

**The effect of financial literacy on the
sustainability of SMMEs in South Africa
Gauteng province.**

By

Esona Masingili 211137561

**A thesis was submitted to fulfil the requirements for the Master of
Management Accounting (MGCMAR) degree in the Faculty of
Business and Management Sciences at the Cape Peninsula
University of Technology.**

Supervisor: Prof Obokoh Lawrence Ogechukwu

Co-supervisor: Mrs CC Maduekwe Oji

Cape Town Campus

October 2022

DECLARATION

I, Esona Masingili, declare that the contents of this dissertation/thesis represent my unaided work and that the dissertation/thesis has not previously been submitted for academic examination towards any qualification. Furthermore, it represents my own opinions and not necessarily those of the Cape Peninsula University of Technology.

Esona Masingili

10 October 2022

Signed

Date

ABSTRACT

Small, Medium and Micro-sized Enterprises (SMMEs) play a crucial role in South Africa, where they create jobs, prevent poverty eradication, and boost the economy. However, the significance of SMMEs demonstrates a low rate of sustainability. Despite the challenges SMMEs face in combating poverty in the country due to a lack of financial literacy, SMMEs in South Africa are struggling and have limited viability. According to observational studies, financial literacy and business management skills are the primary causes of this failure and the low survival rate (Eniola & Entebang, 2015). A thorough literature review and empirical research were conducted to investigate the effect of financial literacy on the sustainability of SMMEs. The literature review revealed a direct relationship between financial literacy and sustainability and a positive relationship between financial literacy and sustainability.

In this study, a mixed research method was used. An electronic or online questionnaire and follow-up interviews were utilised, and the study had a sample size of 200 people. The questionnaire was completed by SMMEs from South Africa's Gauteng province. The research was carried out using the pragmatism research paradigm and the random sampling technique.

The findings revealed that SMMEs have insufficient knowledge of finance, financial concepts, and understanding and that the owners have primarily failed to plan their businesses. Concerns were identified and related to understanding inflation and interest rates. It was also discovered that using the services of accountants, lawyers, and other professionals for business purposes is uncommon among SMMEs, and the owners' numeracy abilities were called into question after poor results in the questions that required calculations.

Recommendations for improving SMME financial literacy to increase sustainability rates include the establishment of government support programs aimed at improving financial literacy and basic accounting capabilities, as well as the implementation of financial literacy mentorship programs in which the government provides an incentive (via BEE points, grants, subsidies, and other means) to enterprises that provide mentoring.

Keywords: Financial literacy; sustainability; micro-enterprises; job creation; management skills

ACKNOWLEDGEMENTS

Without the beautiful grace and favour that God has given me, this writing piece would not have been possible. Therefore, I would like to thank Him for giving me strength, discipline, guidance and wisdom. I also want to sincerely thank the following individuals who have made this study possible:

- Professor Lawrence Obokoh and Mrs CC Maduekwe Oji for their commitment, for sharing their brilliant minds with me, leading me, and for all the hours they invested in me through this study.
- To my father, Morris Masingili, for always believing in me no matter what.
- To Friends, Jabu Tshabalala and Wandisile Ngondo, for all the encouragement and essential support.
- To my Aunt, Nozuko Dorah Masingili, no words can describe my gratitude for your support throughout my life.
- To all the SMMEs owners who took time out of their busy schedules to participate in this project.
- To Dr Ian Johnson for the assistance, advice and all the inputs relating to the statistical analysis performed.
- Lastly, to the best and most wonderful wife in the world, Nandipha Azaluve Masingili, for your respect, love, patience, never-ending support and non-stop motivation through this project. You are my champion.

GLOSSARY

Literacy

Literacy can be defined in several ways, the most basic of which is when a person can read, write, and communicate effectively (Remund, 2010). The concept can be articulated in many distinct manners, and it has been the focus of investigation in a substantial number of reports penned by various authors, including academics, psychiatrists, cabinet ministers, and the media (Mason & Wilson, 2000). People who are not proficient in reading and writing cannot participate in complex life forms in the same way that people who are proficient in reading and writing can participate (Mason and Wilson, 2000). This suggests that literate individuals have an advantage over illiterate individuals. Literacy, in other words, enables a person to perform their work more effectively. Despite this, Mason and Wilson (2000) explained that literacy encompasses more than just the ability to read and write in their research. Literacy signifies the capability to comprehend, acquire rank and human rights, appreciate, make decisions, improve occupational status and income, increase opportunities for leisure activities, compare, and establish and validate hypotheses. Regarding financial literacy, it's essential to ask whether the term is accurate.

The ability to read and write for academic purposes, also known as literacy, is linked to various practical abilities (UNESCO, 2005). The ability to read, write, and converse verbally is a necessary part of financial literacy for anyone, particularly entrepreneurs. These skills are indistinguishable from one another. Literacy has a significant impact on an individual's life for several additional reasons: it enables the user to classify terms by famous signals; it brings order to the thought processes of an individual; it encourages a context that is essential for encouraging people to develop strategically. Moreover, literacy enables the user to categorise terms by famous signals.

Because it provides a portal by which individuals can acquire new ideas and insights, having such a varied set of skills makes it easier for individuals to be trained. As a result, individuals are better trained (UNESCO, 2005). Because of this, it is now possible for individuals to eventually make alternative use of the data they have acquired in the form of learning through another person's instruction. It is essential to keep abreast of the most recent information regarding the state of the economy, which can be obtained by consulting all forms of media (television, radio, cell phone, and newspapers, amongst others). Literacy is widely considered to be the most crucial aspect of financial reading skills. One of the most critical aspects of financial literacy is knowledge, and it is impossible to expect someone who cannot read or write to have that knowledge. On the other hand, basic arithmetic or numerical ability is regarded as essential for financial literacy.

Numeracy abilities

Numeracy could be classified and comprehended in two ways: as a component of fundamental literacy or as an additional collection of skills [The United Nations Educational, Scientific, and Cultural Organisation (UNESCO), 2005]. Because a person's numeracy is directly related to their cognitive abilities, it is an essential skill in business (Lusardi & Mitchell, 2011). Lusardi and Mitchell (2011) reaffirmed that it should be abundantly clear to anyone that the capacity to perform fundamental mathematical computations is either a necessary or essential skill for anyone, including owners of small businesses. Hasting et al. (2012) defined "numeracy" as an individual's ability to perform basic arithmetic operations such as adding, subtracting, and multiplying numbers.

Education in numerical literacy is necessary everywhere in the world because people recognise that being able to do basic math is an essential tool or skill. It would appear that individuals with higher levels of general brain function or numeracy also possess higher economic literacy levels (Hasting et al., 2012). On the other hand, numeracy is not just about being able to function mathematically; it also involves deductive and inductive reasoning about numbers. The ability to reason with numbers, calculate interest, and understand inflation are all essential components of what we mean when we refer to "financial literacy." These are all essential skills. Suppose a person seems unable to perform basic mathematics, such as calculating how much they expect to have returned at the end of a given period after deducting operating expenses from revenue received. In that case, it is implausible that a person can perform more complex calculations (Remund, 2010). People are sometimes required to perform more complex components, such as calculating the potential cash flows that could be made. A fundamental component of being financially literate is making effective use of and management decisions regarding assets whose value can be expressed in monetary terms (Rungani & Potgieter, 2018).

In addition, Rungani and Potgieter (2018) emphasise how vital the two pillars of financial literacy and numeracy are in today's society. According to Chimucheka (2011), there will be a decrease in the prevalence of financially illiterate people if a greater emphasis is placed on numerical literacy. In addition, Sages and Grable (2010) found that individuals with personality traits associated with financial numeracy demonstrate greater capacity for financial risk tolerance.

Training in finance matters

Academics have suggested that the primary focus of this type of education shifts from time to time; however, it cannot be denied that topics related to money and money problems are central to this form of education. Individuals should be taught the fundamentals of money and how to handle it responsibly as a primary objective of financial education. In addition, students must be allowed to understand the fundamentals of money creation, responsible purchasing and investment, and money borrowing (Cohen & Sebstad, 2003). The findings presented earlier make it abundantly clear that students can benefit from financial education by acquiring the skills necessary for financial literacy. According to Robb (2012), getting a good education about finances helps a person develop their skills and their level of trust in others, which in turn enables them to become more familiar with the financial opportunities and risks that they face, which in turn enables them to make more informed decisions. However, the projection of abilities discussed in the former is not the only aspect of financial education to consider. Instead, it incorporates both of these latter aspects.

Financial Literacy

Schmeiser et al. (2013) asserted that there is no definitive definition of financial literacy or scientifically validated indicators of financial literacy level increase in educational research into financial literacy and financial outcomes. Despite increased educational research into financial literacy and financial outcomes, this remains the case. According to Knoll and Houts (2012), a significant barrier that the field of financial literacy is working hard to overcome is the lack of a widely distributed measure of financial literacy. Regardless, academics interested in defining the concept of financial literacy share common ground within their research organisations. Despite no consensus on what constitutes an appropriate definition of financial literacy, the researcher favours Remund's proposal (2010). The author defines "financial literacy" as a person's ability to make appropriate short-term and long-term financial decisions, as well as their level of self-assurance in their ability to do so while keeping in mind the impact that life events and shifting economic conditions may have on their choices. Financial literacy, in other words, refers to a person's "ability to make appropriate decisions regarding their short-term and long-term finances, as well as their level of self-esteem."

Sustainability

An organisation's capacity to continue to finance its activities to maintain the same level of significant social impact both now and in the future is sustainability (Doherty et al., 2014). It is common practice to define sustainability as the capacity to generate profits, the fulfilment of an identifiable social need, and the credibility of the organisation (Moizer & Tracey, 2010). The economy, the environment, and culture are the three crucial components that must be present

for sustainability to be achieved (Mokhothu, 2013). The author added that sustainability encompasses all manufacturing processes and their use and delivery, whereas, from the environmental perspective, sustainability is premised on preserving the natural environment. When viewed from an ecological perspective, sustainability necessitates the preservation of biological diversity, the protection of natural resources vital to ecological processes, and the utilisation of the inherent capacity of both natural environments and human cultures to clean themselves (Mokhothu, 2013). The pursuit of sustainability entails attempting to uphold the fundamental ideals of democracy, harmony, and equality from a sociological standpoint. This protects the human population's health and safety. The goal of achieving social sustainability is to do away with socioeconomic systems that are unfair, improve the process of wealth redistribution, foster equal employment opportunities, and provide individuals who are socially marginalised with consideration (Mokhothu, 2013). The concept of sustainability is defined by the relationship between human-created monetary systems, environmental assets, social capital, and social capital. Humans are the creators of monetary systems. The concept of sustainability can be divided into two categories: sluggish sustainability and solid sustainability. Because strong sustainability recognises the existence of a balance between principles and weak sustainability, so the four tools are not interchangeable but complementary.

Small-Medium and Micro Enterprises

Small and medium-sized businesses are more labour-intensive and less capital-intensive than their larger counterparts, as stated by the National Planning Commission (2011). This is because they can function with a modest amount of capital and frequently use the resources located in their immediate vicinity. Notwithstanding this, the idea that is derived from the National Small Business legislation (Act 102 of 1996) is the one that is utilised the most frequently in South Africa. The following is a description of the three distinct types of small businesses that can be found in South Africa according to this act:

- **Micro company;** the annual revenue is less than the threshold required to register for VAT, which is currently R120 000. These include domestic factories, minibus taxis, and retail outlets in outer space that hire fewer staff members. In most cases, formal registration is not required for these endeavours.
- **Small business enterprise;** the maximum number of staff members allowed is fifty. In most cases, small business enterprises are further along in their development than tiny businesses and engage in more complex forms of corporate activity.
- **Medium Enterprises;** either one hundred or two hundred people are working in the mining, oil, manufacturing, and construction industries at this very moment. These companies are distinguished further due to their areas of responsibility being decentralised to an additional management layer (Abor & Quartey, 2010).

ABBREVIATIONS

ABSA Amalgamated Banks of South Africa

BEE Black Economic Empowerment

BSA Basic Skills Agency

CDE Centre for Development and Enterprise

CIPRO Companies and Intellectual Property Registration Office (South Africa)

DTI Department of Trade and Industry South Africa

FSA Financial Services Authority

FSB Financial Services Board

GDP Gross domestic product

IFRS International Financial Reporting Standards

NCR National Credit Regulator

SARB South African Reserve Bank

SME Small and medium-sized enterprises

SMME Small, Medium and Micro-sized Enterprises

Table of Contents

DECLARATION.....	ii
ABSTRACT.....	iii
ACKNOWLEDGEMENTS.....	iv
CHAPTER ONE: INTRODUCTION.....	1
1.1 Study background.....	1
1.2 Problem Statement.....	2
1.3 Justification and Importance of the Study.....	3
1.4 Objectives of the study.....	3
1.5 Research Questions.....	4
1.6 Research Hypothesis.....	4
1.7 Research Paradigm, Methods and Methodologies.....	4
1.7.1 Paradigm.....	4
1.7.2 Research methodology.....	5
1.7.3 Target population.....	5
1.7.4 Sampling method.....	6
1.7.5 Data collection.....	6
1.7.6 Data analysis.....	6
1.7.7 Ethical clearance.....	7
1.7.8 Outline of the dissertation.....	7
CHAPTER TWO: LITERATURE REVIEW.....	8
2.1 Introduction.....	8
2.2 Theoretical Framework.....	8
2.3 The link between financial literacy and long-term sustainability.....	9
2.4 The effects of financial literacy on SMMEs sustainability.....	11
2.5 SMMEs greatest perceived financial literacy needs.....	13
2.6 The level of financial literacy of SMMEs owners influences decision-making.....	14
2.7 Conclusion.....	16
CHAPTER THREE: RESEARCH METHODOLOGY.....	17
3.1 Introduction.....	17
3.2 Research Design.....	18
3.3 Research Paradigm, Methods and Methodology.....	19
3.3.1 Paradigm.....	19
3.4 Target Population.....	20
3.5 Sample procedure and the sample size.....	20
3.6 Data Collection Instrument.....	21

3.7 Data Collection	21
3.8 Questionnaire.....	21
3.8.1. Closed-ended questions	22
3.9 Data Coding and Analysis	22
3.10 Validity and Reliability.....	23
3.11 Dependability	24
3.12 Follow-up interview	24
3.14 Reliability and validity of the interview.....	25
3.15 Ethical Considerations.....	25
3.16 Limitations of Methodology.....	26
3.17 Conclusion	27
CHAPTER FOUR: DATA PRESENTATION, ANALYSIS AND DISCUSSION OF RESULTS	28
4.1 Introduction.....	28
4.2 Quantitative data analysis and discussion	28
Table 4.1 Sample distribution breakdown	28
Table 4.2: Cronbach's Alpha Reliability Statistics.....	29
Table 4.3: SMME's Number of employees.....	32
Table 4.4: Correlations between study variables.....	33
Figure 4.3: The effect of financial literacy on sustainability (see appendix A for a detailed explanation of questions 1, 2, 3, and 4).....	35
Figure 4.4: The extent of financial literacy on SMMEs sustainability	37
Figure 4.5: Financial literacy needs of SMMEs towards sustainability	39
4.3 Qualitative data analysis and discussion.....	39
4.3.1 Financial literacy contributes to an organisation's knowledge base.	40
4.3.2 The effects of financial literacy on the sustainability of SMMEs	41
4.3.3 Investigating the needs for financial literacy on the sustainability of SMMEs	43
CHAPTER FIVE: SUMMARY, RECOMMENDATIONS AND CONCLUSION	46
5.1 Introduction.....	46
5.2 Summary of theoretical study.....	46
5.3 Managerial Implications and Future recommendations.....	47
5.3.1 Recommendations for policy	47
5.4 Suggestions for further research.....	48
5.5 Limitations of the study	48
5.6 Conclusion	48
Bibliography	49
APPENDIX	58

APPENDIX A: Questionnaire and Consent Letter	58
Section A: General enterprise understanding.....	58
Section B: What is the relationship between financial literacy and the sustainability of SMMEs?	59
Section C: What are the effects of financial literacy on the sustainability of SMMEs?	60
Section D: What is the extent of financial literacy of SMMEs?	61
Section G: Biographical Information	63
Instruction to respondent:	63

CHAPTER ONE: INTRODUCTION

1.1 Background to the study

According to a report published in 2006 by the Department of Trade and Industry of South Africa, there is no single concept for small, medium and micro enterprises (SMMEs). The primary reason for this is the highly diverse context in which these companies conduct their business. The (White Paper on National Strategy for the growth of Small Businesses, 1995) in South Africa lists four SMME businesses (1995): survival enterprises, micro-enterprises, small enterprises, and medium enterprises. Promoting sustainable growth and development in South Africa was characterised as having SMMEs as one of its central pillars (Agyapong & Attram, 2019). The OECD (2005) added that small and medium-sized enterprises are an essential component of any economic system because they contribute to the generation of employment opportunities, the alleviation of hunger, the promotion of innovation, and the general advancement of economic conditions. A significant barrier to the growth of efficacy and commercial viability of such endeavours is the absence of the knowledge, skills, and attitudes necessary to deal with and manage financial matters in a reliable, open, and competent manner (Agyapong & Attram, 2019). It is crucial to remember that a company's success heavily depends on how the public views how it acquires, disperses, employs, and manages its financial resources.

SMME owners and administrators face a complex array of options regarding the financial management of their businesses. Reading and understanding financial statements allow business owners and managers to be more creative in borrowing, lending, effective budget control, raw material procurement, production, fixed and variable costs, and stock use (Reich & Berman, 2015). As a result, having a solid understanding of finances is an essential tool for business owners and managers and for the survival of SMMEs (Adomako et al., 2015).

A common factor behind every loss and a potential reduction in the sustainability level is a lack of understanding of financial literacy (The Department of Trade and Industry, 2008). This deficit is linked to several other issues that, among other things, make it challenging for SMME businesses to expand and develop, such as a lack of market expertise and insufficient access to funding (MDPI, 2019). Amornkitvikai and Harvie (2018) pointed out that previous research focused primarily on the availability or lack of access to financial resources but not on the literacy levels of owners or managers. Because these studies did not investigate how financial literacy influences the viability of SMMEs, a study void has been created. As a result, it is essential to develop efficient strategies for promoting financial literacy to increase the economic viability of SMMEs in South

Africa. The purpose of this study was to look into the effects of financial literacy on the survival of SMMEs in the South African province of Gauteng. This study's findings include information and recommendations for SMME entrepreneurs and legislators to implement practical strategies and initiatives to improve SMME efficiency, growth, and survival rates through financial education. This dissertation presents these findings, as well as the data and recommendations.

1.2 Statement of the problem

Due to a lack of financial literacy, South African small and medium-sized enterprises (SMMEs) are struggling and have limited viability. According to the findings of observational studies, the primary factor contributing to this failure and the low sustainability rate was a lack of financial literacy and business management skills (Eniola & Entebang, 2015). SMMEs are not stable because there is a lack of expertise, abilities, mindsets, and an understanding of financial literacy to deal with and guide finances in a healthy, transparent, and competent manner, which is a significant impediment to SMME growth and survival. According to Agyapong and Attram (2019), the life of an SMME has always been characterised by slow growth, low revenue, and a lack of development, with numbers folding up during the first two years.

As a result, many small and medium-sized businesses make insensitive, insufficient, and ultimately futile financial decisions. Researchers have linked these issues to a lack of financing, insufficient technology and capabilities, a lack of a comprehensive business plan, and insufficient management abilities (Boateng & Poku, 2019).

Boateng (2017), Poku (2015), Attram (2018), & Aniola (2016), for example, all focused on the importance of financial literacy, management skills, and other related topics. Our understanding of these companies and the types of actions that can help them reduce the risk of default is limited. More research is needed to identify and recommend steps to allow SMMEs to build societies and increase their economic contribution. Additionally, prior research indicated that capital investment and training in fundamental management skills in micro-enterprise investment would effectively mitigate such challenges (Agyapong & Attram, 2019). More research is needed to identify and recommend steps to allow SMMEs to build societies and increase their economic contribution.

1.3 Justification and Importance of the Study

The development and continued existence of small and medium-sized businesses in South Africa, particularly in the province of Gauteng, depend on this study's findings. The findings of this study would be helpful not only to potential, but also to existing small and medium-sized enterprises (SMMEs) that are preparing for and hoping to maintain and develop or expand their businesses. Additionally, this research could also assist in educating organisations about the significance of financial literacy concerning the continued existence of small, medium, and micro-sized businesses. Lastly, it will make it possible for researchers to evaluate how relevant the education received in business schools is to the contemporary business environment. According to Hove-Siyanda & Shave (2018), most small, medium, and micro enterprises (SMMEs) are part of the informal economy. As a result, the management of SMMEs typically has a low level of education or none at all. Therefore, it is crucial to investigate whether or not the basic financial education taught in business schools affects the continued existence of SMMEs. In the next step of the analysis, we will determine whether providing financial literacy services to small and medium-sized businesses is necessary to increase profitability in the sector. This study would also contribute to the existing body of literature and provide additional context to research institutions and academics who might need to conduct additional research on financial literacy as a crucial growth area for SMMEs.

1.4 Objectives of the study

The primary purpose of this study is to investigate and evaluate the impact financial literacy has on the long-term viability of small and medium-sized businesses in South Africa. This study's findings will provide owners or managers of small and medium-sized businesses, as well as legislators, with valuable insights and suggestions for developing policies and programs that will improve the percentage of small and medium-sized businesses that can remain in business through improved financial literacy. The specific objectives of the study are to;

- I. To explore/assess the relationship between financial literacy and SMMEs sustainability;
- II. To examine the effect of financial illiteracy on the sustainability of SMMEs
- III. To determine the extent of financial literacy of SMMEs owners influence on the decision-making ability in the organization and;
- IV. To examine/ Investigates if the level of education of the SMMEs owner/manager affect their financial literacy.

1.5 Research Questions

- I. What is the relationship between financial literacy and the long-term survivability of SMMEs??
- II. What are the effects of financial literacy on the sustainability of SMMEs
- III. To what extent does the financial literacy of SMMEs owners influence the decision-making ability in the organization?
- IV. What effect does the owner/manager's level of education have on their financial literacy?

1.6 Research Hypothesis

H1: The ability to make sound financial decisions has a direct and beneficial impact on the long-term viability of SMMEs.

H2: Literacy in financial matters has a beneficial impact on one's access to various forms of financing.

H3: The ability to access financial resources benefits SMMEs' long-term viability.

H4: Access to capital is a moderating factor in the connection between SMMEs' financial literacy and their long-term viability.

1.7 Research Paradigm, Methods and Methodologies

1.7.1 Paradigm

A research paradigm is a “framework that guides how research should be conducted and is based on people's perspectives and beliefs about the meaning of information and the nature of the world around them” (Collis & Hussey, 2009). The framework's structure will drive the research strategy and methods selected as components of that framework (Saunders et al., 2016). However, the positivist paradigm is the most common and is sometimes called the scientific method. In contrast, the interpretive paradigm is sometimes called the anti-positivist paradigm. The investigator used the pragmatism approach in this study to investigate the impact of financial literacy on the ability of SMMEs in South Africa to stay in business. Morgan (2014) defines pragmatism as a "paradigm of choices." He further warned about the overly simplified "sense of what" functions and suggested that consistency issues, such as the validity of the information, should be critically addressed before reaching an agreement on the methodologies that will be utilised. The pragmatic position seeks to replace the one-sided loyalty model by increasing the specific and functional analytical alternatives open to researchers and evaluators.

1.7.2 Research methodology

There are three distinct approaches to scientific research: qualitative, quantitative, and mixed methods. The qualitative method is the most common of the three. The mixed method research design was chosen for this investigation; this strategy combines qualitative and quantitative research and data (Creswell & Creswell, 2018). Quantitative data typically consists of closed-ended responses, such as those found on structured questionnaires or psychological instruments, whereas qualitative data is frequently open-ended and does not include predefined replies. Mixed methods address the complex concerns and problems that emerge from quantitative or qualitative approaches (Maxwell, 2016). It is a problem-centred approach to research in which methodologies and theories are employed to solve problems based on relevance to the current subject (Leavy, 2017). The data collection was broken up into two stages with this particular design. The first stage of the process consists of the collection and analysis of quantitative data, and the next stage, which is the collection of qualitative data, comes immediately after phase one.

1.7.3 Target population

This study's target population consisted of small businesses in South Africa's Gauteng province. In addition, the study included start-ups and established small businesses that have been paying their employees' salaries and wages or any other types of payments for a period greater than three months but shorter than 42 months. The study's unit of observation and analysis was existing SMMEs, which were obtained from an online database of small businesses and fit within the guidelines of the University of Cape Peninsula. Moos (2015) observed that inquisitive gestures in attempting to understand clearly justify generalised representative samples and populations. This study's target population consisted of small businesses in South Africa's Gauteng province.

Furthermore, at the time of the 2020 research, these will include start-ups and existing small firms that have been paying their employees' salaries and wages or any other payments for more than three months but less than 42 months. Existing SMMEs were collected from an online database of small enterprises and fit within the University of Cape Peninsula's parameters as the study's unit of observation and analysis.

According to Moos (2015), inquiring actions in the desire to comprehend clearly justify generalised representative samples and populations.

1.7.4 Sampling method

A representative sample of the study population was chosen using random sampling. According to The Economic Times (2022), random sampling is a technique in which each sample has an equal chance of being chosen. In addition, a sample drawn at random is intended to be an unbiased representation of the entire population. A sample of 1000 registered SMMEs in Gauteng Province was obtained using an online sample size calculator (Calculator Net, 2022). The confidence level (95%), the margin of error (5%), population proportion (50%), and blank interphase of population size are fixed variables in the calculator. The researcher entered the total population of 1000 registered SMMEs in Gauteng and then pressed enter; the calculator automatically generated a representative sample of 200 SMMEs.

1.7.5 Data collection

Secondary data collection included peer-reviewed and non-peer-reviewed articles accessed from the Cape Peninsula Business School digital library database. This included scholarly articles, journals, and books used in conducting the literature review and critical analysis. It is necessary to research and cite a wide range of relevant scholars and critics who complement the previous work. Despite being secondary sources, they provide statistical data and opinions that can be used to make comparisons and contrasts. In addition, for data collection, the researcher utilised open and closed-ended questionnaires as the research instrument. Firstly, the instrument was structured in Microsoft Office 2016; an electronic version of the instrument was designed on Question Pro. Question Pro is an online software for conducting surveys. Its benefits are enormous but not limited to creating digital questionnaires; distributing and collecting responses in real-time using email surveys, mobile surveys, and SMS surveys; automatic analysis of results in real-time; data can be exported into Excel, SPSS, or CVs (Question Pro, 2022).

1.7.6 Data analysis

The IDM Statistical Kit for Social Science version 25 was used to analyse the data. The researcher used a data analysis approach in this study, as supported by Creswell and Creswell (2017), who explained the steps taken for data processing;

- data collection is coded by assigning numerical values to raw data;
- data exploration by observing trends and patterns;
- data analysis using quantitative statistical software;
- data representation in maps, tables, and diagrams; and

- result analysis, including data validity and reliability checking.

Additionally, data were analysed using descriptive and inferential analysis, as this is an exploratory study (Beest & Bramm, 2009). Exploratory factor analysis was used to test the data's validity and reliability.

1.7.7 Ethical clearance

Before beginning the study, the researcher sought permission from the Ethical Committee of Cape Peninsula University, Faculty of Business Management Sciences. Participation in the study was entirely voluntary, and all information provided by participants was kept strictly confidential. Participants were given research information, benefits, and risks in exchange for their consent to participate in this study. Before participating in the study and completing the questionnaire, each respondent was required to read and sign an informed consent form..

1.7.8 Outline of the dissertation

This dissertation is divided into five chapters, the **first** of which discusses the investigation's purpose, the primary focus, and the methodology used to carry it out. The introduction outlined the research problem, study purpose, and motivation for this study. The **second chapter** examined the current academic literature on the impact of financial literacy on the survival of SMMEs in South Africa's economy. To gather the necessary information, peer-reviewed (journal articles) and non-peer-reviewed (dissertations, textbooks, the internet, government documents, and newspapers) sources were consulted. In addition, **Chapter 3** discusses the methods or processes used to determine the study area, population, sampling procedures, and data collection and analysis. In **Chapter 4**, the analysed data from the interviews are presented in figures and tables to interpret and present the findings. Finally, **Chapter 5** summarises the research findings for the reader, along with a conclusion and recommendations for future research.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter presents a literature review on a firm's financial literacy level on the company's ability to remain profitable throughout its long-term existence (SMMEs). We reviewed financial literacy as it relates to the viability of small and medium-sized enterprises (SMMEs) and what is generally understood to be the purpose of doing so as part of this research project. Generally speaking, this endeavour emanated from ABSA, one of the leading financial institutions in South Africa and the Minister of Small Business Development in South Africa (2015). Both stated that the country's lack of management skills, financial literacy, and red tape is the primary cause of the significantly high failure rate of SMMEs in South Africa. It is necessary to conduct a literature review on financial literacy to evaluate financial literacy in the context of SMMEs; consequently, this will be one of the tasks that will be carried out because it is necessary to do so. Additionally, the purpose of this chapter is to identify various gaps in the previous literature as per the objectives of the study on chapter 1.4 as outlined previously.

This literature review will also focus on prior literature on the research objectives and questions. Furthermore, the review of prior literature will provide a theoretical foundation for the empirical research to be conducted.

2.2 Theoretical Framework

Literacy in financial matters is increasingly acknowledged as an essential component of human capital, which has implications for monetary stability and economic growth (OECD, 2005). This research is built on the foundations of the resource-based philosophy and the economic theories of savings and consumption. According to Penrose's (1959) resource-based principle, which was later developed by Lippman and Rumelt (2003); a company's benefits can be combined to establish a competitive advantage. Because of this, a company can identify new business opportunities and cultivate business ventures, enabling it to realise its full economic potential (Foss, 2015).

Hayes and Cheng (2021) broke down the life cycle hypothesis (LCH) theory. They elaborated that the LCH theory assumes that individuals plan their expenditures throughout their lifetime by considering future income. For example, a person may take on more debt when they are youthful with the expectation that their future earnings will allow them to repay the debt. This could be the case if the individual believes the debt will be manageable. When people reach middle age, they should begin saving money to have enough when they retire. Figure 1 depicts the LCH theory as

a hump-shaped curve, indicating that the rate of wealth generation is lowest throughout youngsters and old age. Hayes and Cheng (2021) reiterated that the LHC theory superseded the Keynesian theory, which was based on the premise that savings are another good and that the percentage of savings will grow as income increases. Hayes and Cheng (2021) stated that the LHC theory was superior to the Keynesian theory. The authors went on to say that the problem with Keynes' theory was that it did not address consumption trends over time, which was a challenge. On a related note, the LHC theory is predicated on the following assumptions: 1) individuals spend their wealth as they get older; however, older individuals may not be willing to spend their wealth; as a result, they pass it from generation to generation. 2) Individuals earn more money when they are younger or of working age; however, when they reach retirement age, individuals work part-time. The implication is that younger people are better able to manage the risk associated with investment than older people. The LHC theory makes several other assumptions, one of which is that people with higher incomes have a greater capacity to save money than people with lower incomes. Additionally, individuals with lower incomes utilise credit card debt to have more money available for other purposes (Hayes & Cheng, 2021)

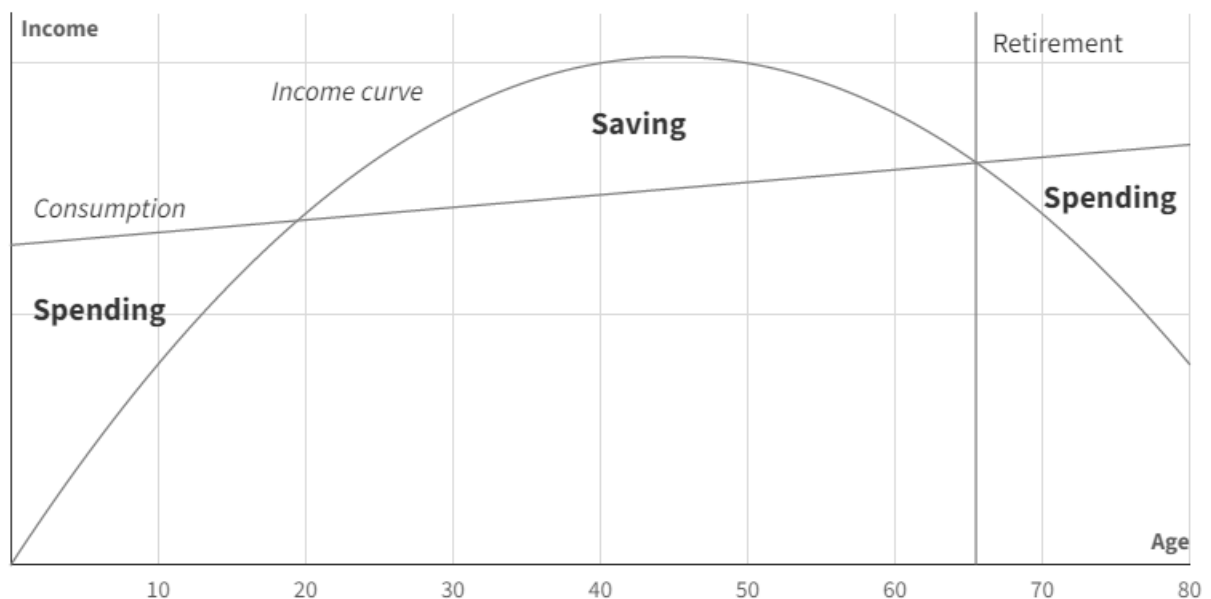


Figure 1: The life cycle consumption theory (Adapted from Hayes & Cheng, 2021)

2.3 The link between financial literacy and long-term sustainability

A company's potential for success can be determined by its level of financial literacy, which functions as an information engine. Therefore, a solid understanding of finances is essential in creating value for SMEs, which helps contribute to long-term outcomes (Japelli & Padulo, 2013).

On the other hand, sustainability can be defined as the opportunity to assess the return on customer satisfaction, the sustainability of performance profits, and an improvement in the number of customers. In other words, sustainability refers to the ability to measure the amount of return on customer satisfaction. A paucity of information is available concerning the connection between economically literate behaviour and long-term viability. In the United States of America, studies conducted by Huston (2010) and Olah et al. (2019) investigated the role that financial literacy plays in the growth and performance of small businesses in the beverage industry. Both Huston (2010) and Olah et al. (2019) demonstrated that financial literacy played a significant and beneficial role in small businesses' long-term growth and performance. Olah's findings supported Huston's findings. In addition, they found that 87 per cent of the companies surveyed considered the role that financial literacy plays in the growth of small businesses to be very important. In addition, Huston (2010) and Olah (2017) discovered that most of the polled businesses acknowledged the significance of financial literacy in expanding businesses in their responses to/ this topic.

Debbyster (2016) carried out a questionnaire on the necessity of financial literacy to improve the long-term viability of small and medium-sized enterprises (SMMEs) in the KwaZulu Natal province. This survey was distributed to one hundred fifty businesses in the central business district of Durban. According to the findings presented by Debbyster (2016), an overwhelming majority of small and medium-sized enterprises (SMMEs) (88 per cent) believed that there was an absolute requirement for financial literacy to improve SMMEs' levels of sustainability. The study also discovered that 90% of SMMEs strongly agreed that financial literacy directly impacts SMME performance. However, 10% of respondents believed that financial literacy impacted business performance and sustainability less. The study revealed that small and medium-sized enterprises (SMMEs) that were less than three years old were among the businesses that did not recognise the vital need for financial literacy and perceived financial literacy as having less influence on performance and sustainability. However, financial literacy terminology appears to affect the comprehension of smaller companies and those in business for less than three years. These companies seem to have interpreted the term as requiring a financial degree or background to succeed in their businesses.

A recent study by Maritz and Jacobs (2019) investigated the impact of a person's financial literacy on a company's growth. Seventy-five per cent of the sampled companies, which included both small and large businesses, concluded that it had a direct connection to the expansion of their respective companies. Their findings showed that financial literacy was perceived to have a significant positive impact on the growth of the companies, and this impact was found to have a

significant positive impact on the growth of the companies by 75% of the sampled companies. These findings showed that financial literacy was perceived to have a significant positive impact on the growth of the companies (Maritz & Jacobs, 2019). The findings cannot be generalised to businesses in Gauteng because not enough attention was paid to SMMEs in the research. In contrast, the study that Maritz and Jacobs carried out (2019) discovered that 25 per cent of the sampled businesses had a healthier financial position and performance and had been operating for more than eight years.

The study discovered a link between financial literacy and sustainability. The study also discovered that 25% of the businesses investigated had been operating for more than eight years. Additionally, these businesses had been profitable. This could be related to the companies' long-term growth, and all of these companies strongly agreed that financial knowledge has a direct positive impact on their growth. In addition, this could be related to the growth of the companies over time. The study found that since 75% of companies perceived financial literacy to have a positive impact, 25% of companies that responded otherwise were in financial crises and could close their doors in a few years if they were not bailed out. This confirms the investigator's hypothesis that there is a positive connection between sustainability and financial literacy.

2.4 The effects of financial literacy on SMMEs sustainability

The Indonesian Ministry of Finance (2016) investigated the significance of SMMEs and discovered that the global economic crisis of 2008 was responsible for the destruction of many industries across many countries. It was also discovered that the SMME sector remained viable throughout the crisis. Because of their ability to weather adverse conditions, SMMEs are an invaluable resource for the long-term health of national economies during and after economic turmoil (Hapsari et al., 2014). As a result, given the importance of SMMEs in fostering economic growth, it is crucial to work toward improving SMME capabilities. Enhancing one's capacity to manage one's financial situation is one fortification method effectively. In addition, many times during their expansion, SMMEs run into difficulties. This could be attributed to numerous regular issues not being fully addressed, such as issues with existing human resources, possession, funding, advertising, and various business operational challenges, which result in SMMEs having difficulty competing with large corporations (Abor & Quartey, 2010).

According to the literature review findings, for a company owner to be successful, they must be prepared to plan, enforce, and oversee financial management within their own company. A businessperson needs to have a solid understanding of financial management, which is why this

skill is referred to as financial literacy. Only then can they make decisions regarding their finances that are both effective and efficient. Additionally, Dahmen and Rodriguez (2014) discuss the significance of a business owner understanding financial matters to achieve higher performance levels, enabling SMMEs to enjoy increased levels of business expansion. A person's financial literacy level will affect how much they save, borrow, and manage their money. Literacy in finance refers to the ability to learn how to apply the fundamental principles of economics to money matters effectively and accurately. The authors of the study by Fitria and colleagues (2018) also mentioned that financial literacy has “a significant impact on growth, implying that the greater the financial literacy of a small and medium-sized enterprise (SMME) owner or manager, the greater the company's growth.” The abilities and information of the owner or manager are fundamental in achieving SMME growth; consequently, the financial management skills of the owners are essential determinants for the growth of SMMEs. SMMEs can be broken down into three categories: micro, small, and medium enterprises. Lusimbo (2016) concluded that the connection between the expansion of markets and increased financial literacy is essential, lending credence to the arguments presented above. According to Turyahebwa et al. (2013), “effective financial management is one of the essential factors in determining a company's growth and survival.” Fitria et al. (2018) discovered that “increasing financial literacy enables of SMMEs entrepreneurs and directors to make better management decisions and provide financial management with transparency, allowing SMMEs to have a more sustainable future.”

The research that Acharya (2015) conducted centred on promoting sustainable practices through increased financial literacy. Consequently, financial literacy assists countries in achieving resilience by fostering the potential to transform small and medium-sized enterprises (SMMEs) into educated and financially savvy customers of financial services. The research conducted by Aribawa (2016) found that “financial literacy has a significant impact on the longevity of SMMEs and has the potential to help with the problems that were discussed earlier.” Arrellano et al. (2018) asserted that financial literacy is equally as crucial in any economy, especially in the market for SMMEs to make daily decisions regarding spending plans, savings accumulation, and wealth growth (Japelli & Padulo, 2013).

Previous research findings by Calderon (2015) show that “financially literate people can exercise control over their financial resources; they are active participants in the capital market, as evidenced by various assets; and they are wary of taking on debt (Calderon, 2015). SMMEs benefit from financial literacy by encouraging business discipline, ensuring efficient capital allocation, and promoting an equitable financial sector.” Arrellano et al. (2018) reiterated that apart from the capabilities mentioned above, financial literacy cannot be considered

an option for a small business owner. Entrepreneurs with a solid understanding of finance can make day-to-day decisions that shape how their companies operate (Adomako et al., 2015). Observations showed that SMMEs that make poor financial decisions have a high presence in the informal financial sector and make poor borrowing decisions, such as taking on costly debt; as a result, the increasing interest shown by SMMEs in financial literacy is essential, as stated by Cumurovic and Hyll (2019).

In addition, a report that was carried out by the Financial Services Authority of Indonesia (2016) stated that being financially literate is not limited to simply being able to recognise the goods and services offered by financial institutions. Instead, "*financial literacy*" refers to "an individual's capacity to manage their finances, set and achieve financial goals, create financial plans, and make informed financial decisions when utilising various financial products and services." Small and medium-sized enterprises (SMMEs) that have a solid understanding of financial concepts and concepts related to business development have a greater chance of thriving in their sector if they can make sound business decisions. In addition, findings showed that a lack of financial literacy in financial statements would impact the financial condition of small businesses, as stated in the research conducted by Dahmen and Rodriguez (2014). Additionally, Wise (2013) reported that financial literacy would enable smaller businesses to compete. As a result, the researcher concluded that financial literacy positively affected sustainability and hypothesised that this effect exists.

2.5 SMMEs greatest perceived financial literacy needs

Awareness of current economic events does not, on its own, imply that a person is financially literate; this is made abundantly clear by the multiple meanings attached to the term "financial literacy." Interviews and surveys were used for the research carried out in Switzerland by Lusardi (2019) to investigate the requirement for financial education in small and large businesses. Because large companies have extensive knowledge about financial literacy, the findings of this study showed that small companies have the greatest need for financial education. This is because small companies only had minimal knowledge about financial literacy. Because it is evident that this is a problem even in highly developed countries like Switzerland, this is generally a significant concern for the financial literacy of small businesses.

Another study carried out in the Eastern Cape Province for the Food and Beverage Industry in the form of interviews and observations found an urgent need to improve the financial literacy of the SMMEs owners. The study investigated the need to eliminate financial illiteracy among SMMEs owners in Buffalo (Ngcobo, 2018). According to the study, approximately 70 per cent of SMMEs do not use any financial tools, including budgets and forecasts.

2.6 The level of financial literacy of SMMEs owners influences decision-making.

Akhtar (2018) reiterated that “managers and owners, particularly SMMEs, make diverse decisions as part of their daily operations. Many factors influence expectations, including business strategy, configurations, development systems, performance evaluation procedures, and workflow.” Notably, decisions made by management have the potential to have significant repercussions on the performance and success of the company, and the financial aspects of these dealings should not come as a surprise. Therefore, being financially literate is essential for the owners and managers of businesses if they want their companies to operate effectively. However, Eniola (2015) asserted that the significance of financial decisions could be inferred from the higher failure rate among SMMEs due to their poor financial management. This failure rate was the direct result of inadequate financial management. Small and medium-sized business owners frequently lack significant financial expertise, so they do not fully comprehend their decisions' impact on the company (Akhtar, 2018). Adomako et al. (2015) added that the financial literacy of owners appears to be critical for the growth of firms. Poor decision-making endangers the long-term viability of SMMEs and causes a wide range of operational problems. Undoubtedly, the choices that managers make significantly affect the SMMEs they oversee. A single decision can either improve a company's ability to respond to competitive challenges or cause the business to fail. As a result, if SMME executives lack sufficient understanding of the company's requirements, it is unlikely they will be able to meet them.

Managers of SMMEs and individuals with low financial literacy are more likely to make poor capital-structure decisions for their businesses. For example, “they use the formal financial system less and borrow at higher interest rates than their more financially literate peers” (Lusardi & Bassa Scheresberg, 2013). In general, SMME managers and owners lack solid skills and underestimate the importance of preparing and understanding financial statements when making critical business decisions (Van Auken, 2015). Furthermore, SMMEs frequently make decisions in an uncertain environment without access to comprehensive information, ultimately detrimental to the companies (Beck et al., 2016). However, due to various constraints, the flow of information between SMMEs is often restricted. “These constraints stem from managers' lack of experience, creativity, poor information quality, insufficient resources, and higher agency costs” (Fatoki, 2014).

Furthermore, due to their limited access to alternative sources of capital and their limited ability to participate in financial markets, SMMEs are particularly vulnerable to the negative consequences of making poor and unsound financial decisions. As a result, SMME owners and managers must have a solid understanding of financial concepts for their businesses to survive. As a result,

financially literate managers who understand the importance of financial information are more likely to use financial statements, and their performance is expected to be superior to that of their non-financially literate counterparts (Carragher and Van Auken, 2013).

Poor financial literacy is a fundamental factor contributing to poor financial decisions, which can have serious consequences. According to Akhatar (2018), “sustainability has been concerned with the extreme challenges SMMEs face. One of the fundamental causes of poor financial decisions is a lack of financial literacy. As a result, many concrete trends support the growing global interest in financial literacy as a necessary life skill. This is because financial literacy is regarded as an essential life skill. For example, the Financial Protection Bureau for Consumers (CFPB) and the Office of Financial Education (OFE) in the United States have directives to endorse financial literacy and knowledge to assist SMME owner-managers in forming rational financial decisions.” Other developed and developing countries have SMME support systems. Similarly, the Indian government recognized the Financial Stability and Development Council (FSDC), which was in charge of educating and assisting business owners on various sources of financing (Akhatar, 2018).

Despite this, the level of financial literacy remains low. Ghana's government has approved a national strategy to assist owners and managers of small and medium-sized businesses (Ketley et al., 2012). This strategy will be developed in collaboration with international organizations to increase financial literacy and consumer awareness (Ketley et al., 2012). Similarly, Malaysia's government implemented a three-pronged strategy by establishing a financial functioning committee to oversee financial literacy programs for SMME owners and individuals (Ketley et al., 2012). These programs include: (a) proper briefing and dissemination of information on financial products via print and internet media; (b) institutional programs with all sides of educational arrangements about money management; and (c) outreach programs focusing on women and youth. These programs were created to help SMME owners improve their financial literacy (Ketley et al., 2012).

Financial literacy has gained increasing attention in recent years as a driving force that can deliver human development in both the developed and developing worlds. Small and medium-sized businesses are widely acknowledged to play an essential role in the economy's expansion. Even though SMMEs are critical to the growth of any economy, this sector is still understudied and does not receive adequate attention from researchers. Several researchers, including Drexler et al. (2012), have noted that managers of SMMEs are frequently required to make difficult financial decisions across various aspects of their companies' operations. According to Freiling and Laudien (2013), a lack of skills significantly contributes to the failure of new businesses,

particularly start-ups. This is particularly true in developing nations like Pakistan, Zimbabwe, Mozambique, and South Africa (Akhatar, 2018).

Many SMMEs fail at a much higher rate in developing countries than in developed countries (Arinaitwe et al., 2016). As a result, it is critical to cultivate the SMME sector, particularly managers who, along with their employees, can influence business operations through their awareness, knowledge, and attitude. It should be no surprise that the expansion of SMEs brings several challenges, and managers' responses to these challenges should be informed by more exceptional expertise.

Financial literacy is desperately needed everywhere, especially in small and medium-sized businesses. Most countries' economies rely on the micro, small, and medium-sized enterprise (SMME) sector (Akhatar, 2018). According to the Pakistan Economic Survey, "this sector employs approximately 77% of the total industrial workforce and accounts for approximately 90% of all business sectors." For example, the SMME sector accounts for 40% of Pakistan's annual GDP contribution (SMEDA, Pakistan, 2010). When the economy is in bad shape, this sector may be the only one that can provide a means of subsistence because its contribution to the economy is significant, and its growth is stimulating.

A solid understanding of financial concepts is required for any business's expansion, survival, and overall health. Meanwhile, a country like Pakistan has a very high failure rate for micro, small, and medium-sized enterprises (SMMEs). Furthermore, this sector accounts for roughly 90% of all business sectors. According to the study, "financial literacy among SMME owners and managers positively impacts economic and social well-being by increasing productivity, income, investment, savings, and consumer spending". As a result, financial literacy among SMME managers and owners is an absolute necessity.

2.7 Conclusion

This chapter began with an introduction, in which the objectives of each chapter were outlined. Thereafter, the theoretical framework, which explored financial literacy and sustainability were discussed with the connections between these topics and SMMEs. The purpose of this chapter was to investigate the two ideas of the utmost importance, namely financial literacy and sustainability. After looking into various resources, it has been determined that a solid understanding of finances is necessary to run a company successfully. A positive relationship has been established between financial literacy and sustainability in light of these concepts. This is

because existing literature has provided that low levels of financial literacy in SMMEs can be detrimental to the sustainability of those businesses.

Therefore, an increase in financial literacy may be necessary to improve their long-term viability. In addition, this chapter provided a comprehensive review of the relevant prior literature, which located and established a solid foundation for this research. Previous research on the connection between financial literacy and long-term viability was then reviewed, and various other studies were also considered. Previous research has shown a correlation between a person's level of financial literacy and their ability to maintain their lifestyle. Other significant factors that were covered by a variety of analyses were taken into consideration. Additionally, research conducted in other jurisdictions and countries was incorporated into the review to determine whether there were any significant differences in the findings.

CHAPTER THREE: METHODOLOGY

3.1 Introduction

This chapter provides an overview of the research methods utilised throughout the study to accomplish the primary goal and objectives of the research. The first step in the research methodology is a discussion of the research paradigm, followed by a discussion of the research design. The debate then turned to the question of which research methodology would be most suitable for this investigation. Kothari (2004) asserted that research methodology offers a

methodical approach to the problem-solving process of conducting research. The following research objectives are addressed in this chapter as per outlined on chapter 1.4:

This chapter is structured as follows; the first section discusses the research design, which is preceded by the research paradigm and methodology. The target population, sampling procedure, data collection, and data analysis are discussed.

3.2 Research Design

Creswell and Creswell (2018) defined research methodologies as the ‘plans and processes used by the study to bridge the gap between general assumptions and specific data collection techniques, analysis, and interpretation.’ Creswell and Creswell (2018) distinguish three types of research designs: “quantitative, qualitative, and mixed methodologies”;

- I. Using quantitative methods; quantitative research aims to achieve objectivity, control, and accurate measurement. In these methods, the purpose of using deductive designs is to either prove or disprove specific theories and hypotheses or to build evidence supporting those theories and hypotheses. In “quantitative research design”, the methodology of collecting and analysing numerical data that can be analysed using statistical techniques to investigate a phenomenon and its relationships with other factors methodically and scientifically is included as part of the research design (Creswell & Creswell, 2018).
- II. Qualitative design; Creswell and Creswell (2018) explained that qualitative research is a method for exploring and understanding the meaning that individuals or groups ascribe to a social or human phenomenon or problem. Qualitative research aims to understand how a specific individual or group thinks and the significance that various people ascribe to a wide range of pursuits (Creswell & Creswell, 2018). In most cases, data is collected in the context of the participant, and data analysis typically works inductively, building from specifics to overarching themes.
- III. Mixed methods; involve combining or integrating “qualitative and quantitative research and data (Creswell & Creswell, 2018). Quantitative data typically consists of closed-ended responses, such as those found on structured questionnaires or psychological instruments, whereas qualitative data is typically comprised of open-ended responses and does not typically include predefined responses.” Mixed methods allow researchers to address the complex concerns and problems that arise from using either quantitative or qualitative research approaches (Creswell & Creswell, 2018). Creswell & Creswell (2018) explained that

the mixed research technique is a problem-centred approach to research in which methodologies and theories are employed to solve problems based on relevance to the current subject (Johnson & Onwuegbuzie, 2004). In this study, the mixed method of research was chosen. This type of investigative method is also called 'triangulation.'

In this study, triangulation was used, referring to the use of many qualitative research methods to develop and understand a phenomenon (Rugg, 2007). Triangulation plays a crucial role in testing validity by merging information from various sources (Bengtsson, 2016). Noble & Heale (2019) iterated that there are four types of triangulation: "methodological, investigator, theory, and data source." In this study, data source triangulation was used to promote various methods for data collection, including interviews and observations.

3.3 Research Paradigm, Methods and Methodology

3.3.1 Paradigm

Collis and Hussey (2009) asserted that a research paradigm is "a framework that guides how to conduct research. This framework is founded on people's philosophies and assumptions about the nature of the world and knowledge. A research paradigm can also be defined as beliefs about the best ways to collect, analyze, and apply information about a specific phenomenon" (Collis & Hussey, 2009). Saunders et al. (2016) emphasised the importance of the research model, stating that this framework will guide the research strategy and methods chosen.

Various research paradigms include interpretivism, positivism, pragmatism, subjectivism, and critical thinking. The pragmatism research paradigm was chosen for this study to investigate the repercussions of SMMEs' lack of financial literacy in South Africa. Pragmatism is "a research approach that states that researchers should employ the most appropriate methodological and philosophical approach to the research problem" (Kaushik & Walsh, 2019). This idea introduced the term "pragmatism" (Kaushik & Walsh, 2019). Pragmatism defines quality as "assessing the quality of a study based on its intended purposes, available resources, procedures used, and results obtained, all within a specific context and for a specific audience" (Patton, 2002).

Additionally, Morgan (2014) refers to "pragmatism as a paradigm of choices because there are numerous complex options for integrating the strengths of qualitative and quantitative methods based on the nature of the research." At the same time, Morgan (2014) cautions against the "oversimplified" definition of pragmatism as "what works" and suggests that quality issues, such as "knowledge validity, be critically considered before deciding on the methods to be used. As a

result, pragmatism was used in this study because the pragmatic stance aims to replace one-sided paradigm allegiance by expanding the concrete and practical methodological options available to researchers and evaluators.”

3.4 Target Population

Sekaran and Bougie (2016) defined the target population in their study as the "entire community of individuals, events, or even things that the researcher is interested in and wishes to study or investigate. This study aimed to investigate the impact of SMMEs in South Africa that lacked financial literacy." According to Moos (2015), generalising the target population through a representative sample is justified as a valid inquiry to understand the larger population clearly. As a result, the study's target population consisted of small businesses in South Africa's Gauteng province. At the time of the study, these were existing start-ups and established small businesses that paid their employees' salaries or wages for three months to two years. The Gauteng province's SMME database was obtained from the Republic of South Africa's Department of Small Business Development (SMMESA, 2020). During the study period, 1000 SMMEs in Gauteng province were identified.

3.5 Sample procedure and the sample size

Peck et al. (2015) defined the sample as "a subset of a population carefully chosen for a study. Quinlan (2011) believes that through a sample investigation, the researcher can determine "how representative the sample is of the population, necessitating a large sampling ratio in a small target population and a small sample ratio in a large population."

A representative sample of the study population was chosen using random sampling. According to The Economic Times (2022), "random sampling is a technique in which each sample has an equal chance of being chosen." Additionally, a sample drawn at random is intended to be an unbiased representation of the entire population (The Economic Times, 2022). A sample of 1000 registered SMMEs in Gauteng Province was obtained using an online sample size calculator (Calculator Net, 2022). This calculator computes the minimum number of necessary samples to meet the desired statistical constraints. The confidence level (95%), the margin of error (5%), population proportion (50%), and blank interphase of population size are fixed variables in the calculator. The researcher entered the total population of 1000 registered SMMEs in Gauteng and then pressed enter; the calculator automatically generated a representative sample of 227 SMMEs.

3.6 Data Collection Instrument

Data collection is "the method of collecting and systematically calculating selected variables. The systematic collection of data assists the researcher in answering specific questions and analysing findings (Bairagi & Munot, 2019). Data collection techniques include investigating primary and secondary data sources (Bairagi & Munot, 2019). As a form of primary data collection, this study used individualised interviews, internet-based questionnaire, and an online survey (Saunders et al., 2016). Secondary data sources included peer-reviewed and non-peer-reviewed articles obtained from the digital library database at Cape Peninsula Business School. It included articles, journals, and books on the topics used in the critical literature review (Saunders et al., 2016). Despite these secondary sources, they provide statistics and opinions that can be used to make comparisons and contrasts (Saunders et al., 2016). It is critical to conduct research and cite relevant scholars and critics to supplement the research (Saunders et al., 2016).

In addition, for data collection, the researcher used open and closed-ended questionnaire as the research instrument (see Appendix A). Firstly, the instrument was structured in Microsoft Office 2016; an electronic version of the instrument was designed on Question Pro. Question Pro is an online software for conducting surveys. Its benefits are enormous but not limited to creating digital questionnaires; distributing and collecting responses in real-time using email surveys, mobile surveys, and SMS surveys; automatic analysis of results in real-time; data can be exported into Excel, SPSS, or CSVs (Question Pro, 2022).

3.7 Data Collection

A link consisting of the survey questionnaire was created and sent via email to distribute the survey to the sampled SMMEs. Additionally, the survey allowed participants to only answer and send it once to prevent repeated responses.

3.8 Research instrument

The research method used for this study was a questionnaire, which was an acceptable way to gather information because it is relatively quick to collect data. The responses were compiled comparably by distributing or sending the same type of questions to the 200 selected SMMEs. Closed-ended questions were employed to ask about "financial literacy", sustainability, and other research-related issues (see appendix A). The following items were taken into account when designing a questionnaire:

- I. Appearance or design: The layout of the questionnaire was pleasing and straightforward to read. According to Welman et al. (2005), the questionnaire layout should be designed

so the reader can easily follow instructions. A poor and perplexing layout may result in errors or no response from respondents (Mouton (2015).

- II. Respondent literacy level: Welman et al. (2005) asserted that “consideration should be given to the respondents' language command because this is one of the factors that lead to better accuracy of the information gathered from the respondents.” As a result, this questionnaire was created using words and concepts that the respondent was already familiar with (Welman et al., 2005).
- III. Question sequence: Prior studies indicated that the sequence of questions might adversely affect the response accuracy and response rate Mouton (2015). This questionnaire was structured in a non-confusing manner, and the sequence of the questions started with a few easy-to-answer, followed by in-depth questions grouped per subject matter.

3.8.1. Closed-ended questions

Closed-ended questions are simple tools for gathering quantitative data (Durheim, 2000). Closed-ended questions are designed to be answered with "Yes" or "No" answers or ticking boxes. Closed-ended questions elicit little participation (Durheim, 2000). The author indicated that “participants' responses to closed-ended questions are limited to a fixed set of responses.” Furthermore, the author observes that closed-ended questions elicit more responses. According to a study by Reja, Manfreda, Hlebec, and Vehovar (2003), closed-ended questions limit respondents to the standard available opportunities. Because this study used quantitative methods, closed-ended questions were used to collect data on the effects of financial literacy on the sustainability of SMMEs (Reja, Manfreda, Hlebec & Vehovar, 2003). This method collected data quickly, but the information was limited.

3.9 Data Coding and Analysis

Data analysis can be used to draw conclusions, patterns, frequency, percentages, statistics, and relationships from data (Marshall and Rossman, 2016). Marshall and Rossman (2016) asserted that "data analysis is the process of placing order, structure, and meaning into a large amount of data." Additionally, the scholars pointed out that it is a complicated, ambiguous, time-consuming, imaginative, and intriguing method that does not proceed linearly. As a result, data from the study's online questionnaire administration research were examined using the IDM Statistical Package for Social Science (SPSS) version 25 (Marshall and Rossman, 2016).

Saunders et al. (2016) reiterated that the "Statistical Package for Social Sciences (SPSS) version 25 is a statistical package capable of performing both descriptive and inferential statistical analyses, presenting information in tabular or graphical form, importing information from existing data sources such as databases or spreadsheets, and producing output ready for inclusion in the final reproduction." Van Zyl (2014) adds that the goal of data analysis is more than just attempting to manipulate figures; the bigger goal is to learn something valuable about human social behaviour. The researcher used the data analysis approach described by Creswell and Creswell in this study (2017);

- I. Coding the data obtained by assigning the raw data to numerical values;
- II. Investigating the data in order to spot patterns and trends;
- III. Analysing the data with the help of quantitative statistical software;
- IV. Presenting the data in the form of graphs, tables, and diagrams;
- V. Interpretation of results and testing of data validity and reliability.

The data were therefore analysed using descriptive and inferential analysis (Beest & Braam, 2009). The data analysis provided concise statistics on determining the central tendency measurements, which are frequencies and percentages (mean, standard deviation, median, range), and the hypothesis test was evaluated using Z-value, P-value and other techniques (Beest & Braam, 2009). The validity and reliability of the data were tested using exploratory factor analysis (Beest & Braam, 2009). The statistical package also used Cronbach's Alpha Coefficients to test internal reliability. These results were graphically documented and displayed via tables and figures. The data was then processed for interpretation of the results in Microsoft Excel.

3.10 Validity and Reliability

For science and social research, the quality and reliability of data measuring instruments are critical (Brynard & Hanekom, 2016). Validity is defined by Saunders et al. (2016) as an instrument's ability to measure what it should be measuring. According to Quinlan (2011), validity refers to the fact that the work in question is rational and substantive. Before sending the questionnaire to the survey participants, the researcher conducted a pilot study to ensure its validity. This study was aligned following the methodology and data collection; the data was also compared to the data from other literature in different Industries and areas of study, cities and countries.

"The consistency, precision, repeatability, and trustworthiness of the research are all measured by reliability" (Schindler, 2005). Schindler (2005) stated that "reliability is a measurement that

produces consistent results with equal values. As a result, reliability is a measure of accuracy, and internal consistency refers to people's responses being consistent across multiple items on a survey." We conducted a pilot study to pre-test the questions to improve reliability; the questionnaire was distributed to ten SMMEs in Pretoria CBD.

The researcher pointed out that all items on such tests should reflect the same underlying construct, allowing dealers' scores on those items to be correlated. The internal reliability of the data collected by the dealers was measured using Cronbach's alpha coefficient. According to George & Mallery (2003), reliability estimates of greater than 0.70 are generally considered acceptable in most applications, while values of less than 0.50 are considered unacceptable. After the test, minor changes were made to the questionnaire before being sent to a large pool of SMMEs.

The study's trustworthiness, reliability, and dependability were evaluated for this study. Questionnaires were distributed to ten Gauteng province SMME owners/managers. The managers/owners were asked to see if the questionnaires would help them figure out what was causing the problem and what could be done to address it.

3.11 Dependability

Babbie and Mourtou (2002) averred that "reliability is the issue of a study's audience requiring proof that the same results will be obtained if replicated with the same subjects and in the same environment." This refers to the consistency and reliability of the data over time and under various conditions (Babbie and Mourtou, 2002). As a result, the findings would be sufficient in determining whether or not reliability exists. Similarly, credibility is a requirement for trustworthiness. There is no credibility in the absence of reliability, just as there is no validity in the absence of reliability (Babbie and Mourtou, 2002).

3.12 Follow-up interview

This section delves into the use of interviews as a data collection tool. The purpose of the interview in this study context is to provide more information about the study's population. According to Gubrium and Holstein (2001), "an interview is a mutual conversation tool in which the interviewer gathers information on the respondent's or interviewee's views by asking questions; the goal is to obtain information for a specific reason from the interviewees, who are allowed to give their

answers.” According to Maree (2007), “interviews can take various forms, the most common being unstructured, structured, and semi-structured interviewing.”

The purpose of an in-depth semi-structured follow-up interview with all study participants was to ensure that the responses provided by the participants were adequately understood and that such results were accurately reflected within the study. After completing the questionnaires and reviewing the responses, the participants were interviewed in a semi-structured format. The interview was such that respondents clarified responses for sections (B and C). Additionally, they elaborated on responses relating to questions 2–4 in section F. Although the questions were closed-ended, respondents were given an option to elaborate. The results were recorded on the questionnaires that the participants returned.

The interview's study population included all respondents who completed the questionnaire. Interviews were conducted in different forms due to the availability of the respondents and due to covid-19 regulations; 30% of the interviews were face-to-face since the respondents were unable to use the other virtual forms of interview and wanted to see the researcher in person, 50% of the interview were conducted via skype, and 20% of the interviews were done via WhatsApp audio calls and video calls with the respondents. Additionally, an online platform (Question Pro) was used for over three weeks for data collection from the study. The researcher chose online research because it provides access to groups and individuals through other channels that would be difficult, if not impossible, to reach (Sekaran & Bougie, 2016). The tool was pre-tested on a convenience sample of 20 Gauteng-based start-ups and small businesses.

3.14 Reliability and validity of the interview

Several different approaches can be taken to guarantee the dependability of a data collection tool. As previously stated, the study employed a tailored version of the test reliability method, which included the interview. The interview, in the form of an in-depth semi-structured follow-up interview, supplements the questionnaire and vice versa. The documented responses were read back to the respondents to validate that they reflected their views for increasing the validity of the responses captured for the interviews.

3.15 Ethical Considerations

Privitera (2014) noted that research ethics “is a concept used to define and justify the behaviour scholars ought to perform to pursue ethical and moral studies.” Ethical access and permission

requirements are critical for active research initiatives (Saunders et al., 2016). Kumar (2014) also argues that various parties are interested in the work; thus, it is essential to examine ethical issues relating to everyone. The analysis was intended to ask the respondents for sensitive data that demands honesty and could influence the level of reaction or information gathered.

It is of the utmost importance to ensure that all of the research for a dissertation is carried out and finished in an ethically responsible manner. Considering that dissertation research is a very lengthy and involved process. All of the information gathered from the various sources, including the dates on which it was gathered, was referenced so that the research could be carried out responsibly. In addition, it is essential to respect the ownership rights of those authors who have written about others, contradicted, and compiled information on the previously covered topics.

Prior, all of the people who were going to be interviewed or observed gave their informed and written consent to participate in the study. In addition, a participant consent form was delivered to each research candidate who would be interviewed. This form informed the candidates about the purpose of the research interview and that the information they provided would be used solely for academic purposes and would not be disclosed to any third parties. Saunders et al. (2016) argued that "it would have been unethical to research if they had failed to make the research participants aware of the purpose or nature of the research (2016). The moral and professional discretion of the managers and owners of SMMEs that were interviewed has been preserved."

The confidentiality of all participants who provided information was respected, so no private, harmful, or sensitive data was collected as part of the research. No information gathered by respondents has been tampered with. All research was conducted independently to avoid any potential conflicts of interest. As a result, the researchers' academic institute provided a set of ethical codes and guidelines to ensure that all activities conducted to carry out the research were permissible and legal.

Only the researcher knew about password protection was encrypted access to the completed online questionnaires. The obtained information only was utilised for data processing activities, and all data analysis and evaluation were performed by the investigator personally. For every other entity, no raw data was exchanged.

3.16 Limitations of Methodology

"A bias is any effect, position, or set of terms that, alone or in groups, misrepresent the information" (Ormrod & Leedy, 2010). The time constraint is a significant difference between

primary and secondary research. Organising separate interviews, compiling the information, and collecting the appropriate raw or statistical data relevant to the thesis question, for example, are major time consumers. Setting open-ended questionnaires is frequently avoided or left unanswered by some corporations' busy staff. As a result, the researcher kept the questionnaires as simple as possible to make it easier for the study subjects who filled them out.

The analysis encountered various monetary difficulties in this phase, its multiplicity replicability, and operation. Monetary limitations prohibited the researcher from hiring skilled questionnaire managers to administer the survey or hiring a professional narrative reaction interpreter. In the chosen sample strategy, there was also a chance of sampling bias, in which a multiplier methodology was used for recruiting a polling firm because of cost restrictions on the researcher to use a simple random sampling from across the province of Gauteng.

Some of those who were interviewed gave biased information to protect their reputations and avoid appearing unprofessional. The reliability of the findings was consequently compromised as a consequence of this. Another issue during the interviewing process was that some interviewees were not forthcoming with their responses, particularly regarding questions of a more personal nature. It was difficult to obtain specific interviews with particular SMME managers or owners due to the many restrictions imposed and limited time available. There was a significant barrier in the form of a lack of permission and consent from other SMMEs, which made it difficult to gain access to interview certain managers and owners about their financial literacy.

The findings and results obtained through questionnaires and interviews may be too narrow or even too broad, depending on the activities observed or questions answered, to provide any factual or worthwhile data that could significantly contribute to the thesis. This is because the findings and results are either too narrow or too broad, depending on the activities observed or the questions answered. When it comes to the questionnaires, it would be challenging to analyse the findings if not all of the questionnaires were returned, completed, and, most importantly, understood.

3.17 Conclusion

This chapter outlined the methodology and reasoning behind the research theory, research design, and data collection method to address the research aims. The procedure for conducting the research unearthed problems with the quality of the research as well as the validity and reliability of the data collection and analysis methods. Analyses were conducted on a variety of research methodologies and research designs. It was decided that this study would use a mixed-

methods research approach, consisting of both quantitative and qualitative research. In order to validate the research method, a sample size calculator found online was used to select 200 responses as the appropriate number for the sample. As a result, the questionnaires' administration, reliability, and validity, which included a total of 200 responses, were discussed. It is essential to remember that a questionnaire reliability test was carried out to ensure the validity of the data collected for this study. This is something that should be taken into consideration. In the end, it shed some light on the ethical considerations that were utilised in this chapter.

CHAPTER FOUR: DATA PRESENTATION, ANALYSIS AND DISCUSSION OF RESULTS

4.1 Introduction

This chapter provides an overview of the quantitative and qualitative data collected, interpretations, and a discussion of the findings. It is preceded by comments on the analysis of the quantitative and qualitative findings. This Chapter concludes with a summary of the findings and a conclusion on the key findings.

4.2 Quantitative data analysis and discussion

Table 4.1 Sample distribution breakdown (based on questionnaires distributed)

Classifications	Questionnaire distributed	Turn-up proportion
Professional		100%
Administration		
Consultant		

Other, please specify		
Total	200	100%
Valid responses	200	100%
Invalid responses	0	0%

Table 4.1 indicates that from the 200 questionnaire administered to the respondents, a 100% valid response rate was achieved through the effort made by the researcher of repeatedly reminding the respondents through emails, WhatsApp, calling, and, if appropriate, personal collection. Table 4.2 presents reliability statistics using Cronbach's Alpha coefficient. Findings revealed that 20 respondents who did not participate in the main study were utilised, and interestingly, Cronbach's coefficient was 0.862. The theory behind the coefficient is that the observed score equals the total score plus the measurement error. For example, "Cronbach's Alpha" is 0.83, whereas the "Cronbach's Alpha" based on Standardised items is 0.862; this suggests that the measurement error is approximately 2.8%, which is minimal.

Table 4.2: Cronbach's Alpha Reliability Statistics

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardised Items	Number of items (n)
0.834	0.862	20

Demographic data (gender, age, ethnicity group, formal education) were collected and analysed to determine if the sample size (n=200) accurately reflected the target population's attainment and the number of years of operations/service. The demographic composition of the research study is depicted in Figures 4.1, 4.2, and 4.3 below.

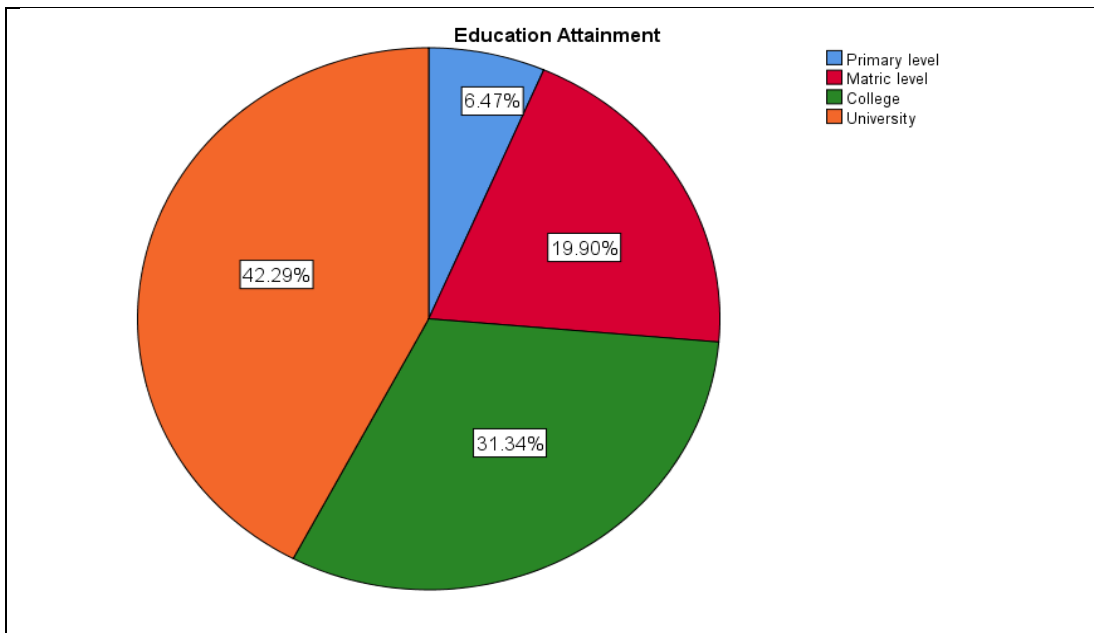


Fig 4.1: SMME owner's Level Education. (see attached appendix A below)

Figure 4.1 presents the education levels of the respondents or SMMEs; findings revealed that the respondents' most minor education level attained was primary level, whereas the highest education level attained was a university degree. Additionally, the results showed that approximately 42.29% of the respondents have a university degree, 31.34% have a college certificate, and 19.9% have at least a matric certificate. One missing puzzle is what degree or college certificate they have. For example, someone can attain a degree in engineering and lack the financial skills to manage an SMME. Although the exact field of expertise is not known, one can classify these individuals as literate, in line with the definition of literacy by Remund (2010), as an individual possesses the skills necessary to read, write, and communicate.

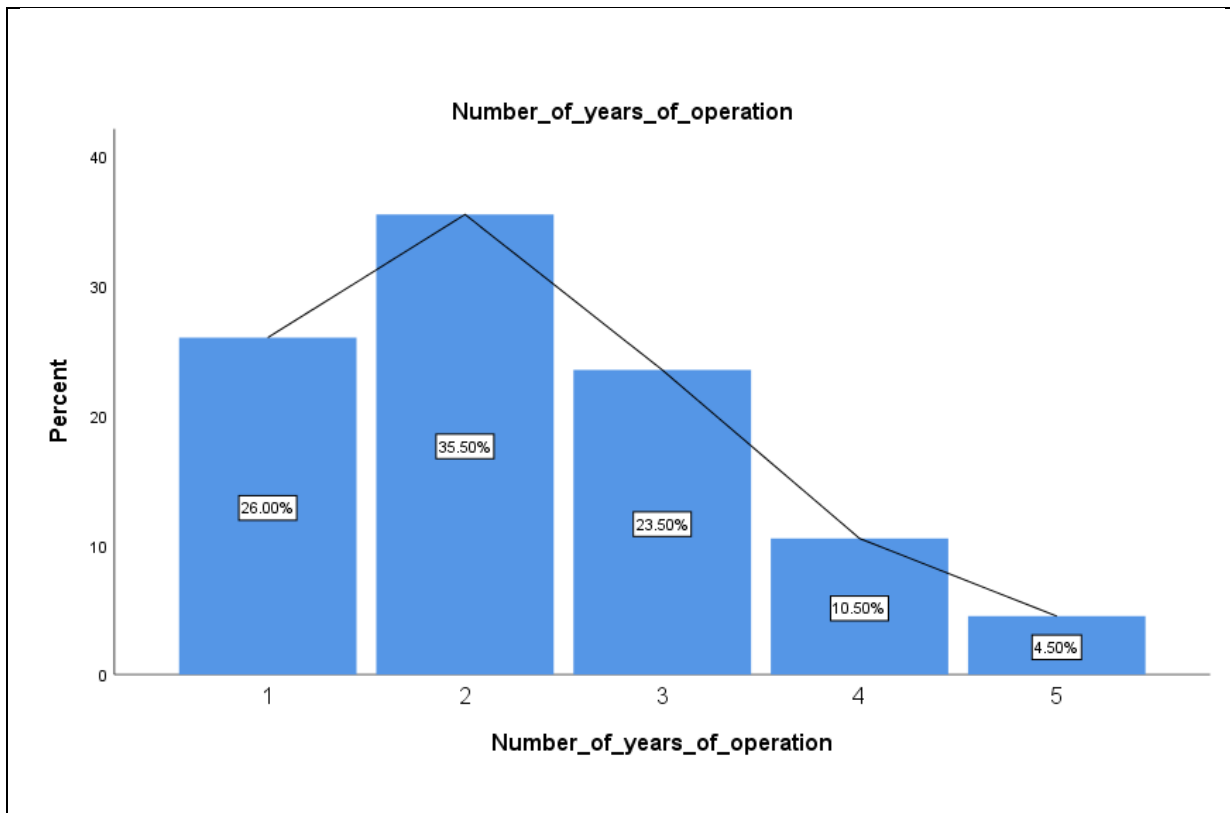


Fig 4.2 *Number of years SMMEs have been in operation (see attached appendix A below)*

In this research study, business operation refers "to the number of years the business has been in operation. Key findings showed that the number of years of operation ranged from one to five." The vast majority of SMMEs (35.5%) have been in business for at least two years, with around 26.0% accounting for enterprises that have been in business for at least one year (Figure 4.2). Additionally, 23.38% represented three years old business, whereas 10.45% represented business SMMEs operational for four years, and minimal SMMEs have been operating for five years (4.50%).

The general trend that can be observed from the above data is that a majority of SMMEs in operation reach a peak after two years; after that, a declining trend is observed. For example, between year two and year three, the number of operating SMMEs declined from 35.5% to 23.5%, between year three and year four, it declined from 23.5% to 10.5%, and between year four to year five, it declined from 10.5% to 4.5%. A salient question is why a few SMMEs remain operational for five years. Ye and Kulathunga's (2019) findings revealed that financial literacy positively affects the sustainability of SMMEs, which agrees with hypothesis one of this study. Although the findings of this study do not indicate the exact qualifications of the owners of studied SMMEs, generally, it can be presumed that literacy does have an impact on the sustainability of SMMEs.

Table 4.3: SMME's Number of employees (see attached appendix A below)

Statistics		
	Number of years of operations	Number of employees
Valid answers	200	200
Missing	0	0
Mean	2.32	2.74
Mode	2	1
Standard Deviation	1.106	1.561
Skewness	0.621	0.297
Standard error of skewness	0.172	0.172
Minimum	1	1
maximum	5	5

Regarding the number of employees, the researcher observed that, in the first year of business operation, the average number of people employed by the SMMEs in this study is 2. However, in the most recent year of business operation, the overall average number of employees rose from 2 to 4 in the first year of business operation. This shows that small businesses in this study contributed to creating employment by increasing the number of employees. Although the minimum number of employees remained at 1 in the most recent year of business operation, the maximum is 5. When measured by the rise in the number of employees, the change in the average number of employees indicates growth in employment and business success. Kalidas et al. (2022) asserted “that SMMEs are the lifeblood of South Africa’s economy because they represent 98% of the businesses and between 50 and 60 per cent of people across sectors.” SEDA (2020) estimated that South Africa has approximately 2.36 million SMMEs, assuming each SMME employs five people on average. This suggests that SMMEs in South Africa employ approximately 11.8 million people.

Table 4.4: Correlations between study variables (see attached appendix A below)

Correlations						
		Q8. Financial literacy is a knowledge resource that determines the sustainability of SMMEs.	Q9. Financial literacy plays a significant role in value creation process of SMMEs which leads to sustainability.	Q10. Financial literacy is positively related to SMMEs sustainability.	Financial literacy contributes to an organisation's knowledge base	Relationship between SMMEs financial literacy and sustainability
Q8. Financial literacy is a knowledge resource that determines the sustainability of SMMEs.	Pearson Correlation	1	.751**	.731**	.666**	.701**
	Sig. (2-tailed)		.000	.000	.000	.000
	N	199	199	199	199	199
Q9. Financial literacy plays a significant role in value creation process of SMMEs which leads to sustainability.	Pearson Correlation	.751**	1	.805**	.688**	.710**
	Sig. (2-tailed)	.000		.000	.000	.000
	N	199	200	200	200	200
Q10. Financial literacy is positively related to SMMEs sustainability.	Pearson Correlation	.731**	.805**	1	.658**	.711**
	Sig. (2-tailed)	.000	.000		.000	.000
	N	199	200	200	200	200
Financial literacy contributes to an organisation's knowledge base	Pearson Correlation	.666**	.688**	.658**	1	.660**
	Sig. (2-tailed)	.000	.000	.000		.000
	N	199	200	200	200	200
Relationship between SMMEs financial literacy and sustainability	Pearson Correlation	.701**	.710**	.711**	.660**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	199	200	200	200	200

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

Maree et al. (2016) argue that factor analysis is performed to determine items that require similar answers and measure a similar dimension. Thus, relating to this study, five study constructs were used to construct or estimate the relationship between financial literacy and sustainability. Table 4.4 illustrate the Pearson's correlations for the study. The correlation table reveals that financial knowledge plays a crucial role in determining the sustainability of SMMEs. A Pearson value of 0.10 is less than the confidence level of 0.50, and a p-value of 0.01 is less than the level of significance of 0.05, indicating a significant link.

Furthermore, the value of 0.751 demonstrated that financial literacy played an essential part in the value generation of SMMEs, resulting in sustainability. Financial literacy is related to financial knowledge and resources and, thus, to sustainability. However, at the 5% level, the p-value suggests a significant association between the two variables.

Wickham's model (1998) was used to conduct statistical tests to see if there was a link between various financial literacy components and sustainability. Given a p-value of 0.0582, the hypothesis stating the absence of a link between the variables was accepted at a 0.05 level of significance. Key findings revealed no statistically significant association between the independent variable of financial literacy and the various dependent variables of financial, strategic, and structural aspects of sustainability.

Financial literacy contributed to SMME sustainability, with a positive value of 0.666. The results of this study authenticate hypothesis 2; however, it contrasts with the results of the prior findings by Werner Swatz (2013), which indicated that financial literacy does not influence the sustainability of SMMEs and access to bank finance. The findings of this study also demonstrate that financial literacy impacts sustainability, implying that if the average financial literacy level of SMME owners is low, it impacts the SMME's sustainability. Again, this contradicts the findings of previous studies (Oláh et al., 2019), which found that financial literacy does not affect the viability of SMMEs.

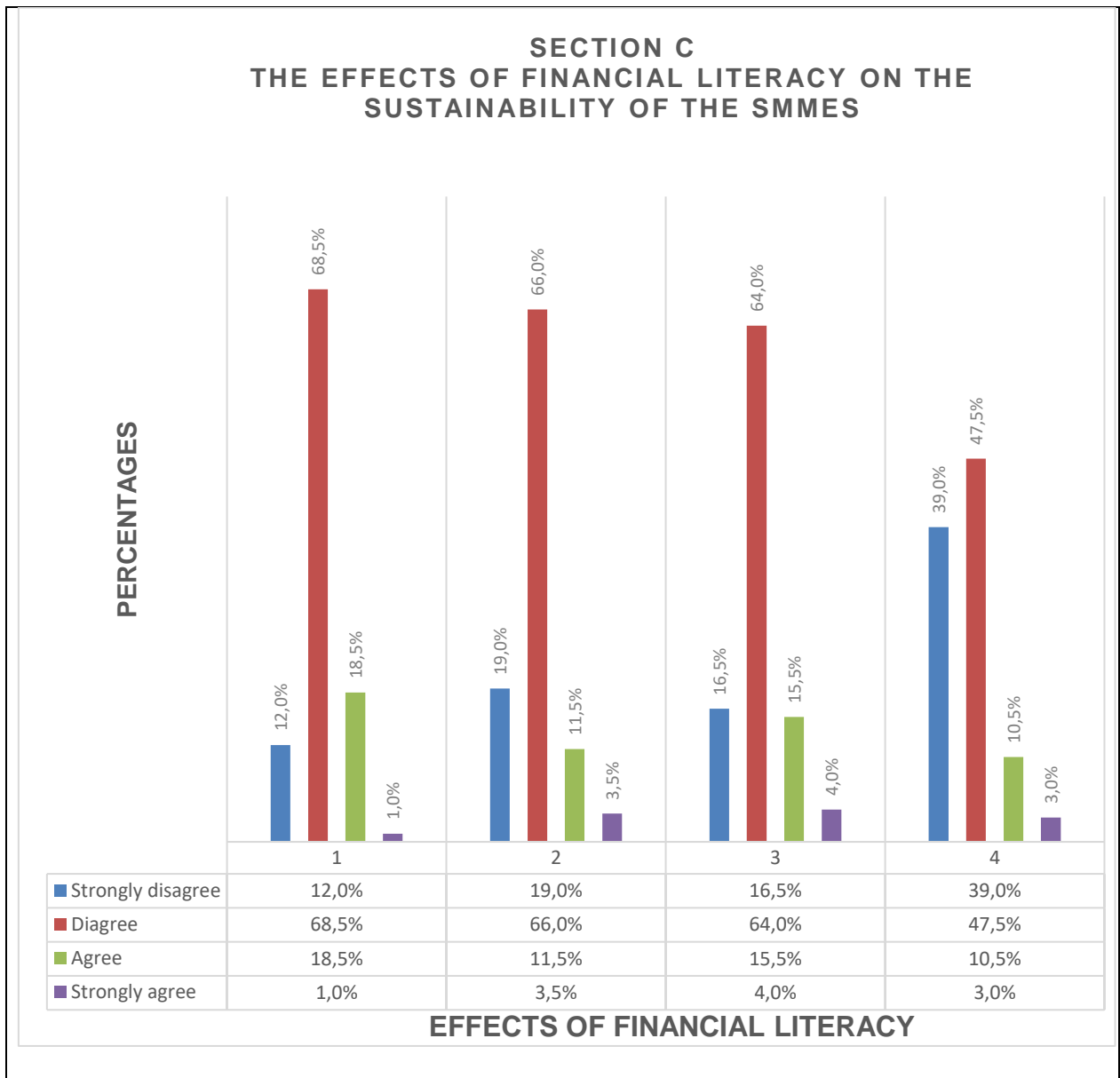


Figure 4.3: The effect of financial literacy on sustainability (see appendix A for a detailed explanation of questions 1, 2, 3, and 4)

Access to finance was measured using the approach Bongomin et al. (2010) provided, which consisted of five items. The researcher adjusted the items to make them more suited for the SMME environment. The researcher discovered a direct positive relationship or effect between SMME sustainability and access to funding through the responses on the questions. "The financial services provided by the bank have improved SMME business, for example; all responses were given on a five-point Likert scale ranging from 1 (strongly disagree) to 4 (strongly agree) (strongly

agree).” The study discovered that access to money and financial risk attitude somewhat mediated the association between financial literacy and the viability of SMMEs, supporting the fourth and fifth hypotheses.

Access to finance mediates the relationship between financial literacy and SMME sustainability, consistent with peaking order theory, which states that “financial literacy improves SMME sustainability by closing the information gap and allowing SMMEs to access appropriate sources of finance.” Oláh et al. (2019) pointed out that “to some extent; financial literacy enables SMMEs to develop a sound and adequate organisational capital structure, lowering capital expenses and increasing sustainability.” This study confirmed the previous study's findings by demonstrating the negative influence of a financial risk mindset on SMME sustainability (Oláh et al., 2019). The findings do not support the claim that persons with a higher level of financial literacy can effectively regulate their financial risk attitudes. Furthermore, it was discovered that the managers or owners of SMMEs have deficiencies in capital market tools. This indicates that the government must establish a programme to introduce SMME business persons in South Africa to the capital market, which is also necessary to develop SMMEs.

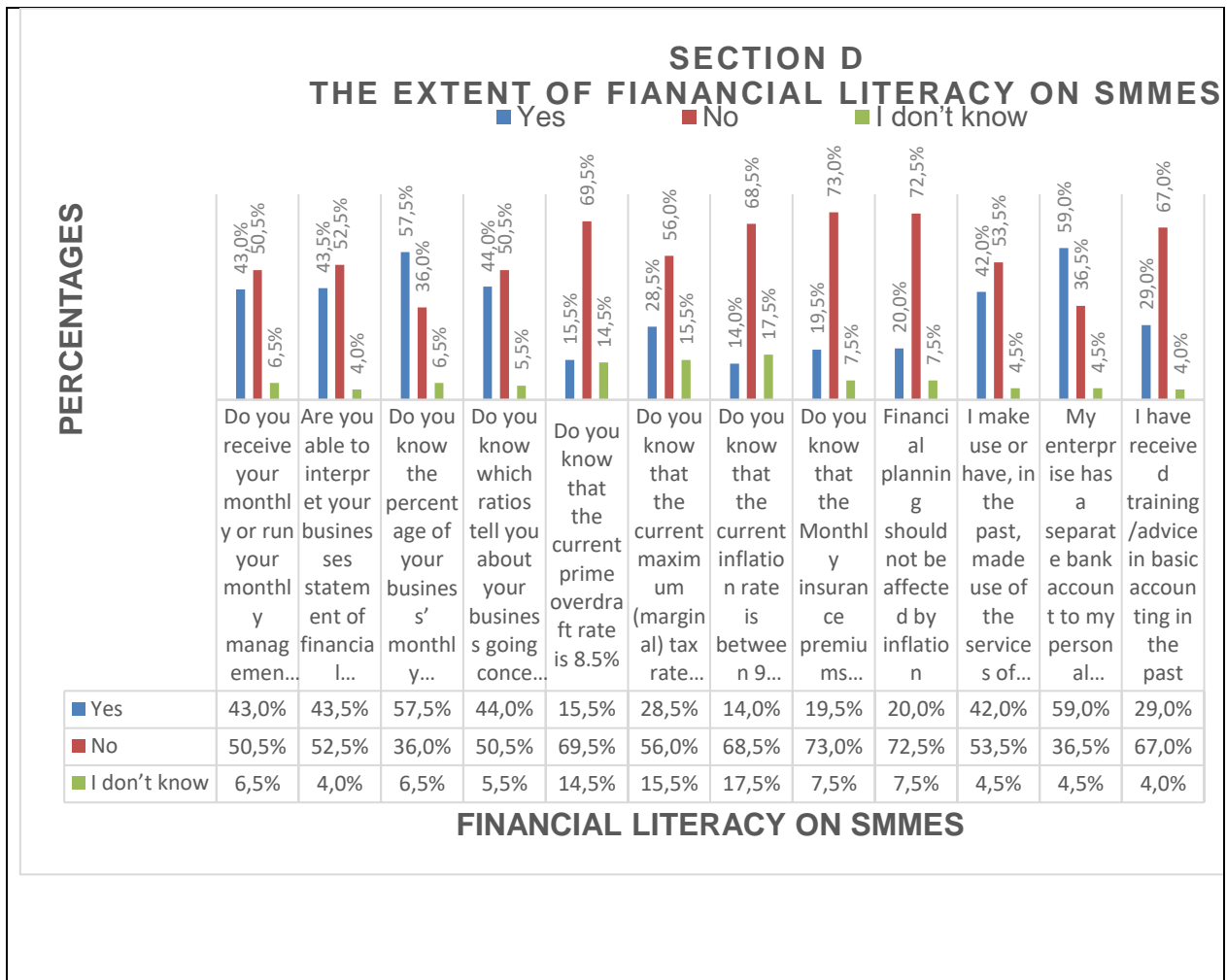


Figure 4.4: The extent of financial literacy on SMMEs sustainability (see attached appendix A below)

Figure 4.4 depicts the extent of financial literacy on SMME sustainability, which addresses question 2 (What are the effects of financial literacy on the sustainability of SMMEs?) "Consumers gain from financial education when they know what questions to ask when dealing with financial institutions, how to handle sophisticated financial products, and whom to complain to when they have difficulties with financial institutions" (Tamaki et al., 2011). A regression analysis was performed on different financial access dimensions to examine the extent to which the independent variable (financial literacy) influences the dependent variable (decision-making). 43.0% of interviewees agreed that they receive monthly business management packs from financial institutions, while 50.5% disagreed. Surprisingly, 6.5% said they were unaware of such utterances. In terms of financial statements, 43.5% of participants could interpret their business statements, whereas more than half were unable to do so.

Regarding the monthly business percentage sales on credit, 57.5% agreed they understood it, whereas 36.0% indicated that they did not know. Apart from the above, 57.5% indicated that they know the percentage age of their business going concerned, whereas 36.0% disagreed that they know the percentage of their business going concerned, while 6.5% have no idea about the percentage age of their business. Additionally, findings also showed that 44% of the participants agreed that ratios tell them about a business concern, whereas 50.5% disagreed with the notion, and 5.5% postulated that they do not know to what extent a ratio tells them about a business concern.

The research results also indicated that approximately 15.5% of the participants know that the current prime overdraft rate is 8.5%, whereas 69.5% disagreed that they know the percentage, and 14.5% have no idea what the overdraft rate is as well as the percentage itself. Generally, the majority of the respondents were not aware of the financial products and activities that were currently available in the marketplace. This finding is consistent with the behaviour of low uptake of loans to finance their businesses as well.

The findings indicated that the financial literacy understanding levels of small- and micro-enterprise owners are low. These finding are in line with the those of Miller et al. (2009) and Louw et al. (2013), that the financial literacy levels of small business owners are low, as well as Chimucheka and Rungani (2011), who found that small- and micro-enterprise owners considered themselves to be financially illiterate. Major areas of Improvements identified were related to the knowledge and understanding of overdraft, Ratios, financial reports, etc (NCEE, 2005; Louw et al., 2013), as well as “decision-making” (Oanea & Dornean, 2012).

The use of the services of accountants, financial advisors, lawyers and other professionals for the purpose of the enterprise among the small- and micro-enterprises is not very common as only 42% of the respondents responded positive to the question related to the used of these services. The accounting skills and abilities of the small- and micro-enterprise owners came into question after poor results were scored in the questions related to basic accounting training.

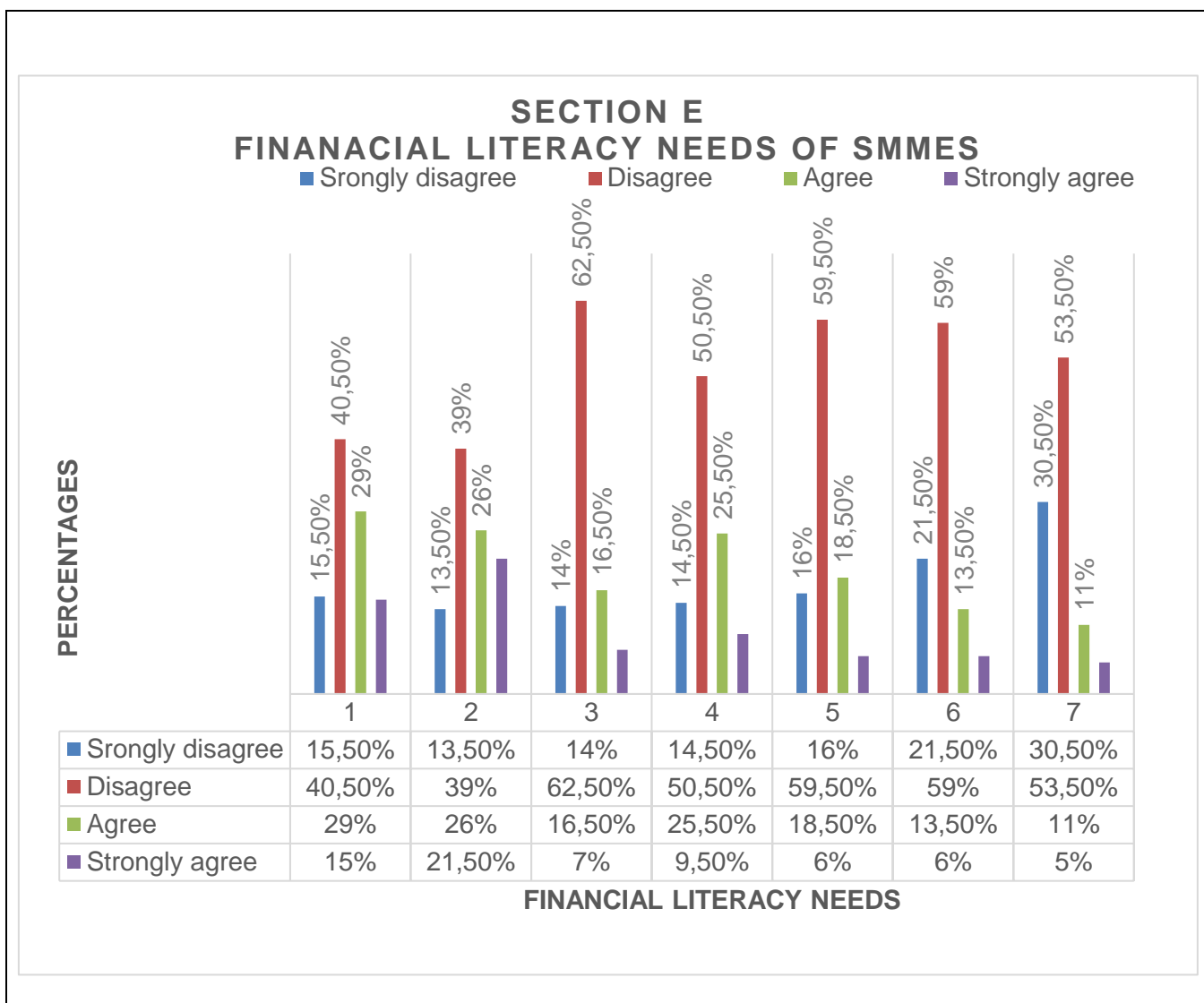


Figure 4.5: Financial literacy needs of SMMEs towards sustainability (see attached appendix A below)

4.3 Qualitative data analysis and discussion

In collecting qualitative data, in-depth interviews were conducted. Of the six participants, three were male, and three were female entrepreneurs. Participants in this study own businesses that provide products and services such as; food and catering, community cinemas, beauty and cosmetics, and carpentry products.

4.3.1 Financial literacy contributes to an organisation's knowledge base.

Regarding the contribution of financial literacy to the organisation's knowledge base, one of the participants argues that;

“.....I do not see the importance of incurring an extra rand in buying and manning books of accounts. All I need to do is to jot down the costs of the materials I bought so that I can factor in my profit when selling these chairs.” Thus, from the study point of view, those participants with low levels of financial literacy also had low education and otherwise low scope of decision-making on the plans to expand their businesses.

As a result of the preceding, it was discovered that financial literacy in the Gauteng provincial SMMEs sector did not broadly contain the knowledge and cognitive capacities required to manage finances and make good financial decisions. This study's findings are congruent with those of Eresia-Eke and Raath (2013), who discovered “no association between financial literacy and the sustainability of SMMEs when evaluating owner-managers' financial literacy to index organisations' financial literacy.” According to the research findings, many SMMEs believe financial literacy is not required to run their enterprises and maintain sustainability. This view was supported by one interviewee, an owner of an SMME company in the study area, as she indicated that:

“.....most small scale and medium companies did not collapse because owners lack financial literacy.”

Interviews conducted in this study show that owners of SMMEs have no solid financial literacy because they can make effective financial decisions when buying things for the company. Most respondents believe that sustainability and financial literacy do not work hand in hand. Some of the examples cited by respondents show that business owners might use their basic knowledge to guide them that they are making wrong financial decisions where there is no financial literacy. To support this, one participant confidently put forward the following statement without hesitation:

“.....I am not educated. I failed Matric qualifications, but I am faring in this business even better than those who think are more educated. These days you can talk of money with education. You cannot talk of education without money in South Africa. Banks respected me and gave me a loan just because I have money, not education.”

However, according to the researcher, the participants may purchase pricey items, depleting the SMME's bank account and budget. This seemed a blatant mistake to the researcher, as money cannot substitute education. Decisions are made on a daily basis in the business; some education is required to obtain a loan. When pressed further, the entrepreneur admitted ignorance about the type of loan and the mode of interest rates paid by banks. As a result, business judgments may be immature, unsuitable, or hazardous.

The researcher notes that most of these SMMEs could sink unknowingly, directly affecting their future business prospects in sustaining the brand, diversifying and maintaining that value proposition. That said, it remains to be seen among captains of industries, SMME owners, or even aspiring business people to invest in financial literacy. The process could better be run in a simplified manner in which those who have not pursued education to higher levels could still grasp the concept of making effective financial decisions.

Given the above findings, financial literacy and the sustainability of SMMEs are two intertwined concepts that must be vigorously supported. People with solid financial literacy plan effectively and make appropriate financial decisions to ensure that the business does not sink and that the brand continues until an SMME becomes a large corporation. However, the journey does not end there. Rather SMMEs have massive potential to become multinational corporations to operate at an international or global scale.

4.3.2 The effects of financial literacy on the sustainability of SMMEs

The respondents indicated that “financial literacy does not affect sustainability, which means that even though the average financial literacy level of SMME owners is moderate, it does not affect the sustainability of SMEs. This is because of the low rate of return on the first money spent to start a business.” Furthermore, this suggests that the length of the return on initial capital causes SMEs to have weak or low sustainability. According to the research, financial literacy has three components: knowledge, confidence, and skills. The data processing results suggested that most SMME owners or managers possessed knowledge and confidence but could not handle their money.

The cause of financial literacy has minimal effect on the sustainability of SMMEs in South Africa's Gauteng province, which is influenced by other factors. This is evident in SMMEs' short-term perspective in making business decisions, such as the absence of the notion of sustainable innovation and inconsistent primary business activities. Finally, the development of SMME's long-

term performance is not adequately directed. Strategic actions are required to improve sustainability. This contradicts Acharya's (2015) research, which emphasised improving sustainability through financial literacy. Furthermore, Aribawa (2016) discovered that financial literacy benefits the sustainability of SMMEs. Financial literacy is supposed to enable countries to attain sustainability by instilling the ability to transform ordinary people into knowledgeable and financially savvy financial service customers.

Additionally, more participants disagree, and a few strongly disagree that financial literacy has a direct positive effect on SMME's sustainability. This shows that many participants were neutral and did not fully support or contradict the concept. One interviewee indicated that:

".....financial literacy does not have a strong bearing on the performance and sustainability of SMMEs because we make financial decisions daily using our knowledge."

When probed further, the interviewee cited that he barely uses financial literacy skills to make effective decisions when budgeting, investing and creating savings from the proceeds of his business. On the other hand, participants also stated other positive effects of financial literacy, stating that SMME owners can better understand financial risk management, spending and debt management. The findings suggest that most of the respondents utilised their financial literacy skills to make appropriate and relevant decisions when situations demanded them to do so. One respondent stated that:

".....each time, I make sure that my spending does not exceed my income, and I have decided to reduce debts simultaneously."

Max (2009) states, "these are recurrent decisions involving various levels of complexity which require a certain degree of financial literacy." Noboch (2010) cemented this view with the argument that "financial literacy is a crucial skill and intellectual property for every individual or company in an economy." In an interview with another respondent, she cited that:

".....I have seen the positive benefits of financial literacy in my business undertakings because I have been able to make thorough checks with my suppliers regarding product differentiation, cost and durability, and quality. This has helped to ensure that I purchase good quality, durable, and relatively cheap products to attract a large market."

The results were opposite from the respondents drawn from SMMEs that do not have enough financial literacy skills.

4.3.3 Investigating the needs for financial literacy on the sustainability of SMMEs

The study's findings established a greater need for financial literacy in the SMMEs sector. 15% of the respondents indicated that financial literacy problems are at the core of business operations. One of the participants further indicated that:

“.....in everyday business operations we are confronted with challenges relating to making budgetary choices, debt and business risk management”.

Against this backdrop, the study shows that financial illiteracy demands the following interventions.

a) Training and development

One interviewee in Gauteng, who represented SMMEs in the study area, indicated that the financial illiteracy gap needs relevant training and development to capacitate SMMEs' financial literacy skills. One key informant indicated that training people on financial literacy is significant to ensure they get the information skills and expertise needed to make informed decisions on budgeting, risk management, and spending habits. Within this view, Mbigi and Maree (2005) notes that financial education facilitates mindset growth and improves the quality of decisions in the work environment. The resource-based theory becomes justified in this study because it encapsulates important facts that managers and owners of SMMEs could take when administering and distributing resources (monetary and nonmonetary resources) effectively. Business entities exist with the primary focus on profit, growth and survival. The researcher notes that SMMEs could only survive when the business has a strong and clearly articulated plan

b) Saving

One key informant indicated that:

“.....saving money is essential because it helps to protect me in the event of a financial emergency. Saving money has helped me for a long to pay for large purchases, reduce my financial stress and provide me with a greater sense of financial freedom.

Within the context of these findings, it is evident that the needs for financial literacy on the sustainability of SMMEs are diverse. Indeed, financial literacy on its own proved beyond a reasonable doubt to be of paramount importance in serving the needs of financial literacy. The study found that when people know about saving, they could have a greater sense of financial freedom, which could expand their business.

d) Investing

Evidence gathered from both key interviews and questionnaires shows a high need for financial literacy in the SMME sector. One participant indicated that she has gone for some financial literacy training in which she was helped to invest money wisely. She further went on to say:

“.....financial literacy can help people to make your money work for you. Currently, you work hard for money, whereas money should work hard for you.

The study shows that financial literacy skills on investment could be essential in making a person take charge of his/her financial security. This could allow SMMEs to grow their wealth and generate additional income streams if needed ahead of business growth. That is how the sustainability of SMMEs could be enhanced. Therefore, the study establishes that financial literacy needs are high to enhance the sustainability of SMMEs.

4.7.4 Financial literacy influences decision making

Financial literacy is not associated with effective decision-making (see X-axes 7 in the table above). This demonstrates that categorising SMME owners based on their financial literacy levels might provide an advantage for the organisation in developing strategies tailored to their needs. One crucial primary respondent stated that:

“.....I studied business leadership with UNISA, and during the period I graduated, I ventured into the business of selling electronic gadgets. The financial literacy skills I got from the University have helped me to know the importance of saving money and investing in highly profitable business opportunities”.

Max's (2013) findings showed that “when people with financial literacy can allocate resources appropriately to their lives. The researcher notes that financially literate people can make well-informed decisions over several investment options.” This is, however, critical to enhancing the sustainability of SMMEs. “Various factors influence an investor to invest in a selected asset over many assets today” (Max's, 2013). In essence, the study shows that ‘most respondents follow rational decisions making; that is, they consider historical data while making financial decisions and are classified as financially literate(Max's, 2013).’ It is important to remember that financial literacy substantially impacts the long-term viability of SMMEs.

4.8 Conclusion

This chapter examined quantitative research data. According to descriptive statistics, the majority of respondents in this research study are from colleges and universities. The findings demonstrated a link between financial literacy and SMME sustainability. As a result, financial literacy is critical for small business success. Despite the role of financial literacy in affecting success, obstacles such as a lack of finance and limited market access impede achievement, contributing to high rates of small business failure. Furthermore, as respondents noted, little government support inhibits the growth and success of small firms.

This study discovered that a lack of ‘financial literacy, access to funding, and financial risk mentality all negatively impact the performance of SMMEs.’ According to the descriptive statistics, the managers of SMMEs' shortcoming with bank and capital market items is that they have a common understanding, and some have no awareness of these market products. As a result, they do not believe they are necessary. These findings imply that the government should develop a programme to improve SMMEs' financial literacy, particularly their abilities and knowledge of bank products, risk management, and capital market products.

This chapter includes extensively examined findings linked to research objectives and study findings relating to the reviewed literature and present reality:

- The initial goal of this research was to examine the relationship between financial literacy and sustainability; findings revealed a direct and indirect association between sustainability and financial literacy.
- The second goal of this research was to examine the impact of financial literacy on sustainability; findings revealed that financial literacy has both negative and positive effects on sustainability.
- The third goal of this research was to determine the requirement for financial literacy; the findings suggested neutrality among SMMEs.
- The final goal of this research was to discuss the impact of financial literacy on decision-making. The study's key finding is that financial literacy elicited both good and negative responses from participants in terms of sustainability; thus, it can be argued that it is neutral. The biographical makeup of the sample population was thoroughly discussed, taking into account its full potential for statistical inference for target population findings.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

The study sought to investigate and assess the impact of financial literacy on the survival of South African SMMEs. The goal was to provide insights and suggestions to small and medium-sized business owners, managers, and lawmakers to put in place effective policies and efforts to increase the sustainability rate of small and medium-sized businesses through financial education. This chapter summarises the study's findings and suggestions and the research study's statistical data analysis conclusions. The debate is organised into themes corresponding to the study challenge and aims. The need to improve financial literacy through the improvement of knowledge of finance, financial concepts and the understanding thereof among small- and micro-enterprises is very high. This study further found that a significant percentage of the group of small- and micro-enterprises, who practise better book-keeping, has had fair exposure to basic accounting and the management of finances, and those who have made use of the services of professionals have been employed immediately before starting their enterprises. The FSB (Robert et al., 2014) found that unemployed South Africans demonstrate below average financial literacy levels. Among the problems were those caused by the government, clients, technicians, contractors, consultants, and specialists.

The study's primary goal was to investigate the association between financial literacy and SMME sustainability. This research study set out to accomplish numerous objectives to fulfil this primary goal. These include studying the effect of financial illiteracy on the sustainability of SMMEs, investigating SMMEs' financial literacy needs and their biggest perceived needs, and determining the amount of SMME owners' influence on organisational decision-making capacity. Based on these research findings, an assessment was conducted of whether the objectives outlined in Chapter One were met. The third chapter describes the research methodology employed and how the data for the study was obtained. The fourth chapter presents the survey results and feedback from SMMEs owners, managers, and lawmakers on how to increase their sustainability rate.

5.2 Summary of the study

Primary sources were the research findings from chapter 4, which constitute information that enabled the research to complete this chapter. As a result of the findings in the preceding chapter, it is clear that financial literacy positively influenced the survival of small and medium-sized enterprises in South Africa, Gauteng province, for them to be sustainable. Thus, from the results

of the research that has been done, the researcher concluded that financial literacy affects sustainability; this is due to the long rate of return on initial capital used in establishing businesses in SMMEs in South Africa, Gauteng province.

5.3 Managerial Implications and Future recommendations

The following recommendations are made based on the study's findings:

- Financial literacy understanding influences access to bank finance in most cases.
- The majority of SMMEs fail due to a lack of financial literacy.
- SMMEs' access to funding is hampered by issues other than a lack of financial management competence.
- Access to funding has substantial impact on the expansion of SMMEs.

Based on the study's results, further recommendations are suggested.

5.3.1 Recommendations for policy

South Africa's high business failure rates seriously threaten the well-being of entrepreneurs and the nation as a whole. Because SMMEs are essential in addressing poverty, inequity, and unemployment, the South African government should prioritise investing in small enterprises. The researcher advocates for the aggressive promotion of well-structured SMME contractor development initiatives. With the proper support from stakeholders, programmes and models can substantially impact the condition of SMMEs. It is expected that the owners or managers of South African SMMEs will improve their sustainability by increasing product innovation and improving management style to manage finances appropriately and adequately in making business decisions that lead to increased sustainability in Gauteng SMMEs.

5.4 Suggestions for further research

This research study was conducted on a relatively limited scale, as seen by the modest size of the quantitative sample; therefore, it is advised that future research be conducted on a larger scale, focusing specifically on:

- Entrepreneurs in low-income areas.
- SMMEs have access to both internal and external financing.
- They were investigating whether funding sources fluctuate based on the company's size.
- This study only included 200 respondents from the Gauteng province of South Africa; it is recommended that a comparative study be undertaken nationally and include additional variables.

5.5 Limitations of the study

The study focused solely on SMMEs in South Africa's Gauteng area. Because of this restriction, caution should be used when interpreting and applying this research study's findings and generalising the findings to the entire country. Another disadvantage of this study is that the indicators do not incorporate technological elements. Perhaps it is one of the critical elements, mainly since the SMMEs have survived the COVID19 pandemic. Furthermore, looking at SMMEs by industry might be interesting, such as food, clothing, interior design, handcraft, music, and other creative businesses.

5.6 Conclusion

This chapter combines qualitative and quantitative data analysis evidence to summarise the findings. The following main themes made the chapter Summary of theoretical study, Managerial Implications and Future recommendations, Recommendations for policy, Suggestions for further research, and Limitations of the study. SMMEs in Gauteng province will not be able to overcome the low sustainability rate caused by financial literacy unless there is an effective collaboration between government, policymakers and SMMEs. This study provides practical recommendations to policymakers and government by shedding light on the most effective steps that can be taken to improve the sustainability rate of SMMEs.

Bibliography

- Acharya, P.U. 2015. Literacy in Money Management – A Path to Sustainable Growth. International Journal of Management, Innovation & Entrepreneurial Research. Vol. 1 (2).
- Ahiawodzi, A.K. & Adade, T.C. 2012. Access to credit and growth of Small and medium Scale Enterprises in the H O municipality of Ghana. British journal of Economics, Finance and management science 6(2):34-51.
- Al Smirat, B. Y. 2013. The Use of Accounting Information by Small and Medium Enterprises in South district of Jordan: A research of Finance and accounting, 4(6):169-175.
- Al-Mubarak, F. 1997. The usefulness of corporate annual reports to investment analyst in Saudi Arabia. Unpublished Doctor of Philosophy Thesis, Newcastle, Newcastle University
- Amelia, M. The influence of financial literacy of the performance of SMES. <https://www.researchgate.net/publication/330530206>
- American economic journal: Applied economics, 6(2):1-31.
- Anon. 2010. 63% of small businesses fail. Fin24, 11 Nov. <http://www.fin24.com/Entrepreneurs/63-of-small-businesses-fail-20101111> Date of access: 15 May 2014.
- Anon. 2014. A list of President Zuma's new cabinet. The Citizen, 25 May. <http://citizen.co.za/184147/list-new-president-zumas-new-cabinet/>.
- ANZ Banking Group. 2003. ANZ Survey of Adult Financial Literacy in Australia – Final Report. <http://www.financialliteracy.gov.au/media/465156/anz-survey-of-adult-financial-literacy-2003.pdf>.
- ANZ Banking Group. 2003. ANZ Survey of Adult Financial Literacy in Australia – Final Report. <http://www.financialliteracy.gov.au/media/465156/anz-survey-of-adult-financial-literacy-2003.pdf> Date of access: 9 Sep 2014.
- Aribawa, D. 2016. Pengaruh Literacy Keuangan Terhadap Kinerja dan Keberlangsungan UMKM di Jawa Tengah. Siasat Bisnis. Vol 20 No.1, January 2016.
- Armitage H.M. & Webb, A. 2013. The use of management accounting techniques by Canadian Small and Medium Enterprises. A field study, University of Waterloo. <http://vahabonline.com/wp-content/uploads/2013/11/SSRN-id2201163333.pdf> [10 June 2014]
- Aterido, R., Hallward-Driemeier, M., Pagés, C. 2011. Big constraints to small firms' growth.
- Atkinson, A., 2008. Evidence of impact: An overview of financial education evaluations. Consumer
- Atrill, P. & McLaney, E. 2001. Accounting and finance: For non-specialists. 3rd ed. London: Pearson Education, Inc.

Ayyagari, M., Beck, T. & Demirgüç-Kunt, A. 2003. Small and medium enterprises across the globe: A new database Vol. 3127. World Bank Publications.

Ayyagari, M., Beck, T. & Demirguc-Kunt, A. 2007. Small and medium enterprises across the globe. *Small business economics*, 294:415-434.

Babbie, E. & Monton, J. 2002. *The practice of social research*. Cape Town: Oxford University Press.

Bak, O. 2011. The role of qualitative research in a mixed methods study. *Qualitative research journal*, 11:76-84.

Barreira JCD (2004). *The Influence of Business Knowledge and work experience as antecedents to entrepreneurial success*. Thesis. University of Pretoria.

Barrow, C. 2004. *Starting a business: For dummies*. Chichester: John Wiley & Sons, Ltd.

Bbenkele EK (2007). *An Investigations of SMEs Perceptions Towards Services Offered by Commercial Banks in South Africa*. *Afr. J. Account. Econ. Financ. Bank. Res.*

Booyens, I. 2011. Are small, medium- and micro-sized enterprises engines of innovation? The reality in South Africa. *Science & public policy (SPP)*, 38(1):67-78.

Business environment and employment growth across firms. *Economic development & cultural change*, 59(3):609-647.

Chidinma Caroline Maduekwe . October 2015. *Management Accounting tools by SMEs in Cape Metropole*. <http://etd.cput.ac.za>

Abor, J. & Quartey, P. 2010. *Issues in SME Development in Ghana and South Africa*. EuroJournals Publishing, Inc. <http://www.eurojournals.com/finance.htm>.

Agyapong, D., Attram, A.B. 2019. Effect of owner-manager's financial literacy on the performance of SMEs in the Cape Coast Metropolis in Ghana. *J Glob Entrepr Res* 9, 67 <https://doi.org/10.1186/s40497-019-0191-1>.

Bairagi, V. & Munot, V, M. 2019. *Research Methodology: A Practical and Scientific Approach*. Imprint Chapman and Hall/CRC. New York.

Botha, M. 2014. *The entrepreneur*. In: Nieman, G. & Nieuwenhuizen, C. (eds) *Entrepreneurship: A South African Perspective*. 3rd ed. Pretoria: Van Schaik.

Beest,F.V. & Braam, G. 2009. *Quality of financial reporting: measuring qualitative characteristics*. Institute for Management. <https://www.researchgate.net/publication/254877109>.

Calculator Net, 2022. Sample size calculator. Available: <https://www.calculator.net/sample-size-calculator.html>

- Collis, J. & Hussey, R. 2009. *Business Research: A Practical Guide for Undergraduate and Postgraduate Students* 3rd ed. Hampshire: Macmillan Publisher Ltd
- Creswell, J. W. and Creswell, J. D. 2017. *Research Design: Qualitative, Quantitative, and Mixed Methods Approaches*. Sage Publications United Kingdom.
- Creswell, J.W. 2015. *A concise introduction to mixed methods research*, Sage Publications, Michigan.
- Creswell, J. W. and Creswell, J.D. 2018. *Research Design*. London: Sage.
- Creswell, J.W. and Plano Clark, V.L. 2007. *Designing and Conducting Mixed Methods Research*, Sage, Thousand Oaks, California.
- Cronjé, I. 2011. Notes for the Financial Literacy for SMMEs. Esikhawini Campus. South Africa. International Association for Management of Technology IAMOT .2015. Conference Proceedings. Johannesburg, South Africa.
- Department of Small Business Development of The Republic of South Africa, 2022. Small Business Development Portal. Available: <https://www.smmesa.gov.za/>
- Hayes, A. & Cheng, M. 2021. What is the life-cycle hypothesis (LCH)? Available: <https://www.investopedia.com/terms/l/life-cycle-hypothesis.asp#>
- Kalidas, S., Magwentshu, N. & Rajagopaul, A. 2022. Here's how the public and private sector can provide the right support to enable SME growth in South Africa, now and beyond the crisis. Available: <https://www.mckinsey.com/featured-insights/middle-east-and-africa/how-south-african-smes-can-survive-and-thrive-post-covid-19>
- Kaushik, V. & Walsh, C.A. 2019. Pragmatism as a Research Paradigm and Its Implications for Social Work Research. *Social Sciences*, 8(9), 1-17
- Kumar, R. 2011. *Research methodology: a step by step guide for beginners*. 3rd edition. London: sage Publications.
- Leedy, P. D., & Ormrod, J. E. 2010. *Practical Research: Planning and Design* (9th ed.). Upper Saddle River, New Jersey, USA: Pearson Education Inc.
- Marshall, C., & Rossman, G. B. 2016. *Designing qualitative research*.(6th ed.)
- Maxwell, J. A. 2016. Expanding the History and Range of Mixed Methods Research. *Journal of Mixed Methods Research*, 10(1): 12–27.
- Mouton, J. 2015. Doctoral education in South Africa. *African Minds*.
- Moos, M. Phillips, M. Nieman, G. 2015. *The Impact of Government Support Initiatives on the Growth of Female Businesses in Tshwane South Africa*. University of Pretoria.
- Morgan, D. L. 2014. "Paradigms lost, and pragmatism regained", *Journal of Mixed Methods Research*, Vol.1, Issue 1, pp 48-76

National Planning Commission. 2011. Diagnostic overview. The Presidency. [Online] Available at: <https://www.gov.za>gcis-document>. [Accessed: 25 November 2019].

National Small Business Act 102 of 1996. Act No. 102 of 1996. Government Gazette. South Africa.

Patton, M. 2002. Qualitative Research & Evaluation Methods, Sage, Thousand Oakes, California.

Privitera, G. J. 2014. Research methods for the behavioral sciences. Sage Publications.

Question Pro, 2022. Market Research Tool for Professionals. Available: <https://www.questionpro.com/v18/>

Quinlan, C. 2011. Business Research Methods. South Western Cengage Learning.

Saunders, M., Lewis, P. & Thornhill, A., 2016. Research Methods for business students. Seventh ed. Harlow: Pearson Education Limited.

Sekaran, U. & Bougie, R. 2016. Research Methods for Business: Askill-Building approach. 7th ed. Chichester, West Sussex: John Wiley & Sons.

Sibanda, S & Sibanda, T. 2016. Financial Education in South Africa: Overview of key initiatives and actors. International Labour Organization. South Africa.

Silverman, D. (Ed.). 2016. Qualitative research. Sage Publication United Kingdom.

The Economic Times, 2022. What is random sampling? Available: <https://economictimes.indiatimes.com/definition/random-sampling>

Van Zyl, C.J.J. 2014. The psychometric properties of the Emotional Quotient Inventory 2.0 in South Africa. SA Journal of Industrial Psychology/SA Tydskrif vir

Bedryfsielkunde,40(1),<http://dx.doi.org/10.4102/sajip.v40i1.1192>.
<http://dx.doi.org/10.4102/sajip.v40i1.1192>

Walliman, N. 2017. 2011. Research Methods: The Basics. 1st edition. Isbn: 9780415489942. Routledge. Oxford Brookes University

Chimucheka, T. & Rungani, E.C. 2011. The impact of inaccessibility to bank finance and lack of financial management knowledge to small, medium and micro enterprises in Buffalo City Municipality, South Africa. African journal of business management, 5(14):5509-5517.

Christianson (2005). Micro Enterprise Alliance. (Online). Available: <http://www.mea.org.za>.

Claessens, S. and Tzioumis, K. 2006 Measuring Firms' Access to Finance. Access to Finance: Building Inclusive Financial Systems, Washington DC.

- Clark, V.L. & Creswell, J.W. 2008. *The mixed methods reader*. California: Sage Publications, Inc.
- Cloete, M. & Marimuthu, F. 2008. *Basic accounting: For non-accountants*. Pretoria: Van Schaik Publishers.
- Cohen, M. & Sebstad, J. 2003. Financial education for the poor. Microfinance opportunities, financial literacy project, working paper, 1.
- Cooper, D.R. & Schindler, P.S. 1998. *Business research methods*. 6th ed. Boston: Irwin/McGraw-Hill.
- Cooper, S. 2013. Financing your franchise. (Cover story). *Finweek*: 23 September.
- Department of Trade and Industry (DTI). 2010. *National Directory of Small Business Support Programmes*.
- Drexler, A., Fischer, G. & Schoar, A. 2012. Keeping it simple: Financial literacy and rules of thumb.
- Drury, C. 2012. *Management and cost accounting*. 8th ed. Hampshire: Cengage Learning.
- Edelman, L.F., Brush, C.G., Manolova, T.S. & Greene, P.G. 2010. Start-up motivations and growth intentions of minority nascent entrepreneurs. *Journal of small business management*, 48(2):174-196.
- Eke-Eresia C.E and Raath. 2013. *SMME Owners' Financial Literacy and Business Growth*.
- EMyth and PixelSpoke. 2013. *State of the Business Owner 2013*. <http://www.stateoftheowner.com/downloads/State-of-the-Owner-Full-Report-2013.pdf>
Date of access: 16 Sep 2014.
- Eniola, A. A., & Entebang, H. 2015. Government Policy and Performance of Small and Medium Business Management. *International Journal of Academic Research in Business and Social Sciences*, 5(2). <https://doi.org/10.6007/ijarbss/v5-i2/1481>.
- Eresia-Eke, C.E and Raath. 2013. *Developing Indonesian Financial Literacy Index*. Jakarta. USAID.
- Estelami, H. 2009. Cognitive drivers of suboptimal financial decisions: Implications for financial literacy campaigns. *Journal of financial services marketing*, 13(4):273-283.
- Finmark Trust (2006). *Fin Scope Small Business Survey Report*. (Online). Available: <http://www.finmarktrust.org.za>
- Foxcroft M, Wood W, Kew K, Herrington M, Segal N (2002). *Global Entrepreneurship Monitor South African*. Available: <http://www.gbs.nct.ac.za/gbswebb/userfiles/gemsouthafrica2000pdf>.
- Frelinghaus A, Mostert B, Firer C (2005). Capital structure and the firm's life stage. *South Afri. J. Bus. Manage.*
- Hsiao, Y., & Tsai, W. (2018). Financial literacy and participation in the derivatives markets. *Journal of Banking and Finance*, 88, 15–29.

Leavy, P. 2017. *Research Design: Quantitative, Qualitative, Mixed Methods, Arts-Based Participatory Research Approaches*. New York, NY: Guilford Press.

Leedy, P. D., & Ormrod, J. E. 2015. *Practical research. Planning and design* 11th ed. Boston, MA: Pearson.

Mbigi, L. & Maree, J. 2005. *Ubuntu: the spirit of African transformation management*. Johannesburg: Knowledge Resources.

McDaniel, L., Martin, R. & Maines, L. (2002). Evaluating financial reporting quality: The effects of financial expertise vs. financial literacy. *The Accounting Review* .

Mead, D. & Liedholm, C. (1998). *The dynamics of micro and small enterprises in developing countries*. World Development.

Mediterranean Journal of Social Sciences MCSER Publishing, Rome Italy. Vol. 4 No 13.

Nadler, M. (2009). Financial Literacy means more than investment education. [Online] Available from: <http://www.benefitnews.com> .

Nieman, G. & Nieuwenhuizen, C (eds). (2009). *Entrepreneurship: A South African Perspective*. 2nd edition. Hatfield: Van Schaik Publishers.

OECD (Organisation for Economic Cooperation and Development). (2005). *Improving Financial literacy: Analysis of issues and policies*. France: OECD Publishing.

Oláh, J., Kovács, S., Virglerova, Z., Lakner, Z., Kovacova, M., & Popp, J. 2019. Analysis and comparison of economic and financial risk sources in SMEs of the visegrad group and serbia sustainability analysis and comparison of economic and financial risk sources in SMEs of the visegrad group and Serbia. *Sustainability*.

product design. *International journal of consumer studies*, 36(5):523-530.

Remund, D. (2010). Financial literacy explicated: The Case for a clearer definition in an increasingly complex economy. *Journal of Consumer Affairs*.

Research, 68. <https://www.fca.org.uk/static/fca/documents/research/fsa-crpr69.pdf> Date of access: 29 Sep 2014.

Rungani EC (2008). *The Determinants of the Capital Structure Choices of SMMEs in the Buffalo City Municipality*. Unpublished Masters Dissertation, University of Fort Hare.

Small Enterprise Development Agency (SEDA), 2021. *SMME quarterly report*, Pretoria, South Africa

SBP Business Environment Specialists. (2009). *Small Business Development in South Africa*. [Online] Available from: www.sbp.org.za .

Schagen S, Lines A (1996). *Financial literacy in adult life: a report of the natwest group charitable trust*. Slough: National Foundation for educational Research.

Scott DF (1972). Evidence on the importance of financial structure. *J. Financ. Manage.*, 1: 45-60. Small Enterprise Development Agency. 2010. <http://www.seda.org.za/Pages/Seda-Welcome.aspx>.

- Swart, N. (2005). Why financial literacy is a complete failure. *Management Today*.
- Tamaki, T., Ohashi, M., & Ogoshi, S. 2011. *Angew. Chem. Int. Ed.*, 50, 12067-12070.
- Taticchi, P., Balachandran, K. & Tonelli, F. 2012. Performance measurement and management systems: state of the art, guidelines for design and challenges. *Measuring Business Excellence*, 16(2):41-54.
- Tatom, J. (2006). Lessons on Adult Financial Literacy. [Online] Available: http://www.cashbuffalo.org/sitepages/downloads/research/NFI_Financial_Literacy.pdf (February 10, 2013).
- Thatcher, R. 2010. Validity and reliability of quantitative electroencephalography, *journal of neurotherapy*, 14(2): 122-152
- The Business Place (2009). Fact Sheet. University of Stellenbosch. (Online) Available: <http://www.reciprocity.co.za/documents/Reciprocity>
- The Concise Oxford Dictionary. 1995. 9th ed. Oxford: Oxford University Press.
- The South African Revenue Services. 2014. Turnover Tax. <http://www.sars.gov.za/TaxTypes/TT/Pages/default.aspx> Date of access: 29 Oct 2014.
- Timm, S. 2013. Research show franchise growth. *Mail & Guardian*, 30 August. <http://mg.co.za/article/2013-08-30-00-research-shows-franchise-growth> Date of access: 27 Jun 2014.
- Timm, S., 2011. How South Africa can boost support to small businesses: Lessons from Brazil and India. *Trade and Industrial Policy Strategies (TIPS)*.
- Toivanen, J. E. 2001. *Balanced Scorecardin implementointi ja käytön nykytila Suomessa*, Acta Universitatis Lappeenrantaensis 108, Dissertation, Lappeenranta University of Technology, Lappeenranta.
- Ullrich, M. J. & Tuttle, B. M. 2004. The effects of comprehensive information reporting systems and economic incentives on managers' time-planning decisions. *Behavioral Research in Accounting*, 16(1), 89-105
- United Nation World Tourism Organisation UNWTO. 2012. International tourism hits one billion. UNWTO, Madrid. [online] Available at: <http://media.unwto.org/en/pressrelease/2012-12-12/international-tourism-hits-one-billion> [Accessed 9 April 2018]
- United Nations Educational, Scientific and Cultural Organization (UNESCO). 2005. Education for all: Literacy for life. <http://www.uis.unesco.org/Library/Documents/gmr06-en.pdf> Date of access: 7 Nov 2014.
- Van Gelderen, M. & Jansen, P., 2006. Autonomy as a start-up motive. *Journal of small business and enterprise development*, 13(1):23-32.
- Van Rensburg, L.R.J., De Klerk, G.J., Kroon, J., Lotz, J.O., Steyn, T.F.J. & Verreyne, M.L. 1997. Pretoria: J.L. van Schaik Publishers. Van Rensburg, L.R.J., Meintjies, A., Kroon, J., Muller, G., Lancaster, M., Lessing, K. & Rankhumise, E. 2008. *Business management: An introduction*. 2nd ed. Pretoria: Van Schaik Publishers.

- Van Scheers, L. & Radipere, S. 2005. Perceptions of small business owners on managerial skills: problems in business development in South Africa. *World Review of Science Technology and Sustainable Development*, 2(3/4):336
- Vieira, E.F.S. 2012. What do we know about financial literacy? A literature review. *Marmara Avrupa Arastirmalari Dergisi/Marmara Journal of European Studies*, 20(2):23-38.
- Walker, E. & Brown, A. 2004. What success factors are important to small business owners? *International Small Business Journal*, 22(6):577-594.
- Wangui, N.A. 2013. Operation strategy and performance in the hotel industry: a study of hotels in Nairobi, Kenya: 58.
- Watson GEH (2004). A Situational Analysis of Entrepreneurship Mentors in South Africa. Thesis. Unisa.
- Welman, C., Kruger, F. & Mitchell, B. 2005. Research methodology. 3rd ed. Cape Town: Oxford University Press.
- Wesgro 2015. 2015/2016 invest in western cape a perspective on investment opportunities in the western cape.
- West, J. 2012. Financial literacy education and behaviour unhinged: Combating bias and poor
- White Paper of The Department of Trade and Industry, 1995. National Strategy for the development and promotion of the small businesses in South Africa, Cape Town, South Africa.
- Wickham, P. (1998). Strategic entrepreneurship: A decision-making approach to new venture creation and management. London Pitman.
- Widdowson, K. & Hailwood, R. 2007. Financial literacy and its role in promoting a sound financial system. *Reserve Bank of New Zealand Bulletin*.
- Willesse, J. (2010). The forum SA SME fairer statistics. [online] Available at: <http://www.theforumsa.co.za/forum/showthread.php?t=7808>. [Accessed 19 April 2018].
- Wise, S. 2013. The impact of financial literacy on new venture survival. *International Journal of Business and Management*, 8(23):30.
- Wong, K.Y. & Aspinwall, E. 2004. Characterizing knowledge management in the small business environment. *Journal of Knowledge Management*, 8(3):44
- Woodward, D., Rolfe, R., Ligthelm, A. & Guimarães, P. 2011. The viability of informal microenterprise in South Africa. *Journal of Developmental Entrepreneurship*, 16(1):65-86.
- Wu, D. 2009. Measuring performance in small and medium enterprises in the information and communication technology industries. Doctorate of Philosophy, RMIT University.
- Wu, D. 2009. Measuring performance in small and medium enterprises in the information and communication technology industries. Doctorate of Philosophy, RMIT University.
- Ye, J. & Kulathunga, K. 2019. How Does Financial Literacy Promote Sustainability in SMEs? A Developing Country Perspective. *Sustainability*, 11(10), 1-21

Yüzbaşıoğlu, N., Çelik, P. & Topsakal, Y. 2014. A research on innovation in small and medium-sized enterprises in tourism industry: case of travel agencies operating in Antalya. *Procedia-Social and Behavioral Sciences*, 150: 735-743.

Zwane, T. 2014. New blood, new vigour: Lindiwe Zulu. *City Press*, 1 June. <http://www.citypress.co.za/business/new-blood-new-vigour-lindiwe-zulu/> Date of access: 27 Jun 2014.

APPENDIX

APPENDIX A: Questionnaire and Consent Letter

RESEARCH QUESTIONNAIRE

Dear Respondent

I am studying the effect of financial literacy on the sustainability of SMMEs in South Africa, Gauteng province. I solicit your assistance in filling out this questionnaire, which is voluntary. Information you present will be treated with strict confidentiality and anonymity. The questionnaire will help to understand the exact effects of financial literacy on the sustainability of SMMEs. This questionnaire will take approximately 20-30 minutes to complete. Your co-operation will be appreciated.

Please note that this questionnaire will be captured on **Smart survey's Question pro** and will thus be in their format.

Section A: General enterprise understanding.

Instructions to the respondent:

Indicate your level of agreement with the following statement by ticking a cross (x) in an appropriate box.

Please do not leave any item unanswered

	Questions	Yes	No
1	My enterprise has a separate address to that of my residential address		
2	My enterprise has a business plan		
3	I am the sole owner of my enterprise		
4	I keep records or track the spending (expenses) of my enterprise		

5	I am satisfied with my current financial status/position		
6	I make use or have, in the past, made use of, the services of an accountant for purposes of my enterprise		
7	My enterprise has a separate bank account to my personal bank account		

Section B: What is the relationship between financial literacy and the sustainability of SMMEs?

Choose the option that best reflects your opinion the following.

	Questions	Strongly Disagree	Disagree	Agree	Strongly Agree
1	Financial literacy is a knowledge resource that determines the sustainability of SMMEs.				
2	Financial literacy plays a significant role in the value creation process of SMMEs, which leads to sustainability.				
3	Financial literacy is positively related to SMME sustainability.				
4	Financial literacy contributes to an organisation's knowledge base.				
5	There is a relationship between SMMEs' financial literacy and sustainability.				

Section C: What are the effects of financial literacy on the sustainability of SMMEs?

Choose the option that best reflects your opinion about the following:

	Questions	Strongly Disagree	Disagree	Agree	Strongly Agree
1	Financial Literacy has a direct positive effect on SMMEs sustainability.				
2	Financial literacy enables SMMEs to access finance, which improves sustainability.				
3	Financial literacy has an indirect influence on SMMEs sustainable through access to finance				
4	Financial literacy positively affects SMMEs flexibility especially in making financial decisions				

Section D: What is the extent of financial literacy of SMMEs?

Please answer 'yes', 'no' or 'I do not know' to the following questions:

	Questions	Yes	No	I do not know
1	Do you receive your monthly or run your monthly management packs?			
2	Are you able to interpret your businesses statement of financial position and statement of comprehensive income on your management packs?			
3	Do you know the percentage of your business' monthly sales that are on credit?			
4	Do you know which ratios tell you about your business going concern?			
5	Do you know that the current prime overdraft rate is 8.5%			
6	Do you know that the current maximum (marginal) tax rate for individuals is 40%			
7	Do you know that the current inflation rate is between 9 and 11%			
8	Do you know that the Monthly insurance premiums paid is an example of an expense that is variable			
9	Financial planning should not be affected by inflation			
10	I make use or have, in the past, made use of the services of other professionals for purposes of my enterprise (tax consultant, brokers, etc.)			
11	My enterprise has a separate bank account to my personal bank account			

12	I have received training/advice in basic accounting in the past			
-----------	---	--	--	--

Section E: Financial literacy needs of SMMEs.

Choose the option that best reflects your opinion about the importance of learning more about the following

	Questions	Strongly Disagree	Disagree	Agree	Strongly Agree
1	How taxation works				
2	Basic book-keeping (accounting)				
3	How to plan for the long-term financial future of your enterprise				
4	How to budget for daily/weekly/monthly/annual finances of your enterprise				
5	The basics of the economy (inflation, interest, growth, etc.)				
6	Managing debt				
7	Managing enterprise cash flow				
8	Ways to reduce the spending within your enterprise				

SECTION F: OTHERS

1.

Question	Daily	Weekly	Monthly
How often do you budget for the receipts (income) and spending (expenses) of your enterprise?			

2. What is your current greatest need with regard to your enterprise’s sustainability?

.....

3. Do you think SMMEs are sustainable in your city or in the province?

.....

4. Do you think your level of education affects your financial literacy?

.....

Section G: Biographical Information

Instruction to respondent:

Indicate your responses by ticking a cross (x) in an appropriate box.

1.

Position	Yes	No
Is your discipline accounting related?		

2.

Educational attainment	
Primary level	
Matric level	
College	
University	

3.

Number of years of operation	
1-10	
11-20	
21-30	
31-40	
40+	

4.

Number of Employees	
1-20	
21-40	
41-60	
80+	

Thank you for your participation

If you would like feedback, please contact Esona Ndila; en.masingili@gmail.com