in acquiring skills in Financial Literacy by business owners or Managers so as to sustain their businesses in the current environment where competition is quite stiff. This is likely to give them a competitive advantage by strengthening their business decisions, strategies and evaluation.

In line with the above conclusion, government agencies together with business owners in Masaka municipality should organize financial education programmes that will create awareness in areas that are lacking. Financial education programmes will not only contribute to the sustainability of these businesses but also to the growth of the entire economy since businesses contribute so much to the economies where they exist.

The researcher recommends that financial knowledge should be provided to owners and operators of different businesses so as to equip them with the necessary knowledge since it directs affects business growth.

It is further recommended that though financial knowledge is important, it should be put into application in order to turn it into profitability which contributes to further business growth and sustainability.

Findings revealed a moderate relationship between financial skills and business sustainability. Therefore, the researcher recommends that attention should be put to providing the necessary financial skills to business owners because a number of respondents were not sure about the financial skills they have like preparing the required books of accounts which is key business success.

Training programmes should be organized so as to provide the necessary skills to business operators in Masaka municipality. More finances should be put in providing financial skills since lack of such skills may result into more losses on the side of the business.

The study findings showed that there is a high positive and significant relationship between Financial Behaviour and Business Sustainability. As reflected from the study, it is evident that financial behaviour is an important contributor to sustainability of the business. This therefore, reflects the need for training programmes on budgeting and planning, debt management, record keeping, saving and other institutions that seek to promote financial literacy and practice.

5.4 Suggestions for further research

In the process of carrying out the research study, there were some areas that could have been included in the study if it were not for the scope of the research study. In line with this, these areas were left out but could form an important part of another research study in the future.

The following areas are suggested to be addressed in order to supplement or compare the results of the study.

The study focused on financial knowledge, financial skills and financial behaviour as variables of financial literacy. Further research can be done on testing the effects of other variables that are not covered in this study to ensure more reliability and accuracy of the data as well as the results.

Further still, this study was carried out within one municipality; this means that the results of this study are skewed to the beliefs and perceptions of the business owners within Nyendo Market. It is recommended that such study be done in other municipalities and business districts to increase the statistical relevance of the study and more reliable results.

Since the study was carried out generally on three independent variables of Financial Knowledge, Financial Skills and Financial Behaviour, the researcher recommends a full study on each of the above variables since they seem to all be critical to Business Sustainability.

This study was carried out on small business enterprises in Nyendo Market and the implication is that the results from the study are beliefs from only the small business owners and Managers from Nyendo market. The researcher therefore, recommends a similar study to be carried out for specific business types for instance hardware businesses, Agribusiness enterprises, manufacturing enterprises among others.

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APPENDIX I:

QUESTIONNAIRE ON FINANCIAL LITERACY AND BUSINESS SUSTAINABILITY

Dear respondent, I am Robert Dhuule of Uganda Martyrs University conducting a study on financial Literacy and business sustainability as part of my study at Uganda Martyrs University. Kindly provide me with information on the above topic. Your opinions are very important to this study. The information provided will only be used for academic purposes, and will be treated with utmost confidentiality.

I thank you in anticipation.

PART A: DEMOGRAPHIC CHARACTERISTICS (Please tick in the appropriate box provided)

Category of respondent:

Business Owner		Business Manager		Others	

2. Gender of respondent:

Male		Female	

3. Age of respondent:

Below 18 years		19-39 years		40-49 years		50 years and above	

4. What is your level of education?

primary		secondary		certificate		diploma		degree	

Other, (please specify)…………………………………………………

5. For how long have you been operating your business?

0-1 year		1-5 years		5-10 years		10 years and above	

PART B: FINANCIAL LITERACY

Please respond to the following statements by indicating the extent to which you agree or disagree with the statements on a scale of 1 to 5 where 1: represents Strongly disagree, 2: represents Disagree, 3: represents Not sure, 4: represents Agree and 5: represents Strongly agree.

	FINANCIAL KNOWLEDGE	**1**	**2**	**3**	**4**	**5**
1	I understand the process of setting financial priorities					
2	I set priorities in my financial plans					
3	I follow my priorities in making my business expenditures					
4	I maintain financial records during the course of operating my business					
5	I record transactions whenever I make a sale or a purchase					
6	I understand money matters in my business operations					

	FINANCIAL SKILL	**1**	**2**	**3**	**4**	**5**
1	I plan for my business activities					
2	I follow a formal budgeting process					
3	I prepare operational budgets for my business					
4	I regularly review my plans					
5	I review the budget performance of my business					
6	I make financial decisions based on the financial records					
7	All financial decisions are based on the information I have					
8	My practice on money related issues is critical for my business					

	FINANCIAL BEHAVIOUR	1	2	3	4	5
1	I have a saving plan for my business					
2	I implement the saving plan strictly					
3	My expenditures are guided by budgeted figures					
4	I invest some of the savings					
5	The way I behave with money influences my business decisions					
6	I regularly monitor the performance of the business investments					
7	My investment decision is influenced by the information I gather					
8	I do a thorough analysis of opportunities before deciding to invest					
9	My approach to financial matters are a strength to the business wellbeing					

PART C: BUSINESS SUSTAINABILITY

	GROWTH	1	2	3	4	5
1	I monitor the movement of my business capital					
2	I formulate customer retention plans and I monitor the plans at intervals					
3	I engage in research and development in my business operations to identify new ways of conducting business					
4	I monitor the movements in my daily sales					

	EFFICIENCY	1	2	3	4	5
1	I monitor the usage of resources in my business					
2	I prepare job roles for my staff and follow their performance					
3	I monitor the state of my resources and machines I use in my business and service them appropriately					
4	I have a well organized work schedule for my employees and reporting structure					

	PROFITABILITY	1	2	3	4	5
1	I monitor closely my business expenses					
2	I investigate any changes in my business operations					
3	I support innovation in my business operations					
4	I am aware about the revenues and costs in my business					
5	The success of my business is a sign of the experience I have in managing money.					

PART D:

In your view, what do you think is the biggest challenge to the sustainability of your business enterprise?

…………………………………………………………………………………………………

…………………………………………………………………………………………………

…………………………………………………………………………..

How important is one's behaviour with money towards the continuity of a business?

…………………………………………………………………………………………………

…………………………………………………………………………………………………

………………………………………………………………………….

How does the government of Uganda affect the operations at your business enterprise?

…………………………………………………………………………………………………

…………………………………………………………………………………………………

…………………………………………………………………………..

How important is the usage of financial knowledge in business?

…………………………………………………………………………………………………

………………………………………………………………………………

Thank you

APPENDIX II:

KREJCIE MORGAN (1970) TABLE OF DETERMINING SAMPLE SIZE FOR A GIVEN POPULATION

Table for determining sample size for finite population.

To simplify the process of determining the sample size for a finite population, Krejcie & Morgan (1970), came up with a table using sample size formula for finite population

Table 3.1

Table for Determining Sample Size of a Known Population

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

Note: N is Population Size; S is Sample Size *Source: Krejcie & Morgan, 1970*

APPENDIX III:

LETTER OF INTRODUCTION

APPENDIX IV

RELIABILITY OUTPUT FROM SPSS

```
RELIABILITY

  /VARIABLES=FK FS FB

  /SCALE('ALL VARIABLES') ALL

  /MODEL=ALPHA.
```

Scale: ALL VARIABLES

Case Processing Summary

		N	%
Cases	Valid	82	100.0
	Excluded[a]	0	.0
	Total	82	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.827	3

APPENDIX V

INTERVIEW GUIDE

1. Do you have financial priorities for your business?
   ……………………………………………………………………………………………
   ……………………………………………………………………………………………
   ……………………………………………………………………………………………
2. Do you think it is important to keep records in your business? If yes, please explain more.
   ……………………………………………………………………………………………
   ……………………………………………………………………………………………
   ……………………………………………………………………………………………
3. Do you invest any savings in other ventures? And do you have an investment plan for your savings?
   ……………………………………………………………………………………………
   ……………………………………………………………………………………………
   ……………………………………………………………………………………………
   ……………………………………………………………………………………………
4. Do you draw financial budgets for your business? And what do you think is the importance of drawing budgets in your business?
   ……………………………………………………………………………………………
   ……………………………………………………………………………………………
   ……………………………………………………………………………………………
5. How do you maintain your customer base?
   ……………………………………………………………………………………………
   ……………………………………………………………………………………………
   …………………………………………………………………………………………

End

Thank you so much