

**INVESTIGATING THE ROLE OF FINANCIAL LITERACY IN THE  
FINANCIAL SUSTAINABILITY OF MICRO-BUSINESSES AT  
BOKAMOSO ENTREPRENEURIAL CENTRE IN NAMIBIA**

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## **ABSTRACT**

This study investigated the role of financial literacy on the financial sustainability of micro-businesses at the Bokamoso Entrepreneurial Centre in Namibia. Data was collected from 18 micro-business owners operational in the Centre. The study employed a qualitative method using an interview guide to conduct face-to-face interviews. Results show that 89 percent of micro-business owners are financially illiterate and this affects the financial sustainability of micro-businesses. Furthermore, the study revealed that all micro-businesses in the centre do not have access to funds in the formal financial market. This may be caused by micro-business owners' low level of financial literacy that reduces their confidence to participate in the formal financial market and this influences their financial decision-making. It was also revealed that politics, high collateral and lack of information are some of the major factors that prevent micro-businesses from accessing funds. The study also revealed that 78 percent of micro-business owners have bad financial attitude. As a result, the study recommends for financial education to be introduced in schools from primary school level. There is also a need for major players in the financial market to conduct seminars to create awareness and make information available to the micro-business owners.

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## **DEDICATIONS**


I dedicate this thesis to the Almighty God for giving me the strength and wisdom during this journey, it is by His grace I see it coming to an end. I also dedicate this thesis to my mother, Ndaendelao T Ndume for believing in me and mentoring me to be the man I am today, you not only played a motherly role, but also a fatherly role since the passing on of my father at a young age.

## DECLARATIONS

I, Phillipus David, hereby declares that this study is my own work and is a true reflection of my research, and that this work, or any part thereof has not been submitted for a degree at any other institution.

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## **LIST OF ABBREVIATIONS/ACRONYMS**

IMF – International Monetary Fund

SMEs – Small Medium Enterprises

NSA – Namibia Statistics Agency

GFID – Global Financial Inclusion Database

BoN – Bank of Namibia

SA – South Africa

GFIDS – Global Financial Development Indicators Survey

SEM – Structural Equation Modelling

CFOs – Chief Financial Officers

SPSS – Statistical Package for Social Sciences

EU – European Union

MSMEs – Micro Small and Medium Enterprises

SFM – Strategic Financial Management

NTB – Namibia Tourism Board

KBV – Knowledge-Based View

IPA – Interpretative Phenomenological

QDA – Qualitative Data Analysis

WBG – World Bank Group

MSEs – Micro and Small Enterprises

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## **CHAPTER 1: INTRODUCTION**

### **1.0 Introduction**

This chapter presents the background of the study, statement of the problem, research questions, significance of the study, limitation of the study, the delimitation of the study and ends with an outline of the study.

### **1.1 Background of the study**

Globalization and fast development in financial systems worldwide increased in recent years and required individuals to make complex financial decisions and that require sound financial literacy (Sharif and Naghavi, 2020). Refera, Dhaliwal, and Kaur (2016) refer to financial literacy as a relative term that is difficult to quantify as it depends on the financial system in which individuals are operating. Generally, financial literacy is regarded as a driving force in any business operation and influences all financial decisions (Lusardi, 2012). In most cases, it is considered that micro-businesses are not resilient to crises as compared to large firms and this is as a result of high financial illiteracy among the micro-business owners (Anuradha, 2021). In an empirical study conducted by Lusardi and Oggero (2017) that investigated financial literacy at National levels, the results show that low financial literacy is prevalent in developed and developing countries alike.

In the same way, financial literacy is prevalent in both developed and developing countries, many micro-businesses have obstacles in accessing funds to sustain their businesses (Anuradha, 2021). It should be noted that financial literacy unlocks the funding options available in the formal financial market. More importantly, financing of micro enterprises is also related to the decision to choose the right loan for business

operations and that requires individuals to have a good understanding of financial concepts (Dody, Adrian Stie and Yogyakarta, 2019). Hence, a good level of financial literacy posed by micro-businesses can increase the chances of them succeeding. It appears that micro-business owners with good financial knowledge can easily acquire funding from the formal institutions (Lusardi & Oggero, 2017). That can only happen if they have a better understanding of the financial concept or understand financial products offered in formal financial markets. Equally, Khairina, Budiandriani and Hasrat (2021) emphasise that financial literacy cannot only achieve financial inclusivity but can enhance the ability of micro-businesses to access funds and manage funds properly in order to to be financially sustainable.

Interestingly, a study conducted by Meghana, Pedro, Maria and Sandeep (2016) of the World Bank Group (WBG) on 50 000 micro-businesses across 70 developing countries focused only on measuring the difference between micro-businesses with access to financing and those without access to finance and employment creation. The study left a gap, as it failed to consider how financial literacy can improve micro-businesses' financial performance. On the other hand, the study does not investigate the role of financial literacy on micro-businesses' access to funds.

Eva, Naomy and Ernest (2021) emphasise that micro-businesses in Indonesia with good financial literacy do not only aim to achieve financial sustainability but also to competitively participate in the financial market. They emphasise that there are limitations in understanding the financial concepts among micro-business owners. It was revealed that good understanding of financial concepts in micro-businesses can result in immense contribution to any economic development (Alberto, Bogdan, Marek, & Duccio, 2021). Micro-businesses decisively contribute to each country's

financial system by growing the economies (Jianmu, and KMMCB, 2019). That means micro-businesses with good financial literacy are key to economic growth.

However, micro-business owners' financial attitude and behaviour are recorded to be the main contributing factors to business success as well as to micro-business failure. That limitation has negatively impacted micro-businesses' contribution to the Economic development of any country (Naemi, 2018). Similarly, Meli and Rediana (2018) revealed that many micro-business owners' financial attitude has negatively impacted the growth of micro-businesses in Indonesia. However, Khairina, Budiandriani, and Tasrik (2021) argue that financial attitude of individuals has no significant impact on financial sustainability of micro-business. On the one hand, there is a similar finding by Meli and Rediana (2018) to what was found in Zimbabwe, that micro-businesses owners can easily use business' money as they cannot differentiate between business funds and personal funds or profit (Nyamwanza, Mapetere, Mavhiki and Dzingirai, 2012). The finding simply implies that micro-business owners' financial attitude blinds them in making financial decisions.

Indeed, financial literacy has a great impact in one making good financial decisions within the business or on personal finances. For this reason, Zach and Ernie (2019) emphasise that the lack of financial literacy is not only expressed in the failure of micro-businesses and its consequences, but the deficiencies in financial literacy also significantly contributes to failure of new businesses.

Normally, micro-businesses can achieve financial sustainability if micro-business owners possess a high level of financial literacy. They can understand different financial concepts better, and only then, can they participate in the financial market competitively and effectively (Attamah, 2019). This is supported by Zach and Ernie

(2019) as they argue that financial literacy is very important for the survival and growth of micro-businesses and the owners of micro-businesses should equip themselves with proper financial knowledge if they want to see their businesses surviving in much concentrated financial markets. Further studies reveal that financial literacy of micro-business owners seems not to be extensively empirically researched in South Africa (SA) and Sub-Saharan Africa (Luambo, 2015).

Empirical study shows that lack of access to finance and financial system issues are seen by aspiring micro-business owners in developing countries as a big obstruction (Thabiso and Odunayo, 2021). However, with the global economy decreasing from 3.4% to 3.0% in 2019; that made it difficult for micro-business growth, and that had a negative impact on Namibia's economic growth (International Monetary Fund (IMF), 2019). However, the issues concerning micro-businesses during this period in Southern Africa relate to access to finance and that results in many discussions in the form of conferences to boost the financial line of SMEs and to formally incorporate their contributions into the economy (Thabiso and Odunayo, 2021).

On the other hand, Bucher-Koenen and Ziegelmayer (2011) concluded that investors in Germany with a lower levels of financial literacy are less likely to participate in the formal financial market and even if they do, they are likely to lose their investments due to the lack of financial knowledge. Randa and Atiku (2021) reveal that in Namibia, micro-businesses are exposed to limited funding and borrowing capacity because they lack financial literacy and operate in a highly compressed financial market. Even though micro-businesses are regarded as the key to eradicating poverty and a tool to economic growth (Zach and Ernie, 2019) the issue remains that micro-businesses have limitations in accessing funds.

The Namibia Statistics Agency (NSA) (2014) indicates that three out of five new companies in Namibia failed in the first months of their operation and of those that remain, 80 percent do not make it to their fifth year. This was supported by the data from Global Findex (Global Financial Inclusion Database(GFID)) it revealed that developing countries, of which Namibia is included, have a low level of financial inclusion of 19.6%. It was recorded that thousands of micro-businesses are formed every year, however, only 1% of them can grow into Small to Medium Enterprises (SMEs). A similar issue was found in Indonesia and in most developing countries (Umamaheswari, Suresh, and Shilpa, 2020).

Moreover, Thabiso and Odunayo (2021) revealed that financial illiteracy is very common in micro-businesses. In spite of high financial illiteracy, micro-businesses lack the financial capacity to hire a professional accountant to compile their financial reports (Hande, 2015). This results in micro-businesses not being able to account for their finances and fail to get any financial assistance from the formal financial market. Furthermore, Thabiso and Odunayo (2021) consistently urged that for micro-businesses to succeed they require a certain degree of financial literacy and micro-businesses owners lack that expertise resulting in their failure to succeed.

In fact, the availability of financing for micro-businesses is assumed to be closely influenced by variations in commercial banks and supply-side policies and practices (Emeh, 2021). That means potential financial entrants in formal financial markets are unique in different ways and their requirements are as well different and some set their requirements high to protect themselves against losses. However, there is a low level of financial supply in the developing countries and that sets a limitation on micro-businesses' accessibility to finance (Meghana, Pedro, Maria and Sandeep, 2016).

Interestingly, the World Bank (2018) indicates that micro-businesses in Namibia are operating in the highly concentrated financial market and this requires micro-businesses owners to have a deep understanding of the financial concepts to have access financial services.

The low level of financial literacy is the common problem faced by micro-business in sustaining themselves and understanding the economy they operate in. The problem faced by micro-businesses is not yet resolved and policymakers are still fighting to find an amicable solution. In addition, the available data further indicates that approximately 75% of failed businesses in Namibia are micro-businesses (World Bank, 2021). However, the real issue remains that financial exclusion in Namibia is very high and firms in Namibia are exposed to that, and this exclusion has affected micro-businesses in terms of their financial sustainability (World Bank, 2016). In most cases, the studies in the Namibian context (Kambwale, Chisoro, and Anis, 2015; Naemi 2018; Beatus, 2020 and Randa and Atiku, 2021) were predominately focused on assessing the financial literacy levels of the public in general. Hence, the perusal of literature also revealed that, to the reseachers' best knowledge, none of the research studies attempted to establish the role of financial literacy on the success of micro-businesses' financial sustainability qualitatively. Though the available Namibian studies are quantitative in nature, Beatus (2020) mentions that, the pieces of literature investigating the financial literacy and financial knowledge of micro-business owners are not sufficiently researched in the Namibian context. Therefore, this study investigated the role of financial literacy in the financial sustainability of micro-businesses qualitatively.



## **1.2 Statement of the problem**

Micro-businesses have challenges in accessing finance due to a lack of financial literacy that has a negative effect on the financial sustainability of micro-businesses. The Bank of Namibia (BoN), (2017) indicated that Namibia's financial capability stands at 52.94% compared to South Africa at 60% (Radebe, Benjamin, Steven, and Jare, 2018) and Tanzania at 67% (Piprek & Marketwork Africa, 2014). Therefore, one can argue that micro-business owners with financial knowledge can build a financially sustainable business (Lusardi & Oggero, 2017). However, the issue remains that, micro-business failure in Namibia remains high and policymakers are striving to get micro-businesses to succeed. However, they are encountering difficulties in formulating policies to enhance access to financial services (Beatus, 2020). The World Bank's (2019) Global Financial Development Indicators Survey (GFDIS) indicated that only 19% of Namibian formal micro businesses have access to finance compared to the highest average score of 70.1% of Chile, an upper-middle-income country. With an average score of 32.84% for all upper-middle-income countries which Namibia also belongs to.

These statistics show that there are more challenges micro-businesses in Namibia are facing in accessing funds. This is also in agreement with the NSA figures which show that there is inequality in the financial system and the imbalances have affected the micro-businesses in terms of their ability to access financing. Meanwhile, the IMF (2018) shows that Namibian micro-businesses are finding it hard to survive in a highly concentrated financial market and are failing to perform to their full potential. More literature is needed on the subject matter as the country is trying to build an inclusive financial system. This was supported by Naemi (2020) who argues that

there is inadequate literature on financial literacy and therefore further research is needed, thus provoking the relevancy of this study.

### **1.3 RESEARCH OBJECTIVES**

#### **Main Research objective**

- To investigate the role of financial literacy in the financial sustainability of Namibian Micro-businesses at Bokamoso Entrepreneurial Centre.

#### **Specific objectives**

- To determine the limiting factors of Namibian micro-business to access finance through the formal financial market.
- To Evaluate the financial attitudes and behaviour of micro-businesses owners in the failure of their businesses?

### **1.4 Significance of the study**

The study was particularly important as it looked at how financial literacy could be an effective tool for the financial sustainability of micro-businesses. The study adds to the literature by using qualitative approach compare to previous studies that employed quantitative approach. Moreover, Refera, Dhaliwal and Kaur (2016) emphasis that financial literacy is very difficult to quantify. Their argument is relevant and important as it supports the use of qualitative approach in this study.. The study pointed out the issues encountered by micro-businesses in the attempt of accessing finance in formal financial market. It also recommended the possible solutions. This study specifically looked into determining the obstacles that are faced by micro-businesses in accessing finance in Namibia, in comparison with other

countries.

The study should be of benefit to micro-businesses owners and managers as the outcome of the study will be communicated to them and the recommendations thereof. The study benefited the researcher as it enable him to obtain a master's degree and expanded his knowledge of prowess. The study laid the foundation for further research on micro-businesses across Namibia and the globe. The study will help the government, and financial sector to understand the effect of financial literate especially on micro-business and SMEs which contribute more than 60% of GDPs of developing countries (Meghana *et al.*, 2016).

### **1.5 Limitation of the study**

The complete shutdown of businesses during the outbreak of the Covid-19 pandemic resulted in many businesses closing due to financial difficulty and that affected the study as it was unable to cover the desired parameters. With government measures in place to combat the Covid-19 pandemic, a face-to-face interviews were a bit difficult as people were observing social distancing and scared of contracting Covid-19. Participants were assured that wearing of face mask and disinfection of hands would be observed to comply with regulations, and that was complied with during the study. The outcome of the study could not be generalised, as the study only focused on a small group. The researcher recommends a further study for the topic for the findings to be generalised.

### **1.6 Delimitation of the study**

The study was only interested in the micro-businesses owners operating within the Bokamoso Entrepreneurial Centre with one or more years of operation. Therefore,

the study was subjected to the Centre and not beyond the centre.

### 1.7 Outline of the thesis

The thesis proceeds as follows: chapter two gives an overview of the theories and literature concerning the role of financial literacy on the financial sustainability of micro-businesses. Chapter three presents the research methodology, chapter four reports on the findings by focusing on data presentation, analysis and interpretation of findings. The last chapter five entails the conclusion and recommendations.

## **CHAPTER 2: LITERATURE REVIEW**

### **2.1. Introduction**

Literature review is an important aspect in the world of research, it enables scholars to look at what other researchers have already covered and help to determine gaps in the area of study. Thus, review of articles provide readers with a better understanding of the research topic, helps identify research gaps and signal future research avenues (Justin & Alex, 2020). Therefore, this chapter looked at different research papers, as well as the different arguments of different authors on the related researched topic looking into the investigation of the role of financial literacy on the financial sustainability of micro-businesses.

This chapter proceeds with literature review on the role of financial literacy. Firstly, it reviewed the importance of financial literacy in general and provide empirical evidence both in African and beyond Africa. Secondly, the researcher, discussed about the theoretical literature on financial literacy and financial behaviour. Finally, the chapter end with a summary of reviewed studies.

### **2.2. Importance of financial literacy**

Financial literacy is known to be a vital factor in wealth accumulation, as well as business financial performance (Pulatovich, 2019). Financial literacy become the most important force driving financial decisions in businesses, and long-term financial planning in day-to-day life (Jianmu and KMMCB 2019). Jianmu and KMMCB, (2019) focused on 300 Chief Financial Officers (CFOs) of the firms in Western, Central and Southern provinces of Sri Lanka, the questionnaire survey was used for data collection and analysed using Structural Equation Modelling (SEM).

However, based on several findings financial literacy cannot only contribute to business financial performance but contribute to overall business functions (Rizwan, Yashar, Hiroko & Gabor, 2020). According to Tania, Isabel, Nicolas, Guido and Alejandro (2022) financial literacy open the minds of individuals to understand different financial products and enhance the participation of micro-businesses owners to take part in the formal financial market with confidence. Similarly, Elok, Mega and Ihrom (2021) emphasize that micro-business with a high level of financial literacy understands the importance of paying the bills and develop the habit of financial planning and allocation of resources which is the most crucial component in business as it promotes the business credit rating.

In most cases, micro-businesses owners will sustainably make effective financial decisions with a high level of financial literacy. Most importantly, Umogbaimonica, Agwa and Asenge (2018) perceived that financial literacy is essential in the running of businesses and operations of micro-business in the complex and dynamic financial environment of today. They have adopted a cross sectional survey design and use the stratified proportionate sampling technique, the sample size was calculated using Yamane's formula (1967) on basis of which a sample of 154 SMEs was selected in Benue State of Nigeria, and a questionnaire was used as a tool to gather data and analysed using SEM. They have focused on the financial literacy and performance of small and medium scale enterprises. The empirical study conducted in Kenya on 74 SMEs involved in the training by World Bank has concluded that financial literacy can affect the profitability of micro-businesses or SMEs' financial stabilities, and shows that further training is required for the micro-business to expand their financial capacity (Waweru & Karanja, 2014).

Financial literacy is an important aspect of life, and individuals or businesses financial success depends on the level of financial literacy possessed and that influence financial decisions (Carpena, Shawn, Jeremy & Bilal, 2011). However, micro-businesses will not attain financial sustainability with lower level of financial literacy (Aniqa, Momna & Aqsa, 2020). Hence, only micro-business with high level of financial literacy have chance of being financial sustainable (Umogbaimonica, Agwa & Asenge, 2018). In that case, micro-business with good financial literacy understand the importance of keeping financial records and such micro-businesses stand high chances of attracting investors (Pulatovich, 2019).

Financial literacy is an important component in micro-business development (Zach & Ernie, 2019). However, micro-business owners need to understand to what level they can deal with the complex financial concept (Attamah, 2019). Understanding of financial concept is an important element in the financial decision making, economic development, and financial stability of micro-businesses (Hamdino & Zayed, 2021). The questionnaire was used to gather primary data that was analysed using the Statistical Program for Social Science (SPSS), focusing on the micro entrepreneurs in the capital of Yemen, Sana'a and 220 respondents was the sample size determined by using convenience sampling methods. The study aimed at determining the level of financial literacy among micro entrepreneurs.

The influence of micro-business on economic growth can be determine by the level of financial literacy possessed by the people involved in financial decision making (Anthony & Harry, 2017). However, this can be measured in terms of financial knowledge possessed (Karagiorgos, Gaitanaki, Ignatiou, & Terzidou, 2020). Aldaba (2012) argued that financial knowledge is not sufficient because financial literacy is

more than knowledge. However, the study adopted a research questionnaire that was distributed via email and 73 responded in European Union (EU) and Greece were involved in the study, and descriptive statistics was used for more complete analysis on the role and contribution of administrative accounting to small and very small businesses. Most importantly, financial literacy is more about the application of knowledge, skills, and behaviours toward finances (Lusardi & Oggero, 2017).

In addition, Daudi, Likwachala and Swai (2020) perceived that financial literacy should be evaluated using separate scales for measuring the main determinants of financial literacy which should include financial abilities, financial knowledge, financial behaviour, financial communication, and financial confidence of individuals. Hence, financial literacy should be more comprehensive and measure all these factors (Eniola & Harry, 2015).

These factors can be properly measured using indicators that can determine the level of financial literacy of micro, small and medium enterprises (MSMEs) owners or managers (Barbosa, 2021). Barbosa used a questionnaire to gather data on 143 samples MSEs in Tanauan Leyte, Philippines computed using finite population (Cochran, 1963) on the basis of 6% level of precision, 50% degree of variability, and 90% level of confidence in the computation of sample size. The data was analysed using descriptive statistical measurements. Hence, those indicators were listed by Elok, et al (2021) on the study looked into financial literacy of micro, small and medium enterprises of consumption sector in Probolinggo city. They further stated that financial planning, budgeting, and control, Book-keeping, source of funding, and respondent's business understanding as well as risk management as common indicators that can measure the level of financial literacy of MSMEs owners.



However, this study only measured the level of financial literacy for micro-businesses owners but overlook the influence of financial literacy on financial sustainability of micro-business.

Lusardi and Oggero (2017) concluded that lack of financial literacy is the cause of micro-business failure to achieve financial sustainability. Even though financial literacy is a worldwide researched topic its role on financial sustainability was not extensively published especially in developing countries (KMMCB, Jianmu, Saurabh, and Weerathunga, 2020). Hence, to add value to the literature concerning financial sustainability of micro-businesses, further studies are required into developing countries (Beatus, 2020). Therefore, that made this study more relevant as micro-business in developing economies remains an issue.

### **2.3. Financial literacy and financial success**

The emerging role of financial literacy is well documented in recent studies. Financial literacy has been defined as a minimal knowledge of fiscal terms and cognitive abilities required to interpret financial terms (Refera, et al., , 2016). Alternatively, Usama and Yusoff (2018) defined financial literacy as a degree to which individuals understand financial concepts and possess the ability to make sound financial decisions. In that case, financial literacy is important to micro-business owners and managers in financial decision making. It should be noted that, empirical studies have shown that the levels of financial literacy are low among micro-business owners and managers. In addition, Jianmu and KMMCB (2019) perceived that lack of financial literacy is a common problem and an obstacle in financial sustainability of micro-businesses.

Moreover, financial sustainability of micro-business is considered to be the key dimension to micro-businesses growth and success. In addition, financial literacy refers to the ability of micro-businesses to cover all their costs from their own generated income from operations (Kinde, 2012). Jianmu and KMMCB, (2019) also define financial sustainability as an ability to keep going toward the micro-business objective without dependence on financial assistance. Hence, the above definitions of financial sustainability imply that micro-business losses can not be classified as financial sustainable. Perhaps micro-business with high level of financial literacy can run a financial sustainable business.

In general, financial literacy is a key aspect to the financial freedom of micro-business and success. Owners or managers of micro-businesses with a high level of financial literacy will make an effective decision that leads to the success of micro-businesses (Alberto, Bogdan, Marek, & Duccio, 2021). Ahmed, Allam and Abdalmutaleb (2019) emphasize that micro-businesses are facing many challenges and uncertainties in the developing world, and poor decision making is one of the challenges that are faced by micro-businesses. These poor financial decisions are much linked to low level of financial literacy leading to business failure.

Micro-business success can be determined by the financial awareness of owners and the financial decision taken. Similarly, Ervina, Erna and Satiti (2021) made a similar sentiments on the study investigating the effect of financial attitudes, financial knowledge, locus of control, and financial self-efficacy on financial management behaviour in the millennial generation. That is, financial literacy help micro-business to manage their finances and make a positive decision and that minimize the financial management issues. However, Lusardi (2012) pointed out that, the low level of

numeracy in an adult population in the United States, England, Germany, Sweden, Japan, and in certain European countries that have low-level education attainment have low financial literacy. In this case, Lusardi only measures individual ability to numeracy, financial literacy, and financial decision but did not look into the role of financial literacy to financial sustainability and financial success of micro-businesses, but concentrated on individual financial literacy.

In businesses, financial knowledge and operation skills are the most important elements for business continuation and growth (Mohd, Azwan, & Azyanee, 2022). The study used semi-structured interviews and six informants were interviewed and mobile devices were used as an audio recorders. Hence, Urban and Reggie, (2012) examined the relationship between financial literacy and micro-businesses sustainability in South Africa and to conduct empirical investigations it turns out that poor financial decision-making due to lack of financial knowledge and operational skills are main cause of micro-businesses failure.

On other hand, Ahmed, et al. (2019) urged that most micro-business do not produce accounting reports that post danger in business financial decision making. However, Aniq, Arslan, Momna and Aqsa (2020) suggested that micro-businesses do not produce any accounting report because they lack the financial capacity to hire a professional accountant and that reduce their chances of participating in the formal financial market. Most importantly, accounting reports serve as prerequisite to financial assistant in formal financial market (Beata, Aleksandra, Dieter, & Olga, 2020). Apart from this, lack of accounting reports limit the chances for micro-businesses to have access to finance in the formal financial market for them to succeed (Aldaba, 2012).

Hence, a low level of financial literacy affects the micro-businesses growth. Most importantly micro-businesses owners may not understand the financial distress if not paying the debts on time and this tend to reduce the credit rating of their business (Aniqa et al 2020).

#### **2.4 Financial management knowledge**

Financial management knowledge allow micro-business owners to oversee financial aspects of their businesses. Hence, micro and small enterprises (MSEs) are considered the driving force in the promotion of an economy growth, and contributed immensely to the economic development of any country (Effiong, 2021). Financial management practices aid in the betterment of the economic situation of the micro-businesses. Ervina, et al. , (2021) further emphasize that financial management is necessary for running a business, it creates awareness to plan, manage, search, and budget for expenditure.

The behaviour of financial management is an issue that is being discussed, pertaining micro-businesses. In most cases, financial management became an issue affecting financial breakthrough of micro-businesses and their owners (Hendrik & Quentin, 2015). Micro-businesses need sound financial knowledge to achieve financial stability or make good financial decisions (Attamah, 2019). Lulu, Mutiara, and Dekeng (2018) examined the effect of financial attitude and financial knowledge and find that financial attitude affects the behaviour of financial management, while financial knowledge does not. Therefore, micro-businesses income does not affect financial management behaviour. Mar'a, Noorlailie and Jaya (2021) indicated that financial management has an impact on business activities, good financial knowledge, and that understanding of business financial management have a huge

role in businesses financial success. This study adapted a questionnaire and a sample of 500 people was determined using purposive sampling and data were analysed using descriptive statistics. This study was conducted in Indonesia, on the effect of intellectual capital and financial services knowledge on financial inclusion.

In addition, micro-businesses success in the formal financial market depends on the level of financial knowledge and good financial management skills of owners or managers. Gusti, Gede, Ni and Putu (2020) further emphasize that the more knowledgeable the micro-entrepreneurs are about financial management, the better their financial behaviour. These micro-entrepreneurs can participate in the formal financial market easily (Gusti *et al.*, 2020). However, financial management is still lacking in micro-entrepreneurs, and micro-businesses with poor financial behaviours can not participate fully in formal financial market (Gusti *et al.*, 2020).

Financial management practices encompass activities related to financial record keeping of an entity, budgeting, reporting on cash flow management, capital planning, working capital management, and other financial management tasks. Studies in finance and investment indicated that financial management plays a crucial role in micro-businesses' financial sustainability (Agyei-Mensah, 2013; Belas, *et al.*, 2017). Daudi, Likwachala and Swai (2020) revealed that the majority of SMEs are struggling to grow economically due to the low level of financial management in micro-businesses, hence it was observed that poor bookkeeping and inadequate accounts analysis were among factors hindering access to finance by most of micro-business. Furthermore, financial management is mostly regarded on proper bookkeeping (Zach & Ernie, 2019). Financial management is a key factor in keeping accounting records which is a critical component in achieving financial sustainability

of an entity hence it is one of the pre-requisite when a business is looking for a loan (Parneet, Navneet, & Kanojia, 2021).

A study by Waweru and Karanja (2014) emphasis that financial management practices are more vital on the performance of micro and small enterprises in Kenya, it was shown that proper working capital management has an important role on enterprises, and enhances the stability of micro-business's access to finance.

In this case, a good financial management behaviour in everyday life can not be detached from the existence of financial literacy. Thus, Meli and Redian (2018) further show that there is an association between financial literacy and financial management, in their conference paper that looked into the influence of financial attitude, financial socialization and financial experience on financial management behaviour with financial literacy as the mediation variable. Hence, the result obtained shows that financial attitude has an encouraging and important momentum on financial management behaviour of micro-business owners, and this is very important in achieving the success or failure on every financial aspects of micro or small enterprises. The result was obtained using a questionnire on 278 students based on Slovin's formula, and data were analysed by using path analysis.

Although fianancial management is linked to financial literacy. Hendrink and Quentin (2015) conducted a quantitative study in Western Cape province of South Africa, on 30 successful SMEs. The finding shows that micro-business owners only regard financial management practices to be an important practice, but only focus on capital and profitability than focus more on financial management practices. This statement means that micro-business owners or managers are not interested on apply financial management practices in their businesses. Hence, proper financial

management practices influence the financial sustainability in businesses and micro-business owner should welcome such practices (Zhi & Haowei, 2021). However, such attitude of ignoring financial management practices has increased in micro-businesses and resulting to SMEs failure (Hendrik & Quentin, 2015). In addition it was recorded that 70% to 80% of micro-businesses in South Africa suffers major financial losses. That remark a conclusion that 75% of South African Micro-businesses will never become established firms (Hendrik & Quentin, 2015).

However, there are few things that micro-business owners need to look into when measuring the level of financial knowledge their business possessed. Jianmu and KMMCB (2019) emphasize that financial literacy is positively related to business performance, however financial management is the most crucial component that is influenced by proper financial knowledge. In that case Hamdimmo et al. (2021) emphasize that there are factors that contribute to financial literacy and that enhance financial decisions making which businesses rely on.

In fact, most micro-businesses depend on external funding that requires a high level of Strategic Financial Management (SFM) practice. However, micro-businesses around the globe lack effective strategic financial management, and can not keep up with the changes in the financial market, and any changes can negatively affect micro-businesses (Hande, 2015). Therefore, Nguyen and Tran (2015) pointed out that many studies have focused more on financial knowledge, financial attitudes, and locus of control of individuals personal financial management behaviour but they did not look at it from a micro-business perspective and how it will influence financial sustainability into micro-business.

## **2.5 Micro-business access to finance**

Micro-businesses need finances to fund its operations and survive in the business. Hence, micro-business access to finance is a subject of significant interest to scholars and an issue of great importance to policymakers in both developed and developing economies for years (Emeh, 2021).

However, finance remains a critical factor to competitiveness of micro-business, and the ability to exploit and participate in the global economy as well as to take part in opportunities that may be arising in the financial market (Attamah, 2019). Aldaba (2012) highlights that access to finance has remained one of the issues affecting the competitiveness of MSMEs. Moreover, Aldaba in the same study indicated that many micro-businesses are unable to access loans in the formal financial market like from banks because they lack necessary track records and collateral to meet banks requirements, and most micro-businesses lack financial records due to low level of financial literacy. Furthermore, Sedlak, Slobodanka, Radovan, Zoran, and Jelica, (2016), perceived that micro-businesses are under serious competition pressure in formal market. They constantly suffer because they lack financial means and do not have any credit history to obtain financial assistance, hence, their capital is at a low level, and in most cases no collateral to use when borrowing in formal financial market (Sedlak *et al.*, 2016). That means micro-businesses are regarded to have a high risk and that made it difficult for them to obtain financial assistant in the formal financial market. They have focused on the SMEs in Serbia and used the questionnaire to gather data on 119 micro, small, medium and large business units.

In general funding of micro-business is an issue in many formal financial markets and micro-business are at risk of not obtaining funding in any formal financial market



due to the high risks involved and high requirements set by players in formal financial market. With evidence from a study conducted by Naemi (2018) they found that micro-business in Namibia lack the capacity to keep financial records that qualify them in obtaining financial assistance in formal financial market. However, Naemi used a quantitative methods, and this study will bring out qualitative findings. Although, financial information are important in decision making processes, and should be presented to the potential investors to rely on for decision making (Le, Vu, & Nguyen, 2021). Most of micro-businesses have failed to keep such important information and they have failed as well to obtain either government subsidies to fund their businesses activities (Le, Vu, & Nguyen, 2021). The above argument imply that most of micro-business wants government subsidies as their source of funding, however, only a few micro-business can have access to such funding, and meet requirements as they need to have a high level of financial literacy to obtain such funding.

It was recorded that many micro-businesses are failing to access finance not because they are lacking financial literacy but because of the highly concentrated market they are operating within. Emeh, (2021) emphasizes that many micro-business operate in the highly saturated sectors in the formal financial market have lean chances of access to credit facilities, and lack adequate education, and this hinders their accessibility to financing opportunities. Similar argument was made by the International Monetary Fund (IMF) (2018) on the Namibian context, that micro-businesses in Namibia are operating in a highly concentrated market with high requirements, and that made it difficult for micro-business to obtain the financing opportunities in the formal financial market. Moreover, Felis, Namibia Tourism Board (NTB) and Udai (2021) reveal that micro-business has limited options to credit in the formal market and

indicated that 70% of informal micro-business in Namibia have difficulty in accessing funds and 55% of the formal have experience the same issue. However, they have not assessed the factors limiting micro-business on accessing funds in the Namibian formal financial market.

In fact, access to funds of micro-business can help the micro-business to achieve financial sustainability. On one hand, Serhiy and Miroslaw (2019) argued that micro-businesses with access to formal credit have the potential to grow into big enterprises if they are well managed. However, Eliada, Ascaryan, Kabupaten, and Jawa (2021) had a different view that formal credit can suffocate the business growth, if the micro-business do not fulfill the credit requirement. SMEs or micro-business are required to understand those requirements that were set by the lenders. This shows that financial literacy plays a huge role in micro-business development and owners need to have high level of financial literacy to choose suitable credit product available for their business.

There is a revelation from Elok et al., (2021) that good financial literacy in micro-business can help the owners to choose the best financial products, and they demand crucial financial information related to financial products offered for their decision making. That appear to give micro-business access to cheap financial product offered in the financial market. Although, Alberto, *et al.*, (2021) assert that financial literacy is not a ticket to access to finance for SMEs but a good influencer in decision-making of several financial products offered in the financial market.

## 2.6. Sustainability of micro-business

Interestingly, financial literacy is a resource that allows the link between micro-

business owners, and other financial market agents to improve their relationship, as it mitigates the information asymmetry between lenders and borrowers (Le, Vu, and Nguyen , 2021). However, Alberto et al., (2021) stated that financial literacy is not an incentive factor but an essential element for running a financial sustainable business. Yet, Mpaata, Koskei , and Saina, (2020) viewed financial literacy, as an ability to understand the different financial products and ability to evaluate financial opportunities or to analyze the financial decision and investment opportunities offered in the financial market. With reference to Natalie, Cameron , and Chrisann, (2011) they identify four level of financial literacy a) well literate; this are individuals with great understanding of financial products in the market and with ability to make a conservative decision in sustaining the micro-businesses income or finances; b) sufficient literate they understand and have confidence to make financial decision of the products in the financial market, they have a financial literacy of 60% but less than 80%, these individuals understand the risk and obligation of achieve a financial sustainable business; c) Less literacy, their level of financial literacy is between 30% to 60% and they have an understanding of financial product but find it difficult to interpret the financial concept; d) not literacy, they have less than 30% level of financial literacy, and they can understand the financial products but find it difficulty on using financial product offered in the financial market as they lack necessary skills and such can not run a financial sustainable business.

Even though, a financial sustainable micro-business can easily attain a high level in the industries they are operating in, it was recorded that micro-businesses need high financial awareness to reach a financial sustainability level. Senevirathne and Jayendrika (2015) come up with a different view that micro-businesses' financial

well-being is affected badly to the high level of financial illiteracy, and made it difficult for them to achieve the state of financial sustainability. On the other hand, Thabiso and Odunayo (2021) pointed out that there is high financial illiteracy of micro-business in both developed and emerging nations, and it is critical for a micro-business to survive or to grow sustainably. However, a quantitative research design was employed on 321 SMEs as a sample size in KwaZulu-Natal province of South Africa and data was analysed through descriptive and regression analysis. Pipit and Mega , (2019) stressed that a low level of financial literacy among micro business owners can hinder SMEs' financial sustainability as they do not understand the importance of keeping proper financial accounts which help the SMEs to obtain financial help in the formal financial market. The data was gathered using questionnaire as an instrument on 95 respondents and sample size was determined by using purposive sampling technique. However, the study used a quantitative method.

Alberto et al., (2021) compare different researches conducted by different scholars which tend to confirm a direct relationship between the level of financial literacy of micro-businesses owners and the financial performance of micro-businesses. They found that there is a direct relationship between micro-business with financial literacy, and micro-business with good financially literacy can perform better. They also found that there is an indirect relationship between micro-business owners financial skills and knowledge, which positively affect the financial performance of micro-businesses. In addition, with the empirical evidence shows that financial literacy plays a crucial role in MSMEs' finance as most MSMEs fail because they run out of cash and fail to fund their business activities. However, these results were based on MSMEs, and micro-businesses were not separately assessed and this may

cause biases to be generalized to micro-business. MSMEs include both micro, small and medium enterprises while this study aim to look into micro-business alone. Micro-business are clasified in Namibia as businesses with 1 to 5 employees. On the contrary Dody et al., (2019) identify that micro-businesses are the most crucial businesses in any economy as they progress from micro to small to Medium and into a firm they create many opportunities in the economy. Therefore, financing micro-businesses is one of the supporting factors in the sustainability of micro-businesses and their business activities.

## 2.7. Financial attitude and behaviour

Financial attitude is regarded more like the feeling of individuals on their financial problems (Ratna, Nenden & Pratami, 2021) while Meli and Rediana (2018) define financial attitude as a state of mind, opinion, and judgement of individual finance.

Financial attitude can have a positive and negative impact on the financial management of micro-businesses. Ratna, et al. (2021) further emphasize that financial attitude influences financial decision-making. However, Richard, (2016) looked at a financial attitude that influences financial management behaviour and this can be determined by the level of financial literacy of individuals. On the contrary, Pipit and Mega (2019) insisted that financial attitude has nothing much in common with financial sustainability of micro-business, micro-business owners can have a positive financial attitude however they lack good financial management practice. Interestingly, Mohamed and Fatima (2013) indicated that financial attitude can be easily identified on individuals' approach to debt management and debt level of their businesses or on their personal finance. However, looking at some extant studies (Mohamed & Fatima 2013; Richard, 2016; Bharat, 2018; and

Umogbaimonica, Agwa, & Asenge, 2018; and Ratna et al., 2021) their approach on the financial attitude was mainly on personal finance management. Equally, Eniola and Harry, (2015) as well looked at financial attitude on individual financial management. It seems that most researchers were more focused on individual financial attitude and not on perspective of micro-business operational funds.

In addition financial attitude has a strong link with financial behaviour. Anthony and Harry (2017) on the study that concentrated on SMEs managers and financial literacy. They pointed-out that a positive financial attitude is linked to good financial behaviour, micro-business owners can as well positively influence their micro-businesses finances and make a positive long-term financial decision only if their financial behaviours are positive and with a good level of financial literacy.

Most importantly, micro-businesses owners with good financial behaviour and a high level of financial literacy can effectively participate in the formal financial market (Eniola & Harry 2016). However, Senevirathne and Jayendrika (2015) reveal that good financial literacy can allow one to understand financial concept and was not properly extended to micro-businesses. Furthermore, they emphasis that micro-businesses owners or managers with a low level of financial literacy do not participate in the stock market nor understand different financial products offered in the formal financial market

## **2.8. Theoretical framework**

### **2.8.1 A dual-process theory of financial functioning**

Despite a reliable and long-standing past in psychology (Dan, 2012), dual-process theories suffer from given claim of potential self-conflicting landscape and abundant

of uniqueness crisis. Dual-process theories claim that there are two modes or systems, of human information processing: one that is energizing, largely unconscious, automated, and of high capacity; the other is plodding, conscious, and deliberate. Therefore, a dual-process theory is an evocation and more imaginative than scientific. Accordingly, the argument advanced here is largely speculative; much work remains to link these claims and observation into a cohesive, synthesized dual-process account of financial behaviour.

The study employed a dual-process theory to assess if micro-business financial mindfulness has a link with the dual-process theory. The study as well tested the financial behaviour in micro-businesses owners guided by the dual-process theory. It as well use a dual-process model of financial functioning. Dan (2012) claims that dual-process models of human behaviour were recently supported by the neuro-economic research in social decision making which concerns financial versus social tradeoffs, supports a dual-processing model of behaviour.

The dual-process theory reveal that for people with high financial literacy, their financial decisions can be influenced by cognitive processes and intuition. There is an agreement between Dan (2012) and Tania, Isabel Mendoza-Avila, Nicolas , Guido, and Alejandro (2022) that dual-process theory shows that decision making can only be non-conscious and tied to intuition.

### **2.8.2 Knowledge-based view (KBV)**

The knowledge-based view (KBV) is a learning concept for organisational management that assists the organisation to achieve a competitive advantage. Nikolaos, Vassilis , and Georgios (2009) define KBV as integration of key knowledge

in an institution that will assist the performance of the businesses. Micro-businesses need to build a strong KBV to grow into firms. Financial literacy is among the important knowledge resources that elevate the individual's and firm's capacity, skills, and expertise technology effectively.

Jianmu and KMMCB (2019) suggest that financial literacy helps micro-business owners and managers to take advantage of an increase in the financial market competition by employing their financial management knowledge and skills. However, there is not enough evidence on how financial literacy can unlock the barriers to access finance and how financial literacy promotes financial sustainability in micro-businesses. However, according to the KBV, financial literacy is a knowledge resource that determines the financial sustainability of micro-businesses.

### **2.8.3 Human behaviour theory**

Arguably, individual financial behaviour and investment decision-making processes are influenced by individual behaviours. However, micro-business owners investment decision-making processes are facing huge challenges and which is influenced by behavioural biases and psychological effects such as cognitive dissonance (VanderPal & Randy, 2022). Cognitive dissonance is the mental discomfort that develops when one holds two conflicting attitudes or beliefs (VanderPal & Randy, 2022). Individuals behaviours are influenced by past experiences and this influences future decision-making of individuals financial outcomes (Kaiser, Lusardi, Lukas, & Carly, 2020). Arguably, the surrounding in which a brain develops can influence micro-business owners financial risk tolerance levels and that can determine their businesses financial sustainability as well. In addition to that, emotions of individuals influences human behaviours and that reduces the sense



of judgement (Kaiser et al., 2022). In spite of individuals financial emotions, financial decision in micro-business are influenced by consumption behaviour of micro-business (Zahra & Pandji, 2021).

Micro-business financial decision are mostly influenced by human behaviour of individuals (Kaiser et al., 2021). Peer pressure has significant contribution on individuals financial decisions (VanderPal & Randy, 2022). Even though Kaiser et al., (2021) stated that financial decisions of individuals is mostly influence by subculture and socioeconomic status. Kaiser et al.,(2021) further emphasis that the higher the socioeconomic status of individual the broader insight of good financial decision making.

## **2.9 Chapter summary**

The concept of financial literacy is a widely researched topic recently in both developed and developing economies, however, the concept was never extended enough to micro-businesses, and the influence it has on the success of micro-businesses. Hamdino and Zayed (2021) indicate that financial literacy is a scarce resource to many micro-businesses, which are regarded as the backbones of every country's economy. Vania, Nuno, Ana and Eduardo (2020) emphasise that micro-businesses with a high level of financial literacy can be successful and can have access to finance in the formal financial market. This is in agreement with the KBV that highlights financial literacy as an important resource in the success of the micro-business. It seems that most of the researchers used the quantitative research methods, therefore, this study employed a qualitative method for the deeper understanding of the researched subject.

## **CHAPTER 3: RESEARCH METHODOLOGY**

### **3.0 Introduction**

The focus of this study was to investigate the role of financial literacy in the financial sustainability of micro-business. To understand the researched topic on the role of financial literacy, the study focused on micro-businesses, which are at the entry-level of businesses. This chapter presents the methodology that was used to carry out the study. This includes research design, population, sampling, procedure, and data analysis.

### **3.1 Research design**

This was a qualitative research and in this research an interview guide was prepared to guide the interview. This interview guide was administered to the respondents participating in the study at their business unit in the Bokamoso Entrepreneurial Centre. Only businesses with at least a year of operation were interviewed. Cresswell, Hanson, Plano, and Morales (2007) state that the qualitative researcher today faces a baffling array of options for conducting qualitative research.

Hence, the study used a phenomenological research design, which it gave a deep understanding of the phenomenon based on individuals' experiences. Phenomenological research design is regarded among the best five qualitative research designs listed by Cresswell (2007). Nasse, Sankara and Thomas (2021) defined phenomenological research as research that can assist the researcher to understand an individual's life experience and understand the concept affecting an individual or a group of people. The design was much suitable for the study as the study was focused on micro-business owners with at least one year of operation or

older and phenomenological research design is more applicable when assessing the experience of the individuals or a group of people.

### **3.2 Population**

According to Nicole and Perry (2019) the population is the group of interest to the researcher, the group from whom the researcher intended to generalise the results of the study. In conducting the research, as designed, the population of the micro-businesses in the Bokamoso Entrepreneurial Centre were the potential respondents. There are twenty-two (27) business units in the Centre, and a total of 22 micro-business managers or owners were targeted to be potential respondents, one person from each business unit. Creswell (1998) suggested that for qualitative studies, a sample range between 20-30 interviews would be adequate for reaching data saturation. The targeted population anticipated to participate in the study, took part in the interviews that were scheduled with them at Bokamoso Entrepreneurial Centre. The interviews were conducted at the Centre, one unit at a time. Each qualified unit was contacted to participate in the study. During the interview, the interview guide was used to guide the interview process, and for the interview to remain within the scope. Creswell (1998) indicated that a sample of less than thirty (30) respondents is mostly suitable for an interview.

### **3.3 Sampling**

Flick (2006) defines a sample as a smaller set of cases a researcher selects from a larger pool and generalises the findings to the population. Within the targeted population, the researcher had pinpointed the participants who formed the sample. Lawrence et al. (2015) states that samples should be drawn from the targeted

population in an unbiased manner, techniques that reduce biases should be used.

The study desired to do a census and interview all the twenty-two (22) micro-business units operating in Bokamoso Entrepreneurial Centre. These business operate in difference industry such as retail, catering, production, and manufacturing. However, due to the delimitation of the study, a census was not possible, in this case the study employed a purposeful sampling technique to pinpoint sample size. The purposeful sampling technique is a qualitative technique, and very crucial as it gave depth understanding of the phenomenon by selecting participants who are familiar with the under-investigated subject (Palinkas, Horwitz, Green, Wisdom, Duan, Hoagwood and Northwest, 2016). In general, purposeful sampling is a technique widely used in qualitative research for the identification and selection of information-rich cases for the most effective use of limited resources (Palinkas *et al.*, 2016). This involves identifying and selecting individuals or groups of individuals that are especially knowledgeable or experienced with the phenomenon of interest (Cresswell and Clark, 2011). Pietkiewics and Smith (2012) found the purposeful sampling strategy to be consistent.

Therefore, for one to identify which micro-businesses with a year or older based on the delimitation of the study, one should purposefully ask the individuals operating in the Bokamoso Entrepreneurial Centre. However, a total of Twenty-two (22) respondents qualified to take part in the study. , but only eighteen (18) were interviewed and four (4) refused to participate.

### **3.4 Procedures**

Rizky and Nadia (2018) states that data collection means gathering information to

address the critical questions that had been identified earlier in the study. The primary data is data that was collected through the interviews, with the help of an interview guide that was administered to the respondents. With that being said the respondents were contacted before the interview and the essence of the interview was made known to them. Thereafter, an interview with the micro-business owners or managers with a year or more in operation was conducted at the Bokamoso Entrepreneurial Centre. The interview was conducted at each business unit that was eligible for the study. In addition, for accuracy, before the scheduled interview, the researcher did a preliminary interview to earmark all participating business unity in the Centre. This made the arrangement for the interview easier as the communication was already being established between the researcher and participating units in the Centre. Hence, the interview was conducted in the Centre at each business unit and those that were not available for the physical interview were reached telephonically. The ideas were made known to them during the preliminary research, that was conducted by the researcher during familiarisation tour to the Centre.

### **3.5 Data analysis**

Qualitative data analysis is a process of bringing structure and meaning from the large data gathered (ALYahmady & Saleh, 2013). In qualitative research, data is usually collected in naturalistic settings, as qualitative study aims to provide rich interpretive, descriptive accounts of the phenomenon under investigation (Pietkiewicz & Smith, 2012). Both participants' and researchers' interpretation of phenomena is taken into account in the process of analysis. Interpretative phenomenological analysis (IPA) has become increasingly popular in European and American psychology (Pietkiewicz & Smith, 2012). The primary goal of IPA researchers is to investigate how individuals

make sense of their experiences. It is assumed that people are self-interpreting beings (Taylor, 1985). Which means that they are actively engaged in interpreting the events, objects, and people in their lives or things that have happened. To examine this process, IPA draws upon the fundamental principles of phenomenology and hermeneutics. However, this study adopted an IPA, as it was seeking to understand the lived experience of participants.

Pietkiewics and Smith (2012) emphasizes that IPA will help an investigator to think through all the aspects of the study and anticipate. Therefore, IPA aims at giving evidence of the participants' making sense of phenomena under investigation, and at the same time document, the researcher's sense-making (Pietkiewicz & Smith, 2012). They further emphasize that IPA provides a set of flexible guidelines which can be adapted by individual researchers, according to their research objective. However, these guidelines are merely an illustration of one possible way of analysing the qualitative material. In this case, this research was flexible and creative from this guideline to achieve the desired results. The guidelines did not have much impact on the study as the study aims to take a different demission to achieve the desired milestone.

Thereafter interviews were recorded, as in the IPA it is necessary to audio record the interviews and produce a verbatim transcription of them. The data was analysed using NVivo software. NVivo, is a Qualitative Data Analysis (QDA) computer software package has many advantages and may significantly improve the quality of research (ALYahmady & Saleh, 2013).The software reduces manual work and mitigates the biases in the study. NVivo was very important in, (1) managing data: organising a number of muddled data documents, includes interview transcripts, surveys, notes of

observations. (2) Managing ideas: had assisted to understand the conceptual and theoretical issues'. (3) Reporting: utilising the data collected and the result found to formulate transcript reports about the study conducted. These were the three (3) important tasks that NVivo ease analysis of qualitative data.

### **3.6. Research ethics**

Ethics are norms or the standard of life, behaviour that guides our actions or moral choice about our behaviour, and our relationships with others. The goal of ethics in research is to ensure that no one is harmed or suffers the consequences because they participate in a research. Cresswell and Clark (2011) emphasises that the upholding of ethical guidelines refers to whether a researcher demonstrates competency, maintains honesty in the management of the resources, acknowledges sources and the inputs of supporters during the study, and presents an accurate report of the findings.

The researcher sought the consent of the participants before the interview. The study does not reveal the names of the respondents linked to any information provided. Respondents were given unique codes, and the information provided cannot be traced back to them. The data is being stored in a lockable locker and will be destroyed after five years. The recordings were deleted after the data was analysed.

### **3.7 Chapter summary**

This chapter explored the research methodology used in conducting the present study. The study adopted phenomenological research design. Primary data was collected during a face-to-face interview with the help of interview guide. The data collected during the interview was analysed using an interpretative phenomenological analysis (IPA) and Nvivo software was used to create themes and codes. The next chapter presents the results and discussions of the study.

## **CHAPTER 4: RESULTS AND DISCUSSIONS**

### **4.0 Introduction**

This study aimed at investigating the role of financial literacy on financial sustainability of micro-businesses at Bokamoso Entrepreneurial Centre in Namibia. This chapter presents and analyses of the qualitative data, gathered during the interview, and completed interview guide questionnaire. The interpretative phenomenological Analysis (IPA) approach was employed to provide detailed examinations of micro-business owners experience to the phenomenon.

### **4.1 Demographics**

The presented data were gathered from the Bokamoso Entrepreneur Centre in the Windhoek Khomas region. Twenty-two (22) interview guide questionnaires were presented to all eligible business units for the study. All the business units operating for 1 year or more at the Centre were approached to participate in the study,. However, out of twenty-two (22) targeted participants, only eighteen (18) participated in the interview while four (4) eligible participants refused to participate in the study. This produces a response rate of 82 percent. Therefore, the results and discussion of the study depended on this effective sample size.

This section of the study contained the demographic information of the participants. Their gender, age group, education level, and number of years in business. This demographic information is very important to the study, as it gave the background of the participants that we dealt with in the study.



**Table: 4.1.1: The gender distribution of participants**

<b>Participants Gender</b>	<b>Frequencies</b>	<b>Percent</b>
Male	7	39%
Female	11	61%
<b>Total</b>	<b>18</b>	<b>100%</b>

Eighteen participants who participated in the study seven (7) of them were male and eleven (11) are female. This shows that females are more engaging in business activities at the Centre than men. This is in the agreement with the study by Anuradha, (2021) which was conducted in Sri Lanka and found out that women are taking up space in business comparing to men in the past. There is also similarities with the finding from the study conducted by Emeh (2021) in Nigeria that women are recently engaging in business activities more than men and they are taking their space in business. The study found out that 61 percent of micro-businesses are owned by women and only 39 percent are owned by man.

**Table 4.1.2: Age group of the participants**

<b>Group Age</b>	<b>Frequencies</b>	<b>Percent</b>
18 – 24	3	16.7%
25 – 34	7	38.9%
35 – 44	5	27.7%
45 – 54	3	16.7%
55 – Above	0	0%
<b>Total</b>	<b>18</b>	<b>100%</b>

Table 4.1.2 shows the age group of the participants, who have participated in the study. Age seems to play a significant role on individual financial literacy. That is

why Lusardi and Oggero (2017) emphasize that the financial literacy level of individuals is different based on age of individual. However, the study found out that majority of the owners are young people between the age of 18-34 which constitute 55.6 percent. This was quite different from the result of Effiong, (2021) that had an opposite reflection that young people in Nigeria are not engaged in business.

**Table 4.1.3: Level of education of micro-business owners**

<b>Education level.</b>	<b>No</b>	<b>Percent</b>
Below Grade 12	2	11%
Grade 12 Certificate	5	28%
Diploma	2	11%
Degree	7	39%
Master Degree	2	11%
PHD	0	0%
Others	0	0%
<b>Total</b>	18	100%

Table 4.1.3 shows the participants' level of education, most of the participants have tertiary education, and only seven (7) participants are without tertiary education. None of participants have a PhD degree. One of those participants without tertiary education is below grade 12 certificate. Anthony and Harry, (2017) stated that the education level of micro-business owners plays a crucial role in understanding different financial concepts. They further emphasize that micro-business owners with good level of education are having a better financial literacy and their businesses perform much better financially.

**Table 4.1.4: Years of business operations**

<b>Year Range</b>	<b>Participant No</b>	<b>Percent</b>
1 – 5	7	38.9%
6 – 10	7	38.9%
10 – 15	2	11.1%
16 +	2	11.1%
<b>Total</b>	<b>18</b>	<b>100%</b>

In Table 4.1.4, the study shows the number of years of business operation micro-business have. It shows that all the businesses that participated in the study are one (1) year and older, which was the delimitation of this study. Since the main goal is to investigate the phenomena to have a deeper understanding. It was established that micro-business owners with one or more years of operation will help this study to answer all the research questions.

#### **4.2 Section B: Role of financial literacy on understanding financial concept**

This section of the study presents the results of the study based on the qualitative approach adopted by the study. In this section the study evaluates the understanding of financial concepts for micro-business owners.

The study developed the following five (5) themes to answer the research questions

**Table 4.2: Themes and subthemes of the study**

Theme(s)	Subthemes
1. Financial concept	Inflation, interest and diversification
2. Awareness	Financial products and financial information
3. Experience	financial management and financial knowledge
4. Requirements	collateral and access to fund'
5. Financial attitude	savings and investments

**4.2.1 Theme 1: Financial concept;**

Under this theme, the study partially answers the main research question of the study. What role does financial literacy possibly play on the financial sustainability of Namibian micro-business at Bokamoso Entrepreneurial Centre? For the micro-business to achieve financial sustainability there is a need to understand the influence of inflation on their businesses and changes of interest rate (Lusardi & Oggero, 2017).

**a) Interest rate**

The participants were asked to calculate a simple interest rate on their investment made this question was to test if the micro-business owners understand and know how to calculate the interest rate given or charged. Eleven (11) of the participants got it right and six (6) refused to answer the question and one (1) participant attempted to answer but got it wrong. Lusardi and Oggero (2017) found out that there is a high level of financial illiteracy among micro-business owners, and are failing either to calculate interest rate charged or gained. However, this seems to be contrary to the

findings of their study, 61 percent of participants were able to calculate interest rate while only 39 percent of micro-business owners can not calculate the interest rate. This is harmful to the financial sustainability of these seven (7) micro-businesses. It was established that micro-business who do not understand how interest rate is calculated do not either understand how it works, and fail to make an investment. For example one of the participants asked “ what is this interest rate? It is my first time hearing it”. With this responds show that lack of financial literacy limit micro-businesses from growing their investments. Since 39 percent of micro-business owners had no understanding of interest rate it limited them from making good financial decision.

#### **b) Inflation**

The participants were as well assessed on their understanding on the concept of inflation. Since inflation is the common financial concept used on a regular basis. The main purpose of this was to test if the micro-business owners understand the concept of inflation. Mpaata, Koskei, and Saina, (2020), defined financial literacy as the ability to understand and interpret the financial concept. In this case the participants were tested to see if they understand the term inflation. Since inflation is the main factor that influences the price of goods and the interest rate charged. However, eight (8) of the 18 participants refuse to answer this question based on the inflation. That is an indication that they do not understand how inflation works and how it influence the interest rate. Ten (10) of the participants attempted to answer the question, and only three (3) of the participants got it right and the remaining seven (7) answers were wrong. Based on the participants answers it is a clear indication that micro-business owners ability to understand the financial concept are very low. That means their level of financial literacy is very low. Micro-businesses operating in the Bokamoso

Entrepreneurial Centre failed the simple inflation question. Since inflation is considered to have great direct influence on financial decision-making. This lack of understanding among the micro-business owners is likely to have a negative influence on the financial decision-making of micro-businesses. If micro-business owners are failing to answer this simple inflation question, that means it will be hard for their business to attain financial sustainability. This is to show the most important role of financial literacy to businesses. It allows proper financial planning from different dimensions in the business, considering all the factors influencing financial decision-making. Alberto et al., , (2021) in their study of the effects of financial literacy on sustainable entrepreneurship, they emphasized that micro-business will only be financial sustainable if they fully understand financial concept and based their financial decisions on them.

Beata et al., , (2020) emphasized that financial education is a crucial component in the financial success of businesses. With the reference to the outcome of the study shows that micro-business owners do not have a comprehensive understanding of financial concepts. Which made it difficult for their business growth. As it was found that 89 percent of these micro-businesses are failing to grow and expand.

### **c) Diversification**

A very simple investment question was administered to the participants. This question was designed to test micro-business owners investment attitude, and understanding of diversification. The question was to assess the participants risk management in making investment decisions. and how to mitigate those risks. Making investment decisions of the business involved many risks and micro-business owners should assess it in order not to make bad investment decisions that put the

business into financial losses.

Under this subtheme the study explore the knowledge of micro-business owners, based knowledge on diversification. Diversification increase the chances of the business success, this subtheme contribute to the study on answering the main research question as well as partially answering the specific research questions.

The respondents were tested on diversification question, the results turn out that twelve (12) of the participants did not answer the question correctly. Since 67 percent of parcipants couldnot answer this question correctly , it shows that there is high level of financial illiteracy among the micro-business owners. That shows that 67 percent of micro-business do not understand importance of diversification, when making investment. That reduces their chances of becoming financial sustainable. This limited knowledge of deversification of investments can cause micro-business loss their investments. The shocking revelation was that 72 percent of micro-business were never exposed to the stock market, money market, and real estate investment market. That show that 72 percent of participants do not actively participate into formal market. Based on the finding of the study the participant do not participate on the formal financial market due to the low level of financial literacy.

Micro-business owner number 10 said “I can only participate in formal financial market with confidence if I have good understanding of what is in there”. In addition micro-business owner number eight (8) said “knowledge is acquired based on the availability of information. Since there are no simplified information concerning the products in the formal financial market. Our understanding of financial market remained limited”. In addition the participant number 8 said; “lack of comprehensive understanding of the financial market is influenced by the lack of financial literacy

among the micro-business owners”. The information available in the formal financial market require individual to have high financial knowledge and a high level of financial literacy. Thirteen of the participants believed that investing in the formal financial market does not add value to their micro-business. Investing into formal financial only initiate losses because we do not get fair deals due to the limited financial knowledge. Micro-business owner number 9 said “lack of financial literacy can only make us lose our investment in the formal financial market”. Moreover, micro-business owner number 18 said “our investments in the formal financial market are not yielding any result”. Apart from this, similar issue was mentioned by Serhiy and Miroslaw (2019) that micro-business owners with low financial literacy do not participate in the formal stock market because they are scared to lose their investments. They further emphasis that even when micro-business owners do participate, they are likely to lose their investments due to the limited financial literacy.

Those who answered the question correctly emphasized that they do not participate in the formal financial market. Namibia's formal financial market is very hard to participate into due to lack of financial information, and made it difficult for micro-business to participate. Furthermore, 72 percent of micro-business owners said that they will not participate into the financial market. With further emphasis from micro-business owner number 3, who stated that “there is no return assured to our investments”. However a shocking revelation was that micro-businesses owners are scared to approach the formal financial market for investment options.

Under the first theme as the study partially answering the main research question and lay a foundation in answering of other research question. The study found out that



over 78 percent of micro-business owners do not possess a deeper understanding of financial concepts. These limitations were caused due to the low level of financial literacy among the micro-business owners. The findings in this section clearly show the significant role of financial literacy on the financial sustainability of micro-businesses in Namibia at Bokamoso Entrepreneurial Centre.

#### **4.2.2 Theme 2: Financial Awareness**

This theme contributed to the answering of the main research question and partially answering the second research question. What are the limiting factors of Namibian micro-business to access finance through the formal financial market?

It was found that micro-business operating at the Centre have limited awareness of the formal financial market and products offered. The lack of information concerning these financial products is not well articulated or simplified to the level where it is understandable to all micro-business owners. There is lack of marketing in formal financial market, and that reduces the participation of micro-businesses.

For example, one of the micro-business owner (number 4) said, "I wanted to invest in the expansion of my business by obtaining a loan from the formal financial market. However, I am scared to get financial assistance because I do not know the kind of loan and whether it is good for my business". While micro-business owner number 9 added that "even though you are willing to invest or buy stocks through your business the concept used in formal financial market remain a barrier to us"

Other participants reveal that they do not have any awareness of products offering in formal financial market. since there is no detailed information about their products they do not participate. The micro-business owner number 7, 10, 11 and 18 express

themselves that there are hidden pieces of information or conditions that are not well explained. Micro-business owner number 11 said that “people like us (micro-business owners) with limited awareness and low understanding of financial concept remain vulnerable, and this affects our business growth”.

With detailed information from 82 percent of the informants established that the financial information are too complex to understand. Thus 'awareness' and 'financial information' are crucial in running a financially sustainable business. Financial information being a crucial component of rising awareness of financial products offered in the formal financial market. Namibian micro-business do not have access to financial information that set a barrier for micro-business to succeed. Financial information increase the level of understanding, and financial literacy of micro-business owners. In addition, Thabiso and Odunayo (2021) opined that micro-business owners with financial awareness can use financial management strategy better, and make effective long and short term financial decisions. This shows the role financial literacy in running a financially sustainable business. KMMCB et al. (2020) found that financial literacy had a direct, and positive impact on the financial sustainability of micro-business.

Moreover, financial literacy improves the financial management in micro-businesses this can only be achieved if there is financial awareness among the micro-business owners. Equally, financial awareness remain a crucial knowledge to decision making and financial stability of micro-businesses. Although financial awareness promotes business growth and financial breakthrough of micro-businesses, it also keep micro-business owners well informed.

In spite of financial awareness, micro-businesses have a huge role to play in maintain

financial information. It gives them awareness of historic financial transactions. Moreover, bookkeeping remain crucial when measuring financial literacy in micro-businesses, as it influences financial decision-making in micro-business. Bookkeeping can be referred to a process of keeping financial information, and all transactions (cash flow) of the business.

Since bookkeeping remained financial literacy determinant, participants were assessed on this crucial component of financial literacy. All eighteen (18) micro-business owners answered this question. However, only 44 percent keep financial records, and all other transactions the business made. For example, micro-business owner number 1 said “bookkeeping helps me to manage the business funds and help in the decision-making process”. Interestingly 56 percent of participants do not see the importance of bookkeeping. They do not keep financial transactions for the business, for example micro-business number 9 said that “recording business transaction is a waste of time, I do not see the importance of it”.

Clearly, Beatus (2020) indicated that bookkeeping is an important component in managing a small businesses. it help micro-business owners to measure and understand their business financial capacity. , Bookkeeping is also important for financial decision making. However, many businesses at the center lack a proper system to keep financial records for their business. That results in making bad financial decisions that lead to the closedown of businesses. Beata et al. (2020) show that financial information support decision making and that is a skill that all micro-business owners should possess to run a sustainable business.

The participants were asked if they understand the importance of bookkeeping in business, of which 44 percent of the participants understand the importance of

keeping financial records for their businesses. Micro-business owner number 17 said “bookkeeping is very important it helps to manage the cash flow of the business”. In addition micro-business owner number 3 added that “ I know that bookkeeping helps in financial planning and in identifying the financial position of the business. However, it require a lot of work and I do not have time for it”. To interprete what micro-business owner number 3 said about bookkeeping that it can give a clear picture on the financial competence the business. Enhancing financial knowledge of the owners about financial matter. In addition, the study found out that even though the 44 percent of micro-business owners in the center understand the importance of bookkeeping only 25 percent of micro-business owners practice bookkeeping in their business. More importantly, good bookkeeping makes micro-business financial information plain and easy to understand when making financial decisions. Bookkeeping creates awareness of financial information and influences future financial decisions.

With reference to the study that was conducted in Nigeria by Anthony and Harry (2017), it was suggested that micro-business owners should invested in financial educations.. The study found out that, 25 percent of micro-business owners who keeps financial record and exercise proper bookkeeping have a higher reflection of their business financial performance which helps in making effective financial options and future decisions.

These theme financial awareness shows that micro-business owners with financial awareness can actively participate in the formal financial market and promote their business's financial sustainability. This in agreement with Lusardi and Oggero, 2017. However, the study found out that Namibian micro-business owners ignore financial

information that can enhance their financial awareness and do not actively participate in the formal financial market. Namibian micro-business operation in the Bokamoso Entrepreneurial Centre lack understanding financial market. Lusardi and Oggero, (2017) had put that financial awareness is mostly about understanding business financial performance, and enriching financial decision-making. Their statement is not far away from the finding of the study as 56 percent of micro-business owners do not understand the importance of financial awareness. Therefore, it should be the duty of the owners to look after the financial well-being of their business. In particular micro-business owners are the managers of their own business. Hence, they are directly involved with financial decision making and they should have good financial awareness of their business. In other words, lack of financial awareness is prevailing among the Namibian micro-business owners in Bokamoso Entrepreneurial Centre and these lack of financial awareness contribute to micro-business failure.

#### **4.2.3 Theme 3: Experience**

In the 'experience' theme, most of the participants acknowledge that the subthemes 'financial management,' and 'financial knowledge' play an important role in the financial sustainability of micro-business.

The participants were asked to narrate the issues their business encountered in the quest of securing financial assistance in the formal financial market. However, 78 percent of the participants revealed that they attempted to apply for financial assistance in the formal financial market many times but they keep on rejecting the applications.

Micro business owner number 8 said "my business closed down many times due to

the financial difficulties. This was due to financial problems I encountered in the family and that lead me to use my business funds. I tried to get a loan to revive the business but my application was rejected. It is very hard to obtain financial assistance in Namibia formal financial market”.

Other participant micro-business owner number 18 reflect on the ongoing issues micro-businesses in the centre is facing. “I have been doing business for many years and I do not approach any financial institution for financial assistance. I know I needed funds to expand my business but my business is not having the capacity of repaying the loan if I get one. I believe that most micro-business in the Centre are experiencing the same issue.”

While micro-business number 2 indicated that “I do not know where to start or how to manage loans given, because I do not have enough financial knowledge to manage loans from the formal financial market. Most of financial assistance comes from friends and family.”

Mishandling of business finance prevails among the business owners operating in the centre. This is in agreement with the study that was done in Zimbabwe by Chikoko, Pierre and Dzingirai (2013) that micro-business owners do not differentiate between business finance and profit. Obviously, there is a correlation with Mohd et al., ) who emphasized that there is poor financial management in micro-business financial administration and that is caused by the lack of financial literacy. Micro-business need a to increase their financial literacy to enhance their financial management within their businesses. This will help them to avoid financial management errors. It was recorded that most of the participants are exposed to financial management errors in administering financial affairs of their micro-businesses. For instance, one of the

participant micro-business (number 17) reveal that he had a bad experience with the bank in the past. "I obtained a loan with one of the commercial banks in the past, which I have done paying it back few years back. However, I do not fully understand the conditions of that loan which put my business in a bad financial position to date." The participants operating in the Centre for over a year and above have reflected that micro-business needs the training to enhance their financial knowledge that will boost their financial management skills. "what is lacking is financial management skills, since I open up my business I did not made any investment portfolio for my business"

While micro-business number 1 also indicated that "I wanted to insure my business but I don't have any knowledge on the types of insurance best for my business. In the quest of insuring my business, I wanted to hire a professional financial adviser but the business has no financial capacity to hire the adviser".

The same issues were found by Elok et al., (2021) that micro-business could not hire professional financial advisors or professional accountants due the lack of financial capacity. This made micro-businesses to become prone to financial errors. This was demonstrated by the participants based on their experience, and through their experience the study found out that the main issue affecting micro-business is financial literacy. Hence 78 percent of the participants do not possess financial knowledge and that became a huge obstacle to micro-business financial freedom. The study found out that majority of the micro-business are ignorant to financial issues, and that lead to business failure.

Financial knowledge and financial management are linked together, Hence, one can not manage the business finances successfully without proper financial knowledge. The participants highlighted that the most challenging activity is financial

administration. "Financial administration is the most challenging area in running a business, an individual can not run a successful business without proper financial knowledge. I tried to invest in different areas but I lost my investment due to lack of financial knowledge." Alberto et al. (2021) stated that financial knowledge is crucial for micro-businesses financial administration. However, Attamah (2019) emphasized that financial literacy is more than just financial knowledge and micro-business need to invest their time and resources to acquire this scarce business resources. With the revelations from Attamah (2019) and Alberto et al. (2021) confirm that financial administration require good understanding, the study found that micro-businesses in the Centre do not have sufficient financial knowledge to understand the Namibia financial system. Financial literacy is a revolution in micro-businesses financial sustainability (Dody et al., , 2019). Therefore, micro-business owners should equip themselves with better financial knowledge. This will help them to understand better the global financial system as technology keep bringing the world together. Since it was found that 78 percent of micro-business owners in the Centre cannot run a financially successful business, they do not invest in financial education which is the key to the business success. Self-development is lacking among micro-business; they lack motivation on learning new financial knowledge that can be useful for their businesses to operat within the country or in the global space . In addition, 89 percent of the micro-business owners do not understand the importance of financial management in business. That is why they have neglected the issue of the financial well-being of businesses. Through this theme, the study found out that micro-businesses in Namibia at Bokamoso Entrepreneurial Centre are failing because of the lack of financial experience among business owners. Owners are very inexperience in dealing with business financial administration. Owners do not have enough



experience in financial management. Businesses are prone to financial damage because of poor financial decisions made by owners. Owners are failing to distinguish between individual finance and business finances. Finally, through this theme the study found out that micro-business owners lack proper financial knowledge, and that negatively impact financial sustainability their businesses.

#### **4.2.4 Theme 4: Requirements**

In this theme, requirements contribute to the answering of the main research question of the study and specific questions of the study. The theme mainly focused on answering this question. What are the limiting factors of Namibian micro-business to access finance through the formal financial market?

It was found that businesses operating in the centre are not participating in the formal financial market. The 66 percent of the participant does not understand what was formal financial market is and what it offers. Only 34 percent of micro-business owner understand what formal financial market is and their motion was that, Namibia formal financial market is hard to understand entirely and hard to access to any form of help. Micro-business owner number 2 made a remark that “it is very hard to get a financial assistant in the formal financial market and their requirements are too high and unrealistic, that prevent us from getting financial help”

In addition, the 34 percent of micro-business owners who have knowledge of formal financial market pointed out that banks requirements are too high and that alone discourage them from borrowing from banks. In spite of too high requirements from bank, micro-businesses find it hard to obtain financial assistant in the formal financial market. In support of this, the micro-business owner number 4 expressed the

encounter with the bank "I needed a loan of 50 000.00 NAD to expand my business and the bank was asking for a collateral which I do not have, which stopped the business from exploring new promising opportunities" Micro-businesses in the Centre are finding it difficult to participate in the formal financial market due to high requirements. The banks and other players in the formal financial market set their requirements high to protect their interests. Participants have realized that commercial banks who are the major players in the formal financial market and other players only considered things based on their interests. The participants' views of the formal financial market and its requirement are more similar to Karagiorgos et al. (2020) who pointed out that there is a bureaucracy in the formal financial market that hinders the administrative-accounting practices, which are partially enforced. The bureaucracy in the formal financial market has affected micro-business to access funds. Hamdino and Zayed (2021) argued that too much bureaucracy in the formal financial market requires a high level of financial literacy for micro-business owners to have access to funds. To access funds in the financial market there are certain requirements the business needs to meet before being considered for financial assistance and micro-business owner need to understand those set of requirements. Ahmed et al (2019) argued that only those with financial knowledge and financial skills will have access to financial assistance in the formal financial market.

Pipit and Mega (2019) emphasized that financial literacy unlocks opportunities and contributes to chances of funding. Micro-business owners with a good level of financial literacy beat the requirements of the formal financial market, which makes them less riskier and their collaterals are a bit low compared to micro-business without good financial literacy (Beata *et al.*, 2020). This statement is contradicting the study findings in this case Namibian micro-business has no access to funds in the

formal financial market even those seems to have with good financial literacy.

The study found that all the micro-business in the Centre do not have access to financial assistance in the formal financial market. This limitation of not having access to funds is due to a lack of financial literacy among the micro-business owners. Clearly, micro-business owners do not have the good financial education to meet the requirements set by players in the formal financial market. In addition to low financial literacy, micro-business financial management knowledge is very weak which makes them to be classified as a high-risk investment. They compromise the financial reporting in their businesses which could play a very crucial role in accessing the fund. IMF (2018) stated that micro-businesses in Namibia are operating in a highly concentrated market. The IMF statement is contradicting with the study findings, that Namibian micro-business lack financial literacy and that prevent them from accessing funds in the formal financial market but not necessarily that they are operating in highly concentrated market.

That includes lack of understanding of the complicated lending requirements which prevented micro-business from accessing funds in the formal financial market. Apart from lack of financial literacy 92 percent of micro-business owners indicated that formal financial market is biased and that biasness influencing the decisions of the lenders. This can be influenced by political affiliation and this killed many micro-business or destabilized micro-business financial sustainability. Micro-business owner number 12 said "I understand that financial literacy is a key in accessing the funds in a formal financial market, but it is more than that. Politics today has a huge influence on decision making in the formal financial market. Their requirements are politically influenced and these geo politics has killed many potential businesses". In

addition micro-business owner number 16 said "It is not only about meeting requirements today in Namibia but it is about who knows who and that influence the requirements to financial assistants" while micro-business owner number 6 said "My business once applied for government funding through SMEs funding initiative by the government, it turns out to be unsuccessful even though I have met all the requirements. Sometimes is not because people have low level of financial literacy, but is more about who have the power to influence the requirements".

Eliada et al., (2021) pointed out that micro-business is facing huge discrimination when it comes to funding. That was supported by Felis et al., (2021) who emphasized that even though micro-businesses are regarded to be a driving force in the economic development of developed and emerging economies they are facing difficulties in accessing funds.

In this case, one can argue that funding requirements for micro-businesses are being influenced and do not have a standard. To set the record straight, 92 percent of micro-business owner lack proper financial literacy, and that limited them from accessing funds in the financial market. They can not study the funding requirements and understand them due to their limited financial literacy level. Beata et al. (2020) stated that financial literacy is a piece of key knowledge in the growth of SMEs, and micro-business owners who possess this key knowledge are likely to succeed in the formal financial market by getting cheaper loans with better collateral.

In addition, the study also found out that high collaterals contributed a lot to the micro-business failure. The World Bank Group (WBG) (2016) indicated that 75% of micro-business in namibia fail in their first year of establishment. Relating the study findings to the statement of The World Bank Group, the high level of financial

illiterate among micro-business owners could be the cause of the failure of micro-business in Namibia. Apart from high level of financial illiterate of micro-business owner, high requirements also reduces participation of micro-business. . The participants as well highlighted that getting financial assistance in the formal financial market is very difficult because the market is not stable and their interest rates keep changing and that require good financial literacy to make effective financial decisions.

Under this theme the study found out few factors that are limiting funding chances for micro-businesses in Namibia. Those factors had limitation funding opportunities, high collaterals, political influence and poor administration in the formal financial market. These are few of the factors preventing Namibia micro-businesses from accessing fund in the formal financial market. however, the major factor that is preventing Namibia micro-business to access funds is political influence in the lending sector. That influence the whole financial system and made the process much complex , which is hard for the micro-businesses to understand.

#### **4.2.5 Theme 5: Financial attitude**

Under this theme the study answers the last specific research question (Do financial attitudes and behaviour of micro-businesses owners play any role to the failure of their businesses?)

It was found out that micro-business operating in the Centre, their financial attitude influences their financial decision making. Financial attitude is an important contributor to achieve the success or failure of financial aspects in businesses. A good financial attitude promotes good financial management which has an impact on

micro-business financial sustainability.

Financial attitude determines the approach to how micro-business owners treat their financial resources. All participants revealed that they have businesses accounts where the incoming and outgoing payments for their business are made. However, it was recorded that this savings account is just for transactional purposes. Micro-business owner number 1 said “I opened a saving account in one of the commercial banks for business transactions and that account is specifically for that purpose”

While one of the micro-business owner (number 13) emphasized that "The account my business has with one of the commercial banks is more like of a personal account. I use it as well for my personal affairs, and the money in that account can be used for multiple activities not only business.”

Anuradha (2021) indicated that micro-business owners in Sri Lanka do not hold funds in their business accounts. Anuradha (2021) further indicated that business owners do not have enough financial education on why they should hold funds in their business accounts. There is a similarity with the result of this study, that micro-business in this Centre do not have education on why it is important to hold funds on the business accounts.

In addition, Le et al., (2021) emphasized that micro-business hesitate to grow because they do not hold funds in their savings account that give them good credit ratings. Luambo (2015) pointed out that micro-business in South Africa cannot access funds because their credit ratings are very low. Relating this to the finding of this study, the study results are clear that credit rating is more of an obstacle to the micro-business in Namibia mostly operating in Bokamoso Enterprenual Centre. The

micro-business have no idea why it is very important to hold the fund in their business account.

Only those with a good financial attitude understand the importance of holding a minimum amount in their accounts. For example, micro-business owner number 7 said "the business needs to have it is reserved, that will work in your favor in case you want to expand your business and require a loan from the financial institution"

"I always keep a certain minimum amount on my business account, and that has been the standard, since I opened my business. In the case where by the business has a new project, it can easily financed it within the business." That shows that a good financial attitude can promote financial sustainability for the business. This is in agreement with KMMCB et al. (2020) who indicated that for the business to be financially sustainable micro-business owners should have a good financial attitude that promotes effective financial decisions for their business. This statement is in line with Jianmu and KMMCB (2019) that micro-business in developing countries should invest in financial literacy that will improve their financial attitude.

However, 95 percent of micro-business owners had different views on savings for the business. This 95 percent of micro-business indirectly do not have savings accounts for their businesses they use their personal account to their business for example micro-business owner number 13 said that "my account is the one that I use for the business, and I use the funds on that account to any need either personal or business because all the funds on that account belong to me." this statement is in unison with Chikoko et al., (2013) who pointed out that micro-business owners in Zimbabwe do not differentiate between personal and business funds. The same issue is seen in the micro-business owners operating in Bokamoso Entrepreneurial Centre

in Namibia who find it difficult to differentiate between their personal funds from business funds.

Furthermore, micro-business owner number 5 emphasized that "I do not have an account for my business, but I use my account because I am afraid to lose my finance on the business account since I heard that business account have high charges. In the past, my business lost money in the liquidated SMEs bank and that was a huge setback since that incident, I opted to use my account for my business"

Mohamed and Fatima (2013) stated that people need assurance of their finances to participate in the formal financial market. Hence, Bucher-Koenen and Ziegelmeyer (2011) added that micro-business owners need financial education to participate in the formal financial market and they can able to mitigate the risk by themselves.

The financial attitude of individuals determines their investment ability. A good financial attitude involves good investment decisions of individuals, and a bad financial attitude can lead to bad investment decisions making. The participants of this study reveal that they need a radical transformation in government initiative of investing in micro-business. The government funding initiatives seem to be biased in selecting the beneficiaries as they look at the financial performance of the business. Micro-business owners number 7 said "the government had a good program of funding micro-businesses but it lack transparency in funding micro-businesses". In addition, micro-business owner number 3 said "I was advised for my business to buy government bonds as an investment by a friend, however, I do not understand how bonds work and I do not want to venture into a risk investment". Similarly, Sorongan (2022) indicated that financial attitude stimulates the good investment behaviour of individuals. Furthermore, Soronga, (2022) emphasis that micro-business owners need



to have a good financial attitude to make good investment decisions . This is in unison with the finding of the study that micro-business owners in Namibia operating in Bokamoso Enterprenual Centre lack good financial attitude. When individuals are involved in investment decision that requires deep understanding, to measure the financial risks involved and assess the investment return compared to the risk they are taking (Anthony and Harry, 2017). This statement further articulates what micro-business owners need and how effective it can be to their decision making. Further revelation is that 95 percent of micro-business owners do not consider these assessments when making investment decisions. This lack of good financial attitude has led so many micro-business to be financially unstable, and failed in many new investment project. Yoopetch and Pornthip (2021) similarly pointed out that financial attitude plays a very crucial role in investment decision-making, and each investment decision has an impact on the financial sustainability of the business. This is in agreement with Effiong (2021) who revealed that micro-business owners with good financial attitudes make good financial decisions that benefit their business financially. The study further found out that, micro-business owners in the Centre with poor financial attitudes make poor investment choices that reap off their financial benefits. The findings from above authors are mostly in agreement with the participant's responses to the investment questions for example 95 percent of micro-business owners revealed that they had tried to expand their business into a different area of investment but it failed and put their business in financial problem. In addition micro-business owners claimed that they hard involved into much new investment initiative however non has yielded results. Hence, micro-business owner number 6 said " most of the times I failed to understand and evaluate the risk involved, when making investments. I will just invested my money into the business without fully

made assessment.” This is in agreement with Yoopetch and Pornthip (2021) whom pin point out that poor financial attitude and poor financial behaviour lead to poor financial decisions that can cause micro-business failure. In addition, micro-business are prone to bad investment hence this study revealed that micro-businesses operating in the Centre are not excluded from the same mistake. Moreover, micro-businesses that possessed a good level of financial literacy similarly possessed a good financial attitude that positively contributes to their investment decisions. This is a skill that is lacking in the 95 percent of micro-business owners in the Centre.

The study established that, there is a high level of lack of financial literacy in micro-businesses operating in the Bokamoso entrepreneurial Centre and that has affected micro-businesses' financial sustainability as well. The lack of financial literacy in micro-business does not only affect the financial sustainability of these micro-businesses but reduced effective financial decisions. The micro-businesses in the Centre are failing to understand the importance of holding finance in their business account for good credit ratings. Hence, this has affected the majority of this business from accessing finance in the formal financial market. The financial attitude of micro-business owners operating in the Centre is also very poor, and that puts their business in a difficult position to operate or fund their operation internally.

With this revelation, one can easily identify the role financial literacy has on micro-business financial sustainability. That shows that financial literacy is the key to a good financial attitude, good financial behaviour, and access to funds. The majority of micro-business owners do not understand the importance of the financial report. They are failing to keep financial records making it difficult to access finance or make effective financial decisions. The major problem is that they are losing their funds in

the attempt of making further investments through expanding their business. This is because their financial literacy level is low. Even though many understand the importance of having a business account the discipline of holding funds is lacking. That is to see that micro-business owners need to invest more in financial education for them to improve their financial attitude and improve their saving ability. The majority of them don't believe in savings because they are scared of losing their money. This low level of confidence is mostly arise due to the inability of understanding financial product offered in the formal financial market. Furthermore, this lack of confidence created failure in business operations, and a increase of financial sustainability in micro-businesses operating in the Centre.

The most critical area is the financial behaviour of micro-business owners, they do not differentiate between their finances and business finances which influence their financial decisions negatively. In this case, they can not properly allocate their financial resources effectively, and that can negatively affect their businesses. The majority of these micro-businesses owners' level of financial literacy is low, and their financial decisions are based on feelings not on financial perspective. This is in agreement with Sorongan (2022) who emphasizes that financial attitude deal with individual psychology. Sorongan (2022) further reveals that most small businesses are failing because they are lacking financial literacy and owners make decisions based on their individual feelings.

#### **4.5 Chapter summary**

The study found out that 89 percent of micro-business owners in Namibia at Bokamoso Entrepreneur Centre are exposed to poor saving ability, investment and financial planning. This is due to the high level of financial illiteracy among micro-

business owners. This high level of financial illiteracy among the micro-business owners exposed them to bad financial behaviour, and bad financial attitude which affects their micro-businesses' financial sustainability. In addition, lack of financial literacy is dominantly prevailing and playing a huge role in the micro-businesses failure in Namibia particularly at Bakomoso Entrepreneurial Centre. Micro-business owners at the Centre lack the financial knowledge and skills to interpret the financial concepts commonly used in financial markets. This shortcoming results in bad financial decisions that affect the financial success of micro-businesses. Most importantly, financial literacy has a huge role in micro-business operations. However, it was established that micro-businesses with good financial literacy have access to funds, and such micro-businesses build the credit rating that helps them to obtain cheap loans. In spite of good financial literacy, 100 percent of participating micro-businesses in the Centre do not have access to funds in the formal financial markets. Apart from financial literacy, a few factors are preventing the micro-businesses from accessing funds in the formal financial market. Such factors are regarded as a huge hindrance in the financial breakthrough of micro-businesses and increase the failure of micro-businesses.

In addition, the findings provided factors that negatively affect micro-businesses in accessing funds and preventing them becoming financially sustainable. Such factors, one them popped up in the Requirement theme. High collateral, is an obstacle in accessing funds in Namibia. Banks and other financial intermediaries are asking for high collateral to lend money to the micro-businesses, which most of the micro-business do not have or they can not afford. The high collateral requirement is the major factor that reduces the chances of micro-business. World Bank Group (2016) stated that micro-business in Namibia are operating in a highly concentrated business

environment. This statement refers to high collateral. However, this high collateral can be averted by micro-business who have good financial attitude and good financial behaviour by scoring good credit rating.

A low level of financial literacy in micro-business prevented micro-business from accessing finance in the formal financial market. Financial literacy help owner to understand the products offered in the financial market and their requirements. However, the lack of financial literacy in the micro-business owners operating in the Centre does not have a deep understanding of any financial products and they are failing to approach the formal financial market. A similar finding was seen in Nigeria by Effiong (2021) that micro-business owners lack financial literacy and that prevented their business from accessing funds in the formal financial market. Many micro-business do not have collateral grantees which are pre-requisite to access loans.

Geopolitics involvement in accessing funds also prevented the micro-business to access the funds in the formal financial market. participants with better understanding of financial market express themselves that, the downgrading of Namibia's credit rating by Fitch credit ratings, has a negative influence on accessing loan facilities. It create a huge block in accessing funds in Namibia. This geopolitics put the country in the economic recession, which affected most of micro-businesses.

High-interest rate, the banks are mostly charging high interest on the money borrowed and the majority of the participant have seen it as the major abstraction of micro-businesses to access funds. However, Anuradha (2021) emphasizes that interest rates can be mitigated, and borrowers can negotiate and get the best interest rate when borrowing. In this case 95 percent of micro-business owners in the Centre, their level of financial literacy is limited, and are prone to these high-interest charges.

Micro-businesses owners are lacking the most crucial skills that can enhance their financial breakthrough in the formal financial market. Mostly Financial Literacy give birth to good financial behaviour and good financial attitude that influence individuals to make good investment decisions or financial decisions in general.

The study found out that mostly micro-business failures are due to the bad financial behaviour and attitude of micro-business owners. That leads to bad financial decisions, which put their businesses into bad debt. The study finds out that micro-business owners in the Centre do not understand the importance of paying back their loans. Such a bad financial attitude can cause the business to lose credibility with financial lenders. This is one of the challenges micro-businesses are facing. Financial illiterate, lack of financial information, and interpretation of financial concepts are common challenges micro-businesses owners in Namibia at Bokamoso Entrepreneurial Centre are facing at moment. Interpretation of financial concepts became a concern in accessing funds. That affect micro-businesses in becoming financial sustainable. interpretation of financial concepts gives an advantage to micro-businesses in making financial decisions.

The study found out that micro-business owners in Namibia at Bakomoso Entrepreneurial centre they have poor financial attitude and poor financial behaviour. These poor financial attitude and behaviour of micro-business owners is the major factor that contribute to micro-businesses failure. Micro-business owners make poor financial decisions that affect the business financial sustainability. Financial attitude and behaviour of micro-business owners lead to poor financial management, debt management and poor investment decisions.

In this theme the study found out that micro-businesses owners in Namibia at

Bokamoso Entrepreneurial Center majority of their businesses are in financial crisis. The study found out that 95 percent of the business owners in the center have bad financial attitude and behaviour that affect their investment decisions. The study as well found out that most of micro-businesses growth rate are very low, that reduced financial sustainability. All these upshots, micro-businesses in the Bokamoso Entrepreneurial Centre are facing today is due to bad financial attitude and behaviour of owners.

## **CHAPTER 5: CONCLUSIONS AND RECOMMENDATIONS**

### **5.0 Introduction**

This chapter presents the summarised research findings. It draws the conclusions and then presents the recommendations

### **5.1 Summary of the key findings**

The results from the analysis of data revealed that financial literacy plays a significant role in the financial sustainability of micro-businesses. It was found that 78 percent of micro-businesses are without good levels of financial literacy and do not possess good financial knowledge. They are also not financially sustainable or successful. The study also revealed that the financial attitude and financial behaviour of individual micro-business owners are mostly influenced by the level of their financial literacy. Arguably it was established in this study that good financial literacy plays a significant role in the financial sustainability of micro-businesses. However, the lack of proper financial literacy among the owners as it was discovered through this study left the micro-businesses in the Centre financially bleeding.

In spite of micro-businesses in Namibia bleeding financially the study found that, all the micro-businesses who participated in this study do not have access to funds in the formal financial market. With the findings and analyses, the study as well reveals that financial literacy provides confidence and micro-business owners can make effective decisions if they have good financial knowledge. However, this is what is lacking among the Namibian micro-business owners operating in the Centre. This is the main reason why micro-businesses in the Centre have no access to funds and do not appear confident enough to participate in the formal financial market.



The study found that there are factors affecting micro-businesses in Namibia in accessing funds in the formal financial market. These factors are seen as a huge obstacle to the financial sustainability of micro-businesses in the Centre. These factors are politics, lack of information and requirements. These factors influence the funding process of micro-business in the formal financial market. Lack of information about financial markets and product offered, limits the knowledge of micro-business owners and discourages them from participating. Other factors that affect micro-business are high requirements (collateral) that are set by major players in the financial market. This made it impossible for micro-businesses to participate or obtain funds in the financial market. Apart from the limiting factors, the study found that, lack of access to financial services negatively affected micro-business growth and 78 percent were at point of closing down.

Low level of financial literacy affect financial decision making in micro-businesses. Despite this limitation, the study concluded that good financial literacy can boost micro-businesses' financial success. However, micro-business financial success remained the worrying aspect in Namibian micro-businesses operating in the Centre. The limited understanding of financial concepts among the micro-business owners raised questions on their financial sustainability. It was also discovered that 78 percent of micro-business owners do not have good financial literacy. The revelation was that micro-business owners possessing good financial literacy, measure and calculate the risk involved in any financial decisions. However, the study found that only a few understand and consider financial risks in their decisions. Even though they can consider financial risk, they still find it difficult to mitigate such risks.

The study found that financial attitude has a significant impact on investment

decisions. Eva et al., (2021) posit that a good financial attitude of individuals benefits their businesses by taking good investment options. This is quite different from the outcome of this study, reveal that poor financial attitude commonly prevails among the micro-business owners, such attitude has negatively influenced their investment decision-making.

This is the reason their businesses are failing to be financially sustainable, and financially independent. In addition, financial behaviour was recorded to have a significant role in investment decisions and in the enhancement of credit ratings. It was revealed that micro-businesses with good financial behaviour had a different view on holding finances in their savings accounts, which enhance their credit rating. Such micro-business can access funds easily at a low-interest rate. Therefore, 89 percent of micro-businesses in Namibia, operating in the Centre do not possess good financial behaviour and that has affected their businesses' financial success.

Furthermore, the role played by financial literacy on financial sustainability of micro-businesses is evident. With a few exceptions (Ahmed et al., (2019); Sedlak *et al.*, (2016); and Attamah, (2019)) previous studies have overlooked the role of financial literacy on micro-businesses financial sustainability. However, the results contribute to the literature on the role of financial literacy mainly on understanding and interpretation of financial concepts, investments and financial management. The results of this study also documented specific factors that are preventing micro-businesses in Namibia on accessing funds in the formal financial market. While previous literature already identified the issues, micro-businesses are facing and the role of micro-businesses to economic development (Emeh, 2021).

Above all the study found that financial literacy can help and enhance knowledge that

can assist micro-business owners in managing properly their finances and contribute in making effective investment decisions. With the degree of certainty the study found out that micro-business failure is caused by the lack of financial literacy among micro-business owners. That as well prevent micro-businesses from accessing funds in the formal financial market.

## **5.2 Recommendations**

Following the summary of the findings of the study, the study recommends the following, in respect of each research objective. The study recommendations are made as per research objective after the findings of the study. **To investigate the role financial literacy in the financial sustainability of Namibian Micro-businesses at Bokamoso Entrepreneurial Centre.**

Under this research objective, the study found the role of financial literacy on micro-business financial sustainability. The study found that 78 percent of micro-businesses are financially incapacitated because of low levels of financial literacy and there is a high rate of financial instability in micro-businesses in the Centre due to the low level of financial literacy among the micro-business owners.

The major role of financial literacy on the micro-business financial sustainability is to give the flexibility of micro-business to financial success. However, this is in contrast to the findings of the study because micro-businesses in Namibia are struggling to succeed financially. This is because 78 percent of micro-businesses are exposed to poor financial decision-making due to the lack of financial knowledge. The study investigated the reason why micro-businesses in Namibia operating at the Bokamoso Entrepreneurial Centre are performing poorly financially. It was found out that they

ignored the role of financial literacy, they do not consider bookkeeping, nor they do assess their financial investment decisions. Micro-business owners are lacking the ability to understanding financial concepts. Therefore, the study recommends that the government should revisit the education curriculum and integrate financial education in schools from primary level. This would give a good understanding of financial terms no matter the level of education. The government as well need to come up with initiative like nation financial literacy program, to facilitate financial education nation wide. This will enable the government to eradicate financial illiterate in the Nation. The complexity of information on financial markets prevents the micro-business owners from understanding financial market. There is a need for major players in the financial market to simplify information for better understanding. The micro-business owners need proper financial training. This would enhance their understanding of financial concepts and enhance their financial decision making.

The second research objective: **To determine the limiting factors of Namibian micro-business to access finance through the formal financial market.**

The study revealed the major factors preventing micro-businesses from accessing the funds in the formal financial market. The study establishes that 100 percent of micro-business in Namibia operating in the Centre have no access to funds in the formal financial market. Due to lack of financial literacy, lack of awareness, political influence and limited information about the formal financial market, the study recommends that the formal financial market should decentralize their helping desks to create awareness and to make information available for micro-businesses. This can be done through seminars for the micro-businesses owner and the public. The government should be involved in controlling and setting the standard of collateral in

the formal financial market, as it is preventing micro-business from participating actively.

Third research objective: **To Evaluate the financial attitudes and behaviour of micro-businesses owners in the failure of their businesses.**

The study found out that micro-business owners' poor financial attitude and behaviour has a significant contribution to micro-business failure. Micro-businesses fail to distinguish between profit and revenue and their actions destroy the financial sustainability of their businesses. Their attitude lead to poor investment decisions that gradually lead to failure. Based on this finding, the study recommends that micro-businesses need financial mentorship and proper financial education. Therefore, all national academics, Commercial banks and other financial intermediaries should introduce financial literacy programs to curb high financial illiteracy among micro-business owners. That would influence their financial behaviour and attitudes.

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**ANNEXURE A: INTERVIEW GUIDE**

**SECTION A: DEMOGRAPHIC INFORMATION**

Sex

Female		Male	
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Age

18-24	25-34	35-44	45-54	55-Above

Level of Education (Tick)

Below Grade: 12		Grade 12 Certificate		Diploma		Degree		Master Degree		PHD		Others
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If other specify

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**YEAR OF BUSINESS OPERATION**

1-5		6-10		10-15		16+	
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**SECTION B: UNSTRUCTURED QUESTIONS**

1. Suppose you had \$100 in a business savings account and the interest rate was 2 percent per year. After 1 years, how much do you think you have in the account if left the money to grow

- ✓ Exactly NAD 102
- ✓ Less than NAD 102
- ✓ Refuse to answer

What is your opinion of Interest rate?

.....

.....

.....

.....

2. Imagine that the interest rate on your Business savings account was 1 percent per year and inflation was 2 percent per year. After 1 year would you be able to buy

- ✓ More than
- ✓ Exactly the same as or less than today with the money in this account
- ✓ Refuse to answer

How do understand Inflation?

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3. Do you think that the following statement is true or false? Buying a single company stock usually provides a safer return than a stock mutual fund

- ✓ True
- ✓ False
- ✓ Do not know
- ✓ Refuse to answer

Reason.....  
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.....

Bookkeeping is the most important aspect of the business; how does your business treat such a crucial aspect?

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.....

Do you understand the importance of keeping financial records for your business?

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.....

Does your business get any financial assistance from the formal financial market?

NO/YES

.....

IF NO Explain why

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Have you ever tried to obtain funding in the financial market? Explain your experience.

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Do you have any bank account for the business? Explain how is important to have a bank account?

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Do hold fund in that account?

.....

.....  
If yes, why is important hold funds in your business operation?

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Do you have any knowledge of the formal financial market and the products offered?

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How do you treat the profit your business made?

.....  
.....  
.....

How do you distinguish between business capital and profit?

.....  
.....  
.....

## APPENDIX B: LANGUAGE EDITING CERTIFICATE



Mr. Shonhiwa Bakare

MBA, BSc Hons Soc | shonhiwabakare@gmail.com

### CONTACT

PO Box 4244,  
Vinetta, Swakopmund  
Namibia

### LANGUAGE & COPY-EDITING CERTIFICATE

27<sup>th</sup> September 2022

**RE: LANGUAGE, COPYEDITING AND PROOFREADING OF DAVID FILLIPUS' THESIS FOR THE MASTER OF BUSINESS ADMINISTRATION DEGREE OF THE NAMIBIA BUSINESS SCHOOL OF THE UNIVERSITY OF NAMIBIA**

This certificate serves to confirm that I copyedited and proofread **DAVID FILLIPUS'** Thesis for the **MASTER OF BUSINESS ADMINISTRATION DEGREE** entitled: **INVESTIGATING THE ROLE OF FINANCIAL LITERACY IN THE FINANCIAL SUSTAINABILITY OF MICRO-BUSINESSES AT BOKAMOSO ENTREPRENEURIAL CENTRE IN NAMIBIA**

I declare that I professionally copyedited and proofread the thesis and removed mistakes and errors in spelling, grammar, and punctuation. In some cases, I improved sentence construction without changing the content provided by the student. I also removed some typographical errors from the thesis and formatted the thesis so that it complies with the University of Namibia's guidelines.

I have edited many Postgraduate Diploma, and Masters' Thesis, Dissertations for students studying with universities in Namibia. I have also copy-edited company documents and publications for Non-Governmental Organisations (NGOs) around the Southern African region.

Please feel free to contact me should the need arise.

Yours Sincerely,

Mr. Shonhiwa Bakare



SKM Bakare



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Shonhiwa Bakare



## APPENDIX C: SIMILARITY REPORT



### Document Information

Analyzed document	David Fillipus thesis document MBAF (2).docx (D144546099)
Submitted	9/21/2022 8:55:00 PM
Submitted by	
Submitter email	fillipusdavid@gmail.com
Similarity	1%
Analysis address	mwakipg.unam@analysis.arkund.com

### Sources included in the report

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- W** URL: <https://journal.rescollacomm.com/index.php/ijbesd/article/view/159>  
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