FINANCIAL LITERACY AND FINANCIAL INCLUSION: AN ANALYSIS OF WOMEN-OWNED MICRO AND SMALL ENTERPRISES IN NAMUGONGO DIVISION, KIRA MUNICIPALITY

BY

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A DISSERTATION SUBMITTED TO THE DIRECTORATE OF RESEARCH AND GRADUATE TRAINING IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION OF KYAMBOGO UNIVERSITY

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DECLARATION

I, **ATUHEIRE DIANA**, do hereby declare that to the best of my knowledge, the composition of this document is original work done by myself and has not been presented anywhere else for the award of the same qualification.

Signature………………………………… **Date…………………………….**

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APPROVAL

This is to certify that **Atuheire Diana** carried out research titled "Financial Literacy and Financial Inclusion: A Critical Examination of Women-Owned Micro and Small Enterprises in Namugongo Division, Kira Municipality," under our supervision. It is now ready for submission with our approval as University supervisors.

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DEDICATION

I dedicate this dissertation to my parents Mr. and Mrs. Andrew and Fulgencia Byamugisha who taught me the value of education; my siblings (Denise, Daniel and Davis) and friends.

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LIST OF ABBREVIATION

CVI:	Content Validity Index
FII:	Financial Inclusion Insights (FII)
IV:	Independent Variable
LLCI:	Lower Level Confidence Interval
MSE:	Micro and Small Enterprises
MSME:	Micro Small and Medium Enterprises
MV:	Mediating Variable
NFIS:	Nation’s Financial Inclusion Strategy
ULCI:	Lower Level Confidence Interval

ABSTRACT

The study investigated the influence of financial literacy on financial inclusion among women-owned Micro and Small Enterprises (MSEs) in Namugongo Division, Kira Municipality. The study objectives were to investigate the influence of financial knowledge, skills and attitudes on the financial inclusion of Micro and Small Enterprises owned by women in the Namugongo Division. The study employed a cross-sectional quantitative survey design to obtain information from women operating MSEs. A sample size of 293 research respondents was considered in this research, selected using a stratified and simple random sampling method. The findings highlighted that financial knowledge and financial Attitudes significantly and positively predict financial inclusion at a significance level of 5%. However, financial skills had no significant relationship with the financial inclusion of women-owned MSEs in the Namugongo Division (P-value>0.05). The findings also showed that financial knowledge, financial attitudes, and financial skills account for only 57.1% of the variations in financial inclusion. The study further revealed that firm size partially mediated the relationship between financial literacy and financial inclusion. The study concluded that financial knowledge and financial attitudes play an instrumental role in enhancing the financial inclusion of MSEs owned by women in the Namugongo Division. The study therefore recommends that the government should draw a lot of emphasis on financial literacy by providing practical learning tools to women operating MSEs, it should also develop a collaborative national strategy for financial literacy which works with small and micro enterprises to increase protection for women seeking financial products and services from financial scammers. This is imperative in enhancing the intensity of financial inclusion activities in the country.

CHAPTER ONE

INTRODUCTION

1.0 Introduction

This study deliberates on the relationship between financial literacy and financial inclusion by critically examining Micro and Small Enterprises (hereinafter MSEs) owned by women in Namugongo Division. MSEs owned by Women are recognized to be profit-making enterprises lacking unnecessary risks, typically with lower rates of default than MSEs operated and owned by males (International Finance Corporation, 2019). In addition, being many in numbers, MSEs enormously fill national accounts with their collective contribution.

However, projections elicit that over 70% of MSEs owned by women across every region are either un-served or under-served financially (International Finance Corporation, 2019). Based on their contribution to the economy, the challenge of low levels of financial inclusion faced by women-owned MSEs is a significant limitation that compromises the economic development of Uganda and other developing countries generally. The opportunity to serve women entrepreneurs exists and while the supply-side barriers of financial inclusion by women-led MSEs are well documented, there is limited information on the constraints of the demand side. Chapter one entailed the study background, problem statement, objectives, and hypotheses.

1.1 Background to the Study

Financial exclusion is still a far-reaching problem (Grohmann et al., 2018). Demirguc-Kunt et al. (2018) show that although 1 (one) of every 4 (four) adults at the individual level has accessed a bank account in a given formal financial institution, over 1.7 billion people worldwide are unbanked. The scholar further revealed that in Africa, only a small percentage of adults had managed to open a bank account (Demirg et al., 2019). Unlike their male counterparts who are benefiting highly from formalized financial services, women can also be part of the beneficiaries of financial inclusion if they become included. To this effect, Yong Kim Jim the World Bank President, expressed hopefulness in the attainment of universal financial inclusion by 2030. This reflects an important effort to recognize the significance of financial inclusion in the alleviation of poverty and income inequality as well as the attainment of economic growth (World Bank, 2013).

The concept of financial inclusion is multi-dimensional. Some scholars assert that financial inclusion connotes accessibility to affordable and useful financial services and products that meet the needs of businesses and individuals by having access to transactions, insurance, payments, credit, and savings that are delivered sustainably and responsibly (World Bank, 2013). Financial access has several benefits including fewer costs for transacting in economic activities done daily, it also offers the potential to plan long-term opportunities and needs, as well as offering grounds to safeguard against emergencies which may be unexpected (Beck et al., 2015).

Uganda has experienced positive developments in access to financial products and services in recent years (FinScope Uganda, 2018). With the deepening of the financial sector due to new technologies, more financial products and services for instance savings, credit, and payments have been made available for enterprises and individuals. In 2009, MTN Uganda which was the first mobile money service provider in Uganda was given a no objection letter by the Central Bank (Bank of Uganda) to enter into partnership with Stanbic Bank and give out financial products and services to the people through mobile money. In 2011, the Central Bank of Uganda became part of the Alliance for Financial Inclusion (AFI) where it committed itself to financial inclusion through the initiated Maya Declaration. These kinds of schemes and activities are launched to enhance the percentages of the financially included population (Alliance for Financial Inclusion, 2019).

Ozili (2020) provides the theories which were key during financial inclusion analysis. To determine the theories key assumptions were identified and placed under two theories. That is to say, assumptions on financial inclusion beneficiaries and the delivery of financial inclusion. The Public Good theory (Ozili, 2020) catered for the financial inclusion beneficiaries while the financial literacy theory (Ozili, 2020) addressed issues about financial inclusion delivery.

Financial literacy is increasingly becoming a concern of the whole world whereby, the World Bank and other global institutions are currently using it as an important thematic area. This has resulted in an increased number of nations embarking on development strategies and investing in programs related to financial literacy within their countries (Calderone, 2014). In Uganda, financial literacy is becoming a major topic on the nation's financial system policy agenda. It is of little wonder that it has in the recent past climaxed into the Nation's Financial Inclusion Strategy (NFIS) 2017–2022 whose launch was held in 2017 (Alliance for Financial Inclusion, 2019).

The introduction and the conceptualization of the term, Financial literacy, were done by Noctor et al. (1992) who defined financial literacy as being able to make judgments that are well-informed and making effective decisions about the management and use of money. In the same regard, the OECD (2013) provides that fiscal knowledge can be defined as a combination of skills, knowledge, awareness, behaviour and attitude necessary in making robust financial decisions which ultimately enhance the financial well-being of individuals. Fiscal knowledge on the other hand refers to a combination of skills and knowledge of purchasing online, making payments online via different methods, and being aware of the system of banking (Prasad et al., 2018). Hogarth (2006) looks at fiscal knowledge as capable of developing peoples' understanding of the need to invest, save, insure, solicitation for loans from banks to be used productively. Furthermore, the scholar also highlighted that the fiscal knowledge benefits would yield enhancements in the participation of other individuals in financial services and also avail new products and services.

The financially literate adult population is 33 per cent globally, which implies that around 2 billion adults in mostly developing countries lack basic knowledge of concepts related to finance (Klapper et al., 2015). As per the 2017 survey on financial inclusion insights (FII), financial literacy levels within the country (Uganda) were recorded at 55% and 24% respectively. The NFIS seeks to increase financial inclusion levels from 85% to 95% by 2022, whose low levels had been tailored to the adult population's failure to attain some level of financial literacy in Uganda (Bank of Uganda, 2017).

In Uganda, although the labour force composition of women is more than 50%, women have been regarded as a relevant pool of talent with the potential to help the country attain its goals for development, more specifically within the area of entrepreneurship skills development among MSMEs (Alliance for Financial Inclusion, 2019). Nevertheless, there is a general assumption that, unlike men, women face several hardships when starting, growing or managing their businesses since they often encounter impediments such as inadequate necessary resources, skills and knowledge (International Finance Corporation, 2019). Although the early 2000s saw Uganda make relevant advancements towards the development of women's entrepreneurship, the limitations women entrepreneurs face have only been slightly managed. Some studies show that over the last decade, the number of businesses owned by women has outpaced businesses owned by males in terms of growth by 1.5 times, self-employment being the most dominant among them. Unlike men, women have encountered business constraints in the form of legal impediments, and unsupportive cultural attitudes and norms regarding the roles of women. In support, MTIC (2015) acknowledged that women's mobility is limited by domestic responsibilities which deny them time to women to focus on their businesses.

The Government of Uganda and its development partners have taken the initiative of expanding accessibility to financial services to a given number of its citizens by promoting the development of agent banking, internet banking and mobile money services in the country. However, the inadequacy of financial literacy skills limits the financial services adoption in the country (Alliance for Financial Inclusion, 2019). Therefore, this research provides aid towards the government and financial institutions' efforts by assessing the influence of financial literacy on the financial inclusion of Small and Micro Enterprises owned by women in Namugongo Division, Uganda.

1.2 Statement of the Problem

Despite the government promoting the use of technology as an effort to promote financial inclusion within MSEs owned by women, there is still a low level of women's financial inclusion compared to that of men (MasterCard, 2019). Uganda's female adult population that has formal financial inclusion stands at 48.2 per cent, whereas their male counterparts stand at 52.6 per cent (Financial Capability Survey, 2020). In Uganda, women-owned MSEs encounter several difficulties in accessing formal financial products and services from local banks and other financial institutions such that they end up facing unfavourable conditions. This adversely affects the growth and development of MSEs owned by women. The low levels of financial inclusiveness are partly linked to poor financial knowledge, poor financial skills and poor attitudes which in turn, affect decision-making (Alliance for Financial Inclusion, 2019). It is therefore upon this account that this research sought to investigate the influence of financial literacy on the financial inclusion of women-owned MSEs in the Namugongo Division.

1.3 Purpose of the Study

The purpose of the study was to examine the influence of financial literacy on the financial inclusion of women-owned MSEs in the Namugongo Division.

1.4 Research Objectives

The objectives that guided the study include:

i. To analyse the influence of financial knowledge on the financial inclusion of women-owned MSEs in the Namugongo Division.

ii. To examine the influence of financial attitudes on the financial inclusion of women-owned MSEs in the Namugongo Division.

iii. To assess the influence of financial skills on the financial inclusion of women-owned MSEs in the Namugongo Division.

iv. To examine the mediating influence of firm size on the relationship between financial literacy and financial inclusion

1.5 Research Questions

This study endeavoured to find answers to the following research questions:

i. What is the influence of financial knowledge on the financial inclusion of women-owned MSEs in Namugongo Division?

ii. What is the influence of financial attitudes on the financial inclusion of women-owned MSEs in the Namugongo Division?

iii. What is the influence of financial skills on the financial inclusion of women-owned MSEs in Namugongo Division?

iv. What is the mediating influence of firm size on the relationship between financial literacy and financial inclusion?

1.6 Scope of the Study

The scope covered during the study included: geographical, subject and time.

1.6.1 Subject Scope

The study concentrated on the concepts of financial literacy and financial inclusion of women-owned MSEs in the Namugongo Division. More specifically, Financial Literacy was studied in terms of financial skills, financial attitudes, and financial knowledge (OECD, 2013; Prasad et al., 2018). The financial inclusion of women-owned MSEs in the Namugongo Division was studied in terms of access, quality, and usage of financial products and services (World Bank, 2013).

1.6.2 Area Scope

The study was conducted on Women-owned Micro and Small Enterprises located in Namugongo Division which is situated in Kira Municipality, Wakiso District, in the country's Central region. It is bordered by Kyaliwajjala to the south, Naalya and Kireka to the south-southeast, Sonde and Bukeerere to the east, Bweyogerere to the south-east, and central Kira to the west and north-west. Namugongo is located at 0°23'43.0"N, 32°39'57.0"E. The total area of Namugongo Division is 20.61 sq km

1.6.3 Time Scope

The study reviewed literature ranging between 2011 to 2019 because it was the time when the Bank of Uganda first adopted a strategy in 2011, for pushing forward the financial inclusion program based on four pillars.

1.7 Significance of the Study

The study may offer a knowledge contribution which is likely to benefit academicians and scholars willing to research financial inclusion as well as financial literacy.

The study may guide the use and access to authorized financial services to service providers in formal financial institutions in Uganda using the financial literacy insights gained.

The financial institutions' managers may also make use of the research results to generate strategies which are more appropriate in expanding the range of product development and financial services, particularly for women-owned Micro and Small Enterprises which are often excluded financially.

This research may offer a platform for development organizations as well as the Ugandan Government to design appropriate programs necessary in improving and stimulating the accessibility to financial services which are highly formal among the women-owned micro and small enterprises which often face exclusion from systems of formal financial institutions

This study may provide evidence-based policy analysis to offer guidance to policymakers in the formulation of policies aimed at promoting the expansion, adoption, and usage of financial products to reach out to multiple users, more notably, women-owned MSEs in Uganda.

1.8 Conceptual Framework

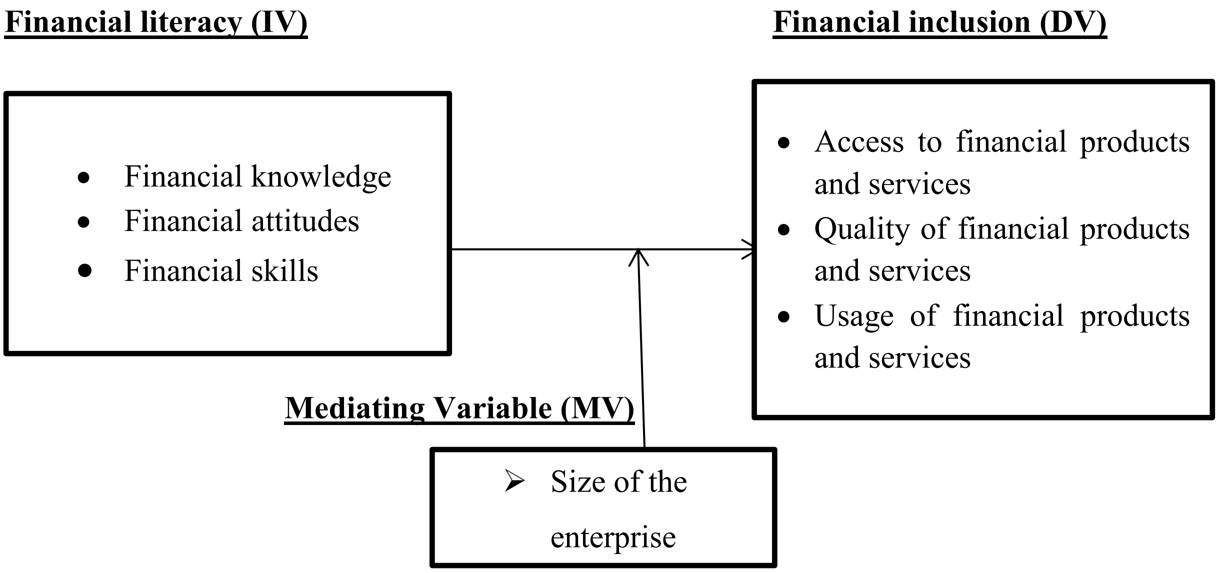

Figure 1.1: Conceptual framework portraying the relationship between financial literacy and financial inclusion

Adapted from Alliance for Financial Inclusion (2011, 2019); Zait & Bertea (2014)

Figure 1.1 illustrates the relationship between financial literacy which is a predictor variable and financial inclusion the outcome variable. The model above showed that financial literacy predicts financial inclusion. The independent variable comprised of dimensions that include: financial knowledge, financial behaviour, and financial attitudes which were used to guide the study (Zait & Bertea, 2014). The mediating variable was the size of the enterprise.

1.9 Definition of Key Terms

Financial Literacy: This refers to a combination of attitudes, behaviours, awareness, skills and knowledge necessary in making comprehensive financial decisions which ultimately enhance the financial well-being of individuals.

Financial Inclusion: This refers to access to financial products which are affordable and capable of meeting an individual's needs (that is, credit insurance, digital savings, and payment facilities).

Micro and Small Enterprises: These refer to privately owned businesses at the smaller end of the size range. These are businesses with less than 50 employees with total assets of less than 100 million.

1.10 Chapter Summary

An introduction to the study's history is followed by the problem statement in Chapter 1. The study's purpose, objectives, research questions, scope, significance, and conceptual structure are then discussed, along with how the number of MSEs affects financial inclusion both directly and indirectly in terms of fiscal knowledge. Following this chapter is a review of the empirical research.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This section reviewed theories and literature about financial literacy and financial inclusion. It particularly focused on financial skills, financial attitudes, and financial knowledge.

2.1 Theoretical Review

2.1.1 Public good theory of financial inclusion

The public good theory of financial inclusion was propounded by (Ozili, 2020)., and it argues that there should be distribution of formal financial services to the entire population and that financial resources should have no restricted access. The scholar further argues that all masses should be treated like public goods if they are to benefit from the financial resources. Therefore, since public goods are non-excludable, people should not be restrained from using formalized financial services. The theory also holds that since public goods are free, individuals should enjoy basic financial services freely without making any payments (Ozili, 2020). The scholar also acknowledges that public goods are non-rivalries implying that the accessibility to financial services of one person does not reduce its obtainability/ availability to other people. This means that all people in the society can be accepted into the formal financial sector and each person can benefit. This theory therefore centres on the proposition that each person in the entire population should benefit from financial inclusion without any single member of society missing. The public good theory supports that micro businesses that open up accounts in banks should be given free debit cards, micro and small business owners may also perform transactions with ATMs without being levied exorbitant transaction fees. In the same regard, financial service suppliers such as microfinance entities are required to take on the full costs of offering financial services as a sunk cost in operating the business of banking. Correspondingly, the government may subsidize financial institutions as a means of enabling them to cope with the cost problems that always come when offering financial services that are free of charge. Governments may also make cash deposits in lump-sum for all citizens in given bank accounts and formalize the act of owning an account in the bank as the sole requirement for members of society to have free access to deposits. This implies that people who may not pay their required debts as well as those who may not have met their basic needs at a micro level would stand chances of economic empowerment when financial inclusion is observed as a public good.

The aforesaid theory is applied to the financial inclusion of women-owned Micro and Small Enterprises in four ways. Firstly, the theory of public goods suggests all individuals are beneficiaries of financial inclusion regardless of income level or status. This implies that the small and large firms, the firms that are financially included as well as firms that are financially excluded enjoy the benefits of financial inclusion. Second, since achieving financial wellness among women-owned MSEs is a public good, it requires financial support from the government rather than solely relying on private funding because investors always seek premiums on private financing, which grows costly when funds from the private sector are used to finance goals related to monetary inclusion. Thirdly, the government has the chance to fully assume responsibility for fostering financial inclusion by viewing it as a public good. Last but not least, private sector agents who support financial inclusion are not considered by the notion of public benefits of financial inclusivity.

2.1.2 Financial literacy theory of financial inclusion

The financial literacy theory was accepted as a supplemental theory to explain the delivery of financial inclusion among enterprises controlled by women due to flaws possessed by the Public good theory in delivering vivid explanations of financial inclusion. Financial inclusion can be reached by ensuring that citizens are trained to stimulate their financial literacy skills, according to Ozili (2020), who underlines the financial literacy hypothesis of financial inclusion. The theory further expounds that fiscal knowledge augments the preparedness of personalities to participate in a sector which is financially formalized. The theory of financial literacy was relevant in the following ways: One, financial literacy can make the women-owned MSEs cognizant of financial services and products which may be availed to them. When the awareness of women is raised regarding the existing financial services and products that can enhance the performance of their entities, their willingness to be part of the formal financial sector by owning accounts in banks also rises. Secondly, with an increment in fiscal knowledge, MSEs owned by women can be recipients of other benefits within the financial sector. Benefits may include, attainment of credit and investment products. Thirdly, MSEs owned by women can become sustainable as a result of financial literacy. This can help women-owned MSEs to be stable in terms of their business finances by helping women make a distinction between wants and needs, enabling them to manage and create budgets, and training them on how to make savings so that they can easily clear their bills before time, and to make feasible retirement plans. Lastly, governments that have inadequate tax revenue, or inadequate public funds for economic activities of financial inclusion may prefer to adopt fiscal knowledge as a strategy for national monetarist annexation because it requires lesser public finances to train and educate the masses on financial services and their usage.

2.2 Micro and Small Enterprises

Small and Micro Enterprises refer to people-owned organisations characterised by the minutest nature of the enterprises. Therefore IFC (2013) recognizes that the definitions of the size of the firm vary from country to country based on various measures, for instance, the value of assets or sales, or the number of workers. Size thresholds which are commonly used assert that small enterprises are entities with less than 10 or 50 workers (ILO, 2017).

Many countries have offered definitions for the size of enterprises based on a criterion which is relevant to the countries' national social and economic contexts. Accordingly, the International Labour Conference (ILC) (1998) based on its 189th Recommendation Number about job creation within MSEs called upon all countries to offer MSE definitions based on an appropriate criterion which takes into account the 'countries' economic and social conditions' by consulting from organizations representing workers and employers (ILC, 1998). In the same regard, the World Bank (2014) recognizes its relevance based on the conditions of the nation, asserting that although definitions that are suitable for MSEs should be rooted in the size of a firm, they should also be contingent on the conditions of the country: "classification of one size is not fit all". In the Ugandan context, an enterprise classified as micro employs up to four people with total assets or annual turnover not exceeding 10,000,000 Ugandan shillings. Enterprises that hold small-scale classification connote to enterprises employing from 5 to 49 workers, with annual total assets or turnover between 10,000,000 Ugandan shillings but not more than 100 million Ugandan shillings (UIA, 2013).

Micro and Small Enterprises (MSEs) portray enterprises of a special kind which contribute uniquely to national social and economic development. Special attention should be given to MSEs due to their sectoral size and their total contribution to the development of the nation. In Uganda, MSMEs employ over 2.5 million people, these constitute approximately 90% of the entire private sector. Additionally, MSEs offer a contribution of more than 70% of the Gross Domestic Product (GDP) in the country (CIA, 2012). Also, unlike larger enterprises, MSEs are highly susceptible to poor business environments. Therefore, it is commonly known that small entities pay proportionally more costs when running a business than larger entities and threats which are externally generated due to the poor business environment which are poor put MSEs in highly vulnerable positions. Therefore, based on these traits, Micro and Small Enterprises demand particular consideration by policymakers and researchers.

The major problem that several MSEs managed and owned by women face is inaccessibility to finance. The World Bank (2013) supports that agricultural firms owned by women face several challenges in their pursuit to attain financial access. Firms owned by women are always smaller as compared to enterprises that are men-owned and also grow at a rate which is slower particularly due to women's inaccessibility to financial resources. Fafchamps, McKenzie, Quinn, and Woodruff (2013) found out that micro enterprises owned by women often make losses when granted cash grants as compared to those manned by men because women are always vulnerable to other financial demands which often include household demands. However, it is perfectly reasonable that the benefits which accrue from women-operated MSEs often increase with the capital increase.

The literature points out the presence of a financial inclusion gap between men and women. In support, Demirgüç-Kunt (2012) outlined that women in less developed countries in the world often experience barriers when having access to formal services of banking institutions which is not the case for their male counterparts. Also, research conducted by Demirgüç-Kunt, Klapper and Singer (2013) offered a revelation on the differences between women and men in terms of using informal and formal services which make women excluded from various formal financial arrangements due to several reasons such as financial institutions' rigid requirements.

2.3 Empirical Review

2.3.1 Financial Knowledge and Financial Inclusion

Huston (2010) asserts that financial knowledge represents an integrated dimension of, but not necessarily equal to, fiscal knowledge. Financial knowledge connotes the knowledge gained through experience or education, particularly about indispensable products and concepts of personal finance.

Knowledge reflects one of the most common and obvious elements of the several definitions for conceptualizing financial literacy. To have money effectively managed, people should first know things related to money. Fox et al. (2005) and Braunstein and Welch (2002) authenticate the relevance of knowledge by giving references on how knowing has improved the financial well-being of individuals. More specifically a study conducted by Braunstein and Welch (2002) highlighted in their findings how research participants had been aware of payment basics and services related to depositing money from their business, including knowledge of costs, and digital transactions.

Financial inclusion has been advocated as requiring financial knowledge. Financial literacy, according to Agarwal (2016), is essential for achieving financial inclusivity since, regardless of one's ability to obtain financial services, ignorance of the subject would bar them from doing so. In his research, Agarwal (2016) discovered that fiscal knowledge had a favourable, considerable impact on the financial inclusion of women-owned businesses.

Knowledge of financial services enables people to make comparisons between financial services and products to generate well-informed and appropriate, financial choices. In South Africa, Fatoki (2014) studied fiscal knowledge among newly created micro-enterprise owners. The study used business concepts, financial plans, financial control and analysis. The study also illuminated on factors like equipment depreciation, and payment terms that affect cash flow to gauge the financial capability of entrepreneurs. The study showed that new micro business owners' fiscal knowledge levels were low simply because a great number of owners of micro businesses do not take part in planning, formal financial control and budgeting but only kept some books on transactions made. This indicated that financial knowledge affected the capacity to make proper financial choices relevant to the entity's prosperity and business survival. Fatoki (2014) also found in his study that the MSME operators understood the impact of getting funds from various sources, such as friends and family which increased the prosperity and survival of businesses.

According to Eniola and Entebang (2017), financial knowledge is insufficient for MSMEs' success; instead, an entrepreneur's decision-making skill and its connection to their financial attitude, along with fiscal knowledge, are what influence a firm's performance. Eniola & Entebang (2017) found in their study that MSME owners understood the main components of budgets and business income (profits, assets, revenues, liabilities, and others.) and their relationship and this significantly improved on firm's performance.

Micro and Small Entrepreneurs unacquainted with knowledge on short-term principles of management, and basic concepts of finance are finding difficulty in assessing and eventually using finance-related services and products hence the desire to have financially knowledgeable, literate, and consumers who are financially informed to attain financial inclusion (Atkinson & Messy, 2011; Klapper et al., 2015).

Analysis of financial literacy in the INFE/OECD survey shows that globally, family and friends were a form of reliance. Respondents constituting over a third in some countries had turned to the aforesaid network to put financial resources aside or borrow money during the past 12 months. Furthermore, those individuals experienced lower fiscal knowledge (OECD, 2013).

Literature portrays that women are often aware of their limited knowledge of issues about financial literacy. For instance, unlike men, women always respond to questions on financial knowledge with a "do not know" This suggests that women are less confident, and less knowledgeable on issues regarding finance when asked about their knowledge of financing (OECD, 2013). Additionally, in the US study, women gave men more ratings than they gave to themselves when being assessed on their knowledge of finance and how they understood concepts of debt (Klapper et al., 2015). Women are perfect targets for financial training programs. This is due to their awareness regarding their limited knowledge of finance. Nevertheless, Klapper et al. (2013) highlighted in their research that the majority of women had limited knowledge regarding the revenues and the expenses of their enterprises which negatively affected their financial inclusiveness.

Moreover, a study by Graham and Warren (2001), acknowledged that, unlike men, women did not support giving opinions on whether they had engaged in reading in newspapers about financial services and products. A survey by Loibl and Hira (2011) on households in the US revealed that women operating enterprises were commonly highly likely to get involved in a lower search strategy for information (based on the frequency of use and the number of sources used), using less mass media and online sources as compared to their male counterparts. Loibl and Hira (2011) also found out that most of the women did not understand the different nature of some costs which their business goes through such as variable or fixed costs.

Aggregate evidence in a study conducted by the OECD (2013), showed that women have lower accessibility to formal banking services and products than men in several world regions, for instance, there is a significant possibility that men are highly likely to hold products for transaction (i.e. ATM card, current account, etc.) than their female counterparts within emerging and developing economies of Malaysia, Albania, South Africa, Peru, etc.

According to an analysis in the study by the OECD (2013), family and friends were highly relied upon in every nation. Additionally, in some states, more than a third of participants in the study had turned to such a network of family and friends either to save or borrow money in the past 12 months. Furthermore, those individuals experienced lower financial literacy (OECD, 2013).

2.3.2 Financial attitudes and financial inclusion

Ajzen (1991) defined attitude as a person's judgment based on the evaluation of a given behaviour/action in question. Additionally, Leonard and Cronan (2005) expound that attitude also includes people's judgment on their intended actions and their consequences, that is to say, whether the intended outcome is bad or good and also if a person is against or in favour of a given action. A study by Leonard and Cronan (2005) regarding the effects of attitudes toward digital financing on the financial inclusion of SME operators revealed that it was positive and significant. Parrotta and Johnson (1998) considered financial attitudes to be the emotional tendency which is often expressed during evaluation of recommended practices of financial management based on a given level of disagreement or agreement.

Women require some degree of certainty about the products and services which they need at a given point in time. Whereas women hold unique needs in their life-cycle they are often eluded with a mentality of 'one size fits all'. Women consequently tend to possess massive regular and small transactions, for instance, receiving remittances, shopping, paying bills and school fees. Therefore, services should be suitable and affordable to women's needs. Bank-related charges for accounts or transactions are often prohibitive, breeding a mentality that banks are involved in 'eating' women's money. Women are said to attach loyalty to products or services which are informal, for example, Loan Associations and Village Savings (LAVSs) based on their trust, social dimension, affordability, and location. This limits women's ability to explore more alternatives to the formal financial sector even though they may turn out to be more secure and affordable than their local/ traditional ones.

Lusardi (2011) highlighted in his study that Micro and small entrepreneurs who are not financially literate get exposed to mistreatment from devious providers of financial services. However, Lusardi (2011) found that Micro and small entrepreneurs who were surveyed had patience and persistence in keeping track of their revenues, profits, and costs of their businesses.

Previous studies reveal that women are slow to take advantage of financial products and services. Women are more risk-averse, and conservative than men specifically when entrusted with major responsibilities of being managers of the economy of the household (Silverstein and others 2009). Westaway and McKay (2007) posit that men and women were likely to have equal low-risk saving (most notably low-return) saving vehicles, however, men expressed more interest in saving into higher-return/ higher-risk products, like personal equity plans, unit trusts, and shares, compared to women. Also, the scholars noted that women running MSEs had more focus on organising timely and regular cash flow monitoring for their enterprises.

Research conducted by Meier and Sprenger (2013) highlighted that people who were not willing to be part of fiscal knowledge training were found to lack patience. Micro and small business owners successfully run their small businesses by attending orientation programs to have a foresight of the business they intend to start up (Dahmen & Rodríguez, 2014).

In the above regard, research conducted by Hilgert et al. (2003) on financial management among households where they investigated the relationship between behaviour and financial knowledge, revealed that fiscal knowledge had a strong effect on day-to-day skills of financial management which made people with knowledge on finance to be highly likely to prepare to face uncertainties, temporary failures and setbacks in the future. Hilgert et al. (2003) also found that MSE owners were proactive in addressing the pension insurance and medical needs of the owner/ entrepreneur.

Silgoner et al. (2015) revealed that financially literate entrepreneurs base their on multiple information sources when making choices of financial products. The scholar further noted that

MSE operators who make preparations for facing setbacks, temporary failures, and uncertainty increase their odds of financial inclusion (Silgoner et al., 2015).

Various studies show that financially literate individuals are proactively addressing their pension insurance and medical needs, for example, Lusardi and Mitchell (2011) and Alessie, Van Rooij and Lusardi (2011) highlighted in their studies that people who have no or low financial literacy often make little retirement plans.

Previous research undertakings also acknowledged that women are highly organised, timely and focused on monitoring cash flows regularly, for instance, research carried out in Holland revealed that, unlike men, women held extra abilities to know their account balance, and they were able to make appropriate estimates of expenses in their household and to generate plans regarding how much to spend on expensive items (Nibud, 2012).

The survey on financial capability carried out in Ireland reveals that men scored more than women at being informed (measurement was based on the composite index of answers of respondents regarding the four variables on how important it was to keep up-to-date with financial issues, the financial topics monitoring frequency, the sum of monitored financial topics, and knowledge ascertaining whether the stock market has an effect on investments and specified savings) (Irish Financial Regulator, 2009).

2.3.3 Financial Skills and Financial Inclusion

According to Beal and Delpachitra (2003) and Raven (2005), skills of fiscal knowledge help people to explore the financial world, and to generate decisions that are well-informed on how to use their money. It also offers a reduction in the possibility of misinformation regarding financial matters (CBF, 2004).

Competences and financial skills which are grounded in financial knowledge and understanding are often impacted by attitudes regarding the use of money, such as saving and spending. Pellinen et al. (2011) assert that competence and financial skills portray expertise which is exposed through habits and practices formed in long-term and everyday financial management. The scholars established in their study that financial skills positively and significantly affected the financial inclusion of MSMEs (Pellinen et al., 2011).

Women show limited interest in tracking the spending and earnings of their businesses since they have a feeling that they hold little knowledge to support their engagement in such issues. A survey conducted on college students in the US revealed that unlike young men less financial interest was expressed by young women (Chen and Volpe, 2002). Additionally, boys and girls had an expression that planning and financial literacy would enable them to make improvements in the quality of their lives. Also, young females unlike their male counterparts felt less intrigued by the importance of financial management. Evidence from another similar study conducted by Chen and Volpe (2002) found that MSE operators often make concrete plans to meet costs by making evaluations of the actual costs needed in setting up an enterprise.

According to the Association of Chartered Certified Accountants (ACCA) (2014) and Wise (2013), financially literate owners of businesses are highly likely to have business transactions which are properly recorded. This helps to raise the appetite of institutions which offer lending services to business entities.

Rooij et al. (2011) established in their study that people who portray higher levels or advanced skills of fiscal knowledge are highly likely to obtain consultation from financial advisers, read magazines and newspapers, and also use the Internet to seek more information. Rooij et al. (2011) also established that MSME owners who kept track of revenues and costs increased their likelihood of financial inclusion.

To some extent, women and men appear to have employed strategies of different kinds in an attempt to attain basic business needs. More specifically, women as compared to men in most nations often answer that they spend a little less than men, while in some nations, men are highly likely to answer that they are ready to work extra hours than women, that they had a second job taken on, that they also made extra money earnings. According to the OECD (2013), respondents displayed no variations based on gender regarding other approaches, such as borrowing, falling behind with payments, and running down savings which exist.

Fiscal knowledge analysis in the OECD/INFE survey shows that globally, business operators to some extent rely on family and friends. More than a third of participants in some states had enrolled to be part and parcel of such networks to save money or borrow money within a given year. Additionally, findings revealed that those individuals who engaged in the aforementioned proceedings had lower financial literacy levels (OECD, 2013).

Lusardi and Mitchell (2013); and Arrondel et al. (2012) also found a positively significant causal relationship between the behaviour of household investment and fiscal knowledge, participation in stock market and financial literacy, and planning for retirement respectively. The scholars argued that the more financially literate and numerate people are, the higher the chances of their participation in existing financial markets which subsequently influence their financial inclusiveness. Lusardi and Mitchell (2013) also argued that SMEs that draw short-term budgets and projections of their cash flow often increase their financial performance.

Van Rooij et al. (2012) found in their research undertaking that individuals who made investments in the stock market had more fiscal knowledge skills as compared to others. This is grounded in the notion that a higher level of financial knowledge is attributed to participating in financial decisions.

Literature also highlights that people with advanced fiscal knowledge skills are highly likely to record spending and earnings to ensure that their spending falls within the earnings limits. However, the percentage of adults who track earnings and spending within the nations highlighted in the study does not correspond with records of financial inclusion within their nations. The proof was derived from statistics in South Africa which showed that less than half of adults kept a trail of earnings and spending even though South Africa holds high financial inclusion levels which are high. This implies that good money management skills may not necessarily lead to better access to financial services despite an assumption that an increment in skills of financial literacy yields increased financial inclusion levels. Findings also indicate that a person's potential to manage financial resources appropriately is correspondingly associated with financial inclusion levels within the region (Van Rooij et al., 2012).

Following an empirical review of studies regarding the influence of fiscal knowledge on financial inclusiveness, the study hypothesized the following:

H_1: Financial Knowledge significantly affect the financial inclusion of MSEs owned by women in the Namugongo Division.

H_2: Financial Attitudes significantly affect the financial inclusion of MSEs owned by women in the Namugongo Division.

H_3: Financial Skills significantly affect the financial inclusion of MSEs owned by women in the Namugongo Division.

2.3.4 The mediating influence of Firm size on the relationship between financial literacy and financial inclusion

The available literature regarding the direct association between financial literacy and financial inclusion seems to suggest that there is a positive significant relationship between financial literacy and financial inclusion (Ashenafi & Mutsonziwa, 2021; Bhanot et al., 2012; Wachira & Kihiu, 2012; Morgan & Trinh, 2019; Klapper et al., 2013).

For example, research conducted in Kenya and Tanzania by Ashenafi and Mutsonziwa (2021) highlighted that there was a substantial connection between fiscal knowledge and being financially included. In North-Eastern India, Bhanot et al. (2012) showed that information about finances in different forms assists as well financial inclusion. Morgan and Trinh (2019) similarly found that financial literacy is positively associated with financial inclusion and saving in Cambodia and Vietnam. In developed countries, a study conducted in Russia affirmed that financial literacy had been realized as far as financial inclusion is concerned (Klapper et al. 2013).

However, there are contradictory findings regarding the direct effect of fiscal knowledge and financial inclusion (Chen & Volpe, 2002). This implies that the direct association between financial literacy and financial inclusion remains incomplete or unexplained without establishing the underlying mechanisms through which fiscal knowledge influences financial inclusion. Therefore, to bridge the existing gaps, the study proposes Firm Size as a potential mediator/third process variable to help us in fully explain "why" and "how" financial literacy influences financial inclusion.

The justification for using Firm size as a potential mediator is that previous scholars have argued that Firm size significantly influences financial inclusion (Francisco & Kumar, 2005; Kuntchev, Ramalho, Rodríguez-Meza & Yang, 2012; Bigsten, Collier, Dercon, Fafchamps, Gauthier, Gunning & Zeufack, 2003; Burkart &Ellingsen, 2004). For example, According to Burkart and Ellingsen (2004), the size of the company has a significant impact on the amount of debt that makes up the firm's capital structure since real assets tend to limit access to long-term loans when it is needed. Psillaki and Daskalakis (2009) also noted that while financial inclusion is simple for large businesses, it is more challenging for small businesses due to their unregulated small business setups and lack of market information.

Therefore, based on the direct relationship between financial literacy and financial inclusion, it was likely that firm size would mediate financial literacy and financial inclusion, and hence we developed the fourth hypothesis:

(H_4); Firm size has a significant mediating influence on the relationship between financial literacy and financial inclusion.

2.4 Knowledge Gaps

A review of empirical studies highlights that several research undertakings have been done to investigate the influence of financial literacy on financial inclusion. For instance, a study conducted on how financial knowledge affected financial inclusion in North-Eastern India by Bhanot et al. (2012) revealed that financial Knowledge from a variety of sources helped in increasing financial inclusion. Financial literacy was positively correlated with financial inclusion and saving in Cambodia and Vietnam (Morgan & Trinh, 2019). This study fills a research gap created by the desire to learn more about the impact of financial literacy on the financial inclusion of women-owned MSEs, notably in the Namugongo Division of Uganda.

In terms of financial skills, a study done in Russia found that having superior financial skills was associated with financial inclusion through more formal borrowing sources and larger participation in financial markets (Klapper et al. 2013). According to the aforementioned review, there is a need for additional research, which is what this study aims to do. Of particular interest is the desire to understand how financial skills affect the financial inclusion of women-owned MSEs, specifically in the Namugongo Division of Uganda.

Research conducted in Kenya and Tanzania by Ashenafi and Mutsonziwa (2021) highlighted that there was a very strong link between financial attitudes and financial inclusion. The desire to find out the influence of financial attitudes on the financial inclusion of women-owned MSEs particularly in the Namugongo Division within Uganda offered a gap for further research which this study serves to fill.

2.5 Chapter Summary

Chapter 2 presents a review of the literature connecting financial literacy, and firm size to financial inclusion. It elucidates how the public good theory and the financial literacy theory of financial inclusion are related to fiscal knowledge, firm size, and financial inclusion in the realm of micro entities. This chapter is followed by research methodology.

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.0 Introduction

This section deliberates on the approach, techniques and methods that the study applied. It discusses the design used, the population used in the study, the procedure of sampling, the size of the sample, data sources and data collection instruments, the data collection process, measurement of variables, validity and reliability, parametric tests, data analysis, and concludes with the ethical considerations.

3.1 Research Design

A cross-sectional survey design as supported by Saunders et al. (2019) was adopted by the study to offer statistical explanations for the variables in the study. A cross-sectional design involved data collection at a particular point in time which was relevant in obtaining perceptions and facts of research respondents. More particularly, statistical relationships between perceptions and facts about financial literacy and financial inclusion were analysed. Additionally, a survey allowed data in bigger volume to be collected from a population which was sizeable in a very economical way. The research was quantitative. This is supported by the fact that it allowed the researcher to objectively draw analysis on the variables' relationship as well as generate predictions.

3.2 Study Population

The population used in this research included all Women-owned MSEs dealing in manufacturing, trading and service businesses within Namugongo Division provided by the Namugongo division revenue collection report (KMC Namugongo Division Revenue Administration & Monitoring, 2019). The target population consisted of 1,100 women-owned MSEs located in the selected Namugongo division in Kira Municipality (KMC Namugongo

Division Revenue Administration & Monitoring, 2019). The choice of this division was based on its large number of various women-owned MSEs that operate within several sectors including service, wholesale and retail trade, manufacturing, finance, construction and real estate business.

3.3 Study Sample

Yamane's (1973) approach for the selection of sample size was employed to select a sample of 293 research participants. Based on Yamane's formula, the size of the sample was computed by: $n = N/1 + N(e)^2$ Where: the sample size is reflected by (n); the total population depicted by (N); and the tolerable error symbolized by (e). Yamane's approach to the selection of a sample was employed because it yielded a fair and representative sample. Out of 293 questionnaires which were given to respondents, only 190 questionnaires were returned correctly completed, representing a rate of response of 64.8 %. The rate of response being high is attributed to the higher compliance levels from a large number of business owners who were found operating their various business premises and this was considered appropriate according to Nulty (2008).

3.4 Sampling Technique

A technique of stratified random sampling was used in this study. This was an efficient and convenient strategy of sampling because it served to divide the target population into non-overlapping collections or strata according to an activity in which an enterprise is engaged. Consequently, MSEs were stratified into wholesale and retail trade, service, manufacturing, construction and real estate businesses. In each stratum, Simple Random Sampling without replacement (SRSWR) was used which involved the lottery method in which every business enterprise had a random number assigned to it before each one was randomly picked at a given time until a sample targeted by the study was reached. Therefore, a strategy of sampling randomly was employed to hand-pick 293 ultimate units (respondents) corresponding to each business unit selected in the Namugongo division. Within each business unit, an adult female representative ranging between 18-65 years, who operated the business either as the top or lead manager of MSEs was selected purposively as a research participant. Table 3.1 portrays the sample size, population, and techniques used to sample respondents.

Table 3.1: Population, Sample Size, and Sampling Techniques

S/N	Population	Sample size	Sampling Technique
1	1100	293	Simple random sampling and purposive
Total	1100	293	

Source: (KMC Namugongo Division Revenue Administration & Monitoring, 2019)

3.5 Data Collection Instrument

A closed-ended questionnaire was employed to gather quantitative data for the study, which took the form of a survey. Data collection is the methodical process of gathering information on relevant variables to respond to the given research questions or hypotheses (Kabir, 2018). The study used the survey approach which involved using a survey to obtain quantitative primary data from the chosen respondents. Close-ended questions on a Likert scale. The questionnaire permitted the researcher to use the rating scale which permitted enquiries to be made regarding the level at which study participants agreed with several statements about research variables (Sekaran, 2003). Willits et al. (2016) and Joshi et al. (2015) further acknowledge that a Likert scale has a wide application in research undertakings regarding behavioural outcomes among which financial literacy has continually fallen part of that category.

3.6 Procedure for Data Collection

An introductory letter was obtained from the Graduate School by the researcher which was presented to, and endorsed by the Namugongo division office as a matter of issuing consent to the researcher who was seeking permission to access and collect data from enterprises operated by Women in the location about the topic under study during the pilot and main study.

Data collection was conducted in two phases. A pilot study was first to be conducted in Kasangati town council where 30 respondents were randomly selected from the town council's revenue collection database after seeking approval from the town clerk. The exercise was carried out purposely to ensure the validity and reliability of the study variables' measuring scales. The information derived from respondents during the pilot study was analysed and the results were used to revise and modify the instrument before the main study. Responses attained during piloting were left out when parading respondents for the main study. Secondly, the main study was carried out purposely to test the variables used in this study to draw conclusions that meaningfully relate to the research questions earlier established. Administration of questionnaires was done with the aid of field assistants. These labourers distribute questionnaires to female owners of each micro and small enterprise in the survey sample.

3.7 Reliability and Validity of the Research Instruments

Hair et al. (2010) refer to reliability as the repeatability, stability and consistency of an instrument used to collect data. The reliability of tools used to collect data instrument was tested with the aid of Cronbach's alpha. Field (2009) supports that Cronbach's alpha coefficient evaluates the consistency of a given scale's ability to offer a reflection on the construct it measures. As recommended by Nunnally and Bernstein (1999) factors with an alpha score lesser than the threshold of 0.70 were left out. Results were computed when the pilot study which took on 30 respondents was accomplished. The findings derived from testing reliability are presented in Table 3.2.

Table 3. 2: Cronbach's Alpha Reliability Test

Cronbach's Alpha	N of Items
.874	53

Source: Primary data, 2020

The coefficient of Cronbach's Alpha obtained was 0.874 which was above the 0.7 recommended by Nunnally and Bernstein (1999). Hence, items make an indication of the high-level internal consistency of the questionnaires.

Validity on the other hand connotes the extent to which study concepts are represented by a given set of measures. In this research, external validity and internal validity were all measured by the researcher. To ensure the instrument's validity, two experts were reached and asked to review and give their evaluation of the data collection tool. The experts gave their evaluation of the questionnaire's design, length, operationalization of research constructs, language used, and content which required more enhancement. The main reason for the above step was to confirm whether the operationalized constructs advanced from a theory had an actual measurement of what the theory suggested (Nielsen, 2014; Field, 2009). Besides, the content validity index (CVI) for all the study constructs was established through a pre-test with the experts. The CVI was computed using the following formula:

$$\frac{Number\ of\ items\ rated\ relevant\ or\ very\ relevant\ by\ the\ rating\ of\ 3\ or\ 4}{Total\ number\ of\ items}\ 63/63\ =100\%$$

The instrument was confirmed valid because the corresponding CVIs were within in the accepted range of 0 to 1.

3.8 Measurement of Study Variables

The extent of variation held by individuals on a given variable is obtained by generating research information through measurement of the variables of the study. As indicated in the theoretical and conceptual framework, the predictor variable is financial literacy while financial inclusion is the outcome variable. Measurement of research variables was done using item scales generated by scholars derived from financial theories and available literature. As per financial inclusion theories, fiscal knowledge theory and the public good theory were used. However, the empirical and theoretical literature on financial inclusion highlights some measures for the variables used in this research as follows:

3.8.1 Financial Literacy

Measurement of Financial literacy involves the evaluation of people's understanding or knowledge of how to apply concepts which fundamentally relate to the generation of financial decisions as well as the subsequent use of financial services and products (Huston, 2010). The research participants were asked to show their extent of understanding of financial concepts related to the objectives of this study.

3.8.2 Financial Inclusion

When measuring financial inclusion, the three dimensions (Access, Usage, and Quality) adopted by the study were supported by (Demirgüç-Kunt et al., 2013; Hannig & Jansen, 2011; Sarma & Pais, 2011)., by highlighting that Access, connotes to the extensiveness of finance related products and services, and ability of individuals to make use of the present finance related products and services which are availed to them by formal institutions; They referred to Usage as a person's potential to obtain permanent utility and purpose from a specified financial service or product; Quality was referred to as the significance of the financial service or product to the daily needs financial consumer possess.

3.9 Data Analysis

The process of analysing data required the researcher to screen and perform several statistical tests which offer relevant explanations to the variables studied. Before analysing data, data was cleaned by making error checks to ensure completeness. Data was also coded, edited, and transcribed before being inserted into the 23rd version of SPSS software which offered preliminary analysis. Data was then analysed using correlation and descriptive statistics which were presented in the form of mean, standard deviation and others. Frequency tables were also used to present findings in percentages. A regression analysis was undertaken to reveal the effect of the predictor variable on the outcome variable.

Analysis of the Pearson correlation coefficient was done to find out the relationship between variables of the study. Research findings from the relationships were above 0.7 thus confirming the assumptions of Ordinary Least Squares (OLS) of no multi-collinearity. Multi-linear regression (MLR) was carried out to analyse the significance and direction of the effect of financial knowledge, financial attitudes, and financial skills on financial inclusion. MLR was used because it examines the (presumed causal) effects of correlated predictors on the dependent variable, that is, financial inclusion.

The researcher conducted a multiple regression to establish how overall financial literacy affects the financial inclusion of MSEs that are women-owned using the following linear regression model:

$$FI = \alpha + \beta 1DFK + \beta 2DFA + \beta 3DFS + e$$

Where FI represents financial inclusion, DFK represents financial knowledge, DFA represents financial attitudes, DFS represents financial skills, and e is the error term accounting for other factors affecting financial inclusion that were not included in the model.

In this study “Process Macro” was employed in determining the mediation role of “firm size” on the relationship between financial literacy and financial inclusion. This involved running four models to fulfil the conditions of mediation according to Hayes (2018). These four conditions include; there should be a significant relationship between the predictor variable and the outcome variable, the mediator variable and the dependent variable, the predictor variable and the mediator variable, and finally determining the decision criteria where (firm size) can either be deduced to a partial mediator or a full mediator in the relationship between financial literacy and financial inclusion (Hayes, 2018; Hayes & Scharkow, 2013).

3.10 Unit of Analysis and Unit of Inquiry

In this study, the unit of analysis was women-owned/managed MSEs and the unit of inquiry was the women responsible for owning or/and managing the Micro and Small Enterprises in Namugongo Division.

3.11 Ethical Considerations

This study considerably embraced research ethos to successfully ensure that the objectives and research purpose are attained. Research ethics refer to behavioural attributes which are accepted beginning from how questions are formulated and asked by the researcher.

Therefore, the study was considerate of ethical issues such as maintaining confidentiality, ensuring anonymity, and privacy of research participants, using respondents' information derived from the field for academic purposes only, and others.

CHAPTER FOUR

PRESENTATION, ANALYSIS AND INTERPRETATION OF RESULTS

4.0 Introduction

This section entailed analysis, results interpretation, and data presentation, on how financial literacy affects the financial inclusion of MSEs owned by women in the Namugongo Division. This chapter presents the response rate, analysis of demographics, study variables' descriptive statistics, and research results on specific objectives.

4.1 Demographic Characteristics of Respondents

The discussion in this section is based on respondents' demographic characteristics showing the frequencies and the corresponding percentages for each category as presented in the study.

4.1.1 Age of Respondents in the Study

Table 4.1: Age of Respondents

Age brackets	Frequency	Percentage
41 years and above	64	33.7
26-30 years	51	26.8
36-40 years	31	16.3
31-35 years	24	12.6
20-25 years	20	10.5
Total	**190**	**100.0**

Source: Primary data, 2020

As portrayed in Table 4.1, the research results reveal that most women owning MSEs (33.7%) were aged 41 years and above, followed by 26.8% whose ages ranged between 26 and 30 years. The minority of respondents were aged between 20 and 25 years. The findings showed that all MSEs were owned or run by adults, above the age of 18 years. This implied that compared to youth in Namugongo Division, adults were interested in starting up and managing businesses and adults were more likely to be financially included.

4.1.2 Education Level of Respondents in the Study

Table 4.2: Distribution of Respondents by Education Level

Education	Frequency	Percentage
Secondary	79	41.6
Tertiary	65	34.2
None	23	12.1
Primary	21	11.1
Other	2	1.1
Total	**190**	**100.0**

Source: Primary data, 2020

Research results in Table 4.2 portray that the majority of women owning MSEs (41.6%) had attained secondary education, while the least, 1.1% had other forms of education. Findings therefore show that the majority of MSEs owned by women are operated by people with a considerable level of education and this implies that women business owners or managers with a considerable education are financially literate and therefore can be financially included.

4.1.3 Length of Stay of the Women-owned MSEs

Table 4.3: Length of existence of Women-owned MSEs

Length of service	Frequency	Percentage
1-5 years	85	44.7
6-10 years	39	20.5
21 years and above	26	13.7
11-15 years	21	11.1
16-20 years	19	10.0
Total	**190**	**100.0**

Source: Primary data, 2020

Research results portrayed in Table 4.3 show that MSEs owned by women have majorly been in existence for a span of 1 to 5 years represented by 44.7%, and the least per cent of enterprises, 10% have been in existence between 16 and up to 20 years. The findings show that most women-owned Micro and Small Enterprises in Namugongo Division are at the level of starting up and becoming formal. This therefore means that they possess certain skills that enable them to start a formal business and manage enterprises past the stage of start-up in addition to accessing financial services.

4.1.4 Registration Status of MSEs

Table 4.4: Registration Status of MSEs

Registration Status	Frequency	Percentage
Not registered	164	86.3
Sole proprietorship	10	5.3
Partnership	11	5.8
Private limited company	5	2.6
Total	190	100.0

Source: Primary data, 2020

The results portrayed in Table 4.4 highlight that the majority of the enterprises, 86.3% had not registered whereas, the least proportion of enterprises, 2.6% were private limited companies. The results show that most of the small and micro enterprises owned by women in the Namugongo Division operate in the informal sector and are not registered. This implied that the majority of the MSEs lacked accessibility to financial services which are highly formalized.

4.1.5 Industry of the Women-owned MSEs

Table 4.5: Industry of the Women-owned MSEs

Industry	Frequency	Percentage
Wholesale and retail trade	185	97.4
Service	2	1.1
Construction	1	.5
Manufacturing	1	.5
Other	1	.5
Total	**190**	**100.0**

Source: Primary data, 2020

Results presented in Table 4.5 reveal that the majority of women-operated MSEs, 97.4% dealt in wholesale and retail trade while the minority were in service, construction, and manufacturing. The results illuminate that most MSEs owned by women in the Namugongo

Division are operating in wholesale and retail trade. This implied that most of the women business owners and managers identify with each other so they can influence themselves to collectively gain financial knowledge and skills together on how to access and use financial services.

4.1.6 Number of Workers Employed in Women-owned MSEs

Table 4.6: Number of Workers Employed in Women-owned MSEs

Number of employees	Frequency	Percentage
1-4 employees	150	78.9
5-49 employees	40	21.1
Total	**190**	**100.0**

Source: Primary data, 2020

Table 4.6 results show that most of the women-owned MSEs, 78.9% employed between 1 and up to 4 workers and the lowest proportion, 21.1% employed between 5 and up to 49 workers. These findings show that they were majorly micro-enterprises. This implied that most of the women-owned MSEs were in the informal sector and with little access to financial services.

4.1.7 Financial Services Used by Respondents

Table 4.7: Financial Services Used by Respondents

Financial services	Frequency	Percentage
At least two of the above	125	65.8
Financial training	23	12.1
Savings	19	10.0
Loans	12	6.3
Insurance	11	5.8
Total	**190**	**100.0**

Source: Primary data, 2020

Research results portrayed in Table 4.7 showed that the majority of respondents had used at least two financial-related services on the provided list covering savings, financial training, insurance, and loans. This was represented by 125 (65.8%) of the total responses. This was followed by financial training with 23(12.1%) of the responses. The findings also show that 19 (10%) of respondents had only received saving services. These were followed by 12 (6.3%) of respondents who had attained loan services. The least representation was insurance services with 11 (5.8%) of respondents. The findings indicate that most of the female business owners and managers in the Namugongo Division are financially literate through the usage of more than one financial product and this therefore implies that most of them are financially included.

4.2 Descriptive Statistics on Financial Knowledge of Women-Owned MSEs

This section presents the mean scores and standard deviations to show the perceived level of respondents on financial knowledge of women-owned MSEs in Namugongo Division. The item with a mean score above the threshold of 3 shows a high perceived level of respondents on financial knowledge of women-owned MSEs while an item with a mean score below or equal to 3 shows a low perceived level of respondents on financial knowledge of women-owned MSEs in Namugongo Division. Table 4.8 portrays the results as follows:

Table 4.8: Descriptive Statistics on the Perceived Level of Respondents on Financial Knowledge

Item	Mean	Std. Dev	Rank
I understand the relevance of having to separate business and personal finances and the risks which arise if separation is not made	4.66	.518	1
I am aware of business revenues as well as all expenses that the enterprise makes	4.65	.531	2
I am aware of business financial skills and knowledge gaps I have	4.63	.527	3
I am aware that some sources of information on funding could be unbiased, reliable, and of great quality	4.61	.550	4
I understand basic principles and financial concepts necessary for management in the short term (for instance, exchange rates, depreciation, inflation, and interest)	4.57	.620	5
I understand that costs are naturally different (such as fixed or variable costs)	4.57	.669	6
I understand that factors including customer terms of payment, depreciation of equipment, and terms of supplier payment may affect the short-term flow of cash	4.56	.604	7
I understand the main components of business income and budget (profits, revenues, liabilities, assets, etc.) and their relationship	4.56	.662	8
I understand the consequences of getting financial resources from sources of different natures, friends and family inclusive	4.47	.597	9
I know digital deposit services and payment basics for the enterprise, and the costs levied	4.44	.793	10
Grand mean	**4.57**		

Source: Primary data, 2020

Table 4.8 portrays the descriptive statistics on the perceived level of financial knowledge of women-owned MSEs in the Namugongo Division. The findings show a grand mean of 4.57 which is above the threshold of 3 which was an indicator that the majority of women had great financial knowledge necessary for operations in MSEs in the Namugongo Division.

The findings showed that respondents were cognizant of digital deposit services and payment basics for the enterprise, and the costs levied as supported by the majority of respondents in the study (mean=4.44, Std. Dev=0.793). Most of the respondents agreed that they understand the consequences of getting financial resources from sources of different natures, friends and family inclusive (mean=4.47, Std. Dev=0.597).

The findings revealed that a bigger proportion of respondents agreed that they understand the main components of business income and budget (profits, revenues, liabilities, assets, etc.) and their relationship (mean=4.56, Std. Dev=0.662). The majority of the respondents were in strong agreement that they were aware of business revenues as well as all expenses that the enterprise makes (mean=4.65, Std. Dev=0.531).

The study found that the majority of the respondents agreed that they understand that costs are naturally different (such as fixed or variable costs) (mean=4.57, Std. Dev=0.669). A bigger proportion of respondents supported that they understand the relevance of having to separate business and personal finances and the risks which arise if separation is not made (mean of 4.66, Std. Dev=0.518). Most of the respondents acknowledged that they understand that factors including customer terms of payment, depreciation of equipment, and terms of supplier payment may affect the short-term flow of cash (mean=4.56, Std. Dev=0.604).

The study established that operators of women-owned MSEs in Namugongo Division understand the basic principles and financial concepts necessary for management in the short-term (for instance, exchange rates, depreciation, inflation, and interest) (mean=4.57, Std. Dev=0.620). The majority of respondents agreed that they were aware of business financial skills and knowledge gaps they had (mean=4.63, Std. Dev=0.527). In addition, it was revealed from the survey that operators of women-owned MSEs in Namugongo Division were aware that some sources of information on funding could be unbiased, reliable, and of great quality (mean=4.61, Std. Dev=0.550).

4.3 Descriptive Statistics on Financial Attitudes of Women-owned MSEs in Namugongo Division

This section presents mean scores and standard deviations on the perceived level of respondents on financial attitudes toward women-owned MSEs in the Namugongo Division. The item with a mean score above the threshold of 3 shows a high perceived level of respondents on financial attitudes toward women-owned MSEs while an item with a mean score below or equal to 3 shows a low perceived level of respondents on financial attitudes toward women-owned MSEs in Namugongo Division. The results are shown in table 4.9.

Table 4.9: Descriptive Statistics on the Perceived Level of Respondents on Financial Attitudes

Item	Mean	Std. Dev	Rank
I am determined to listen to information and other relevant news which may influence the business enterprise	4.74	0.610	1
I am willing to take risk which is controlled	4.71	0.552	2
I am vigilant against scams and determined to keep business information secure	4.68	0.632	3
I have a foresighted orientation when beginning a business entity	4.67	0.562	4
I am organised, timely and focused on regular cash flow monitoring	4.66	0.603	5
I have self-control and determination to keep business and personal finances separate	4.66	0.567	6
I am prepared to confront temporary failures, setbacks, and uncertainty	4.64	0.641	7
I have the patience and persistence to keep tracking profits, costs, and revenues	4.58	0.675	8
I have confidence in shopping around for various financial products and business providers	4.49	0.741	9
I am proactive in solving pension and medical needs to ensure the owner/ entrepreneur	3.48	1.579	10
Grand mean	**4.53**		

Source: Primary data, 2020

Table 4.9 portrays descriptive statistics on the perceived level of financial attitudes of women-owned MSEs in the Namugongo Division. Based on the grand mean (4.53), it is evident that most of the respondents had good financial attitudes toward women-owned MSEs in Namugongo Division.

The majority of the respondents agreed that they had confidence in shopping around for various financial products and business providers (mean, Std. Dev=0.741). Most of the women operating MSEs supported that they have the patience and persistence to keep tracking profits, costs, and revenues (mean=4.58, Std. Dev=0.675). The study revealed that MSE owners had self-control and determination to keep business and personal finances separate (mean=4.66, Std. Dev=0.567).

A large number of women owning MSEs agreed that they were organised, timely and focused on regular cash flow monitoring (mean=4.66, Std. Dev=0.603). The majority of the respondents acknowledged that they had foresighted orientation when beginning a business entity (mean=4.67, Std. Dev=0.562). Most of the MSE owners were found to proactively solve pension and medical needs to insure the owner/ entrepreneur (mean=3.48, Std. Dev=1.579).

The findings revealed that the majority of MSE owners had a willingness to take risks which is controlled since more research participants strongly agreed with this item (mean=4.71, Std. Dev=0.552). The study found that most of the MSE operators were prepared to confront temporary failures, setbacks, and uncertainty (mean=4.64, Std. Dev=0.641). The majority of women posited that they are vigilant against scams and determined to keep business information secure (mean=4.68, Std. Dev=0.632). The findings also revealed that most of the MSE owners were determined to listen to information and other relevant news which may influence the business enterprise (mean, Std. Dev=0.610).

4.4 Descriptive Statistics on Financial Skills of Women-Owned Mses in Namugongo Division

This section presents the descriptive statistics on the perceived level of respondents on financial skills of women-owned MSEs in the Namugongo Division. The item with a mean score above the threshold of 3 shows a high perceived level of respondents on financial skills of women-owned MSEs while an item with a mean score below or equal to 3 shows a low perceived level of respondents on financial skills of women-owned MSEs in Namugongo Division. The findings are presented in table 4.10.

Table 4.10: Descriptive Statistics on the Perceived Level of Respondents on Financial Skills

Item	**Mean**	**Std. Dev**	**Rank**
I have a plan to deal with unexpected expenses which accrue in the business	4.80	0.401	1
I keep track of revenues and costs	4.79	0.509	2
I set aside adequate financial resources for starting and operating my business enterprise until it begins generating profits.	4.78	0.475	3
I keep written records of business transactions	4.77	0.524	4
I separate personal and business finances	4.75	0.445	5
I draw an income for myself, and considering it an expense of the business	4.73	0.608	6
I assess if the enterprise is losing money or generating profits	4.69	0.495	7
I draw both short-term budgets and projections for cash flow	4.66	0.707	8
I make knowledgeable decisions on business funding based on the benefits and negative implications of various options	4.65	0.579	9
I make concrete evaluations and plans to harmonise between the actual start-up costs and how those costs are obtained	4.63	0.526	10
Grand mean	**4.73**		

Source: Primary data, 2020

Table 4.10 portrays the descriptive statistics on the perceived level of financial skills of women-owned MSEs in the Namugongo Division. The results from the grand mean (4.73) show that the majority of the respondents had good financial skills of women-owned MSEs in Namugongo Division.

The majority of respondents agreed that MSE operators in the Namugongo Division make concrete evaluations and plans to harmonise between the actual start-up costs and how those costs are later obtained (mean=4.63, Std. Dev=0.526). The majority of study respondents supported the notion that they make knowledgeable decisions on business funding based on the benefits and negative implications of various options (mean=4.65, Std. Dev=0.579).

The study also made a revelation that most research participants agreed that they keep written records of business transactions (mean=4.77, Std. Dev=0.524). This shows that MSE owned by women in Namugongo Division keep written records of business transactions. In regards to whether MSE operators keep track of revenues and costs, most research participants posited that they keep track of revenues and costs (mean=4.79, Std. Dev=0.509). A bigger proportion of respondents supported that both short-term budgets and projections for cash flow are drawn (mean=4.66, Std. Dev=0.707).

The study established that most of the operators of MSEs owned by women in Namugongo Division assess if their businesses are making a profit or losing money since most of the women operating MSEs agreed with this notion (mean=4.69, Std. Dev=0.495). The study revealed that most of the operators of MSE owned by women in Namugongo Division separate personal and business finances (mean=4.75, Std. Dev=0.445). A bigger proportion of research participants agreed that they draw an income for themselves, and consider it an expense of the business (mean=4.73. Std. Dev=0.608).

The results from the study show that operators of MSEs owned by women in the Namugongo Division set aside adequate financial resources for starting and operating their business enterprises until they begin generating profits (mean=4.78, Std. Dev=0.475). The survey findings revealed that most of the MSE operators in Namugongo Division have plans to deal with unexpected expenses which accrue in the business since the majority of the respondents supported the item (mean=4.80, Std. Dev=0.401).

4.5 Descriptive Statistics on Firm Size of Women-Owned Mses in Namugongo Division

This section presents the descriptive statistics on the perceived level of respondents on the firm size of women-owned MSEs in Namugongo Division. The item with a mean score above the threshold of 3 shows a high perceived level of respondents on firm size of women-owned MSEs while an item with a mean score below or equal to 3 shows a low perceived level of respondents on firm size of women-owned MSEs in Namugongo Division. The findings are presented in Table 4.11

Table 4.11: Descriptive Statistics on the Perceived Level of Respondents on Firm Size

	Mean	**Std. Dev**	**Rank**
This firm size makes borrowing money from formal institutions easy due to collateral value	4.77	.524	1
The size of this enterprise gives it the capacity to make adequate earnings required to repay borrowed money.	4.74	.610	2
Various financial institutions have visited our small business enterprises and equipped us with financial knowledge.	4.71	.552	3
This enterprise exhibits a strong capital structure and asset structure or collateral value	4.68	.632	4
Micro-business units experience lower transaction costs when attaining business loans	4.67	.562	5
The size of my firm attracts less debt capital from financial institutions.	4.66	.603	6
My firm’s stock is protected with an insurance cover.	4.65	.579	7
This small firm's real assets tend to attract the accessibility to long-debt	4.64	.641	8
The size of this enterprise gives it the capacity to make adequate earnings required to run a savings account.	4.63	.526	9
Our unstructured small business setups ease access to formal finance	3.48	1.579	10
Grand mean	**4.56**		

Source: Primary data, 2020

Table 4.11 portrays the descriptive statistics on the perceived level of firm size influence in women-owned MSEs in Namugongo Division. The majority of respondents agreed that their firm size makes borrowing money from formal institutions easy due to collateral value (mean=4.77, Std. Dev=0.524). Other respondents supported the notion that the size of their enterprise gives it the capacity to make adequate earnings required to repay borrowed money (mean=4.74, Std. Dev=0.610).

The study also made a revelation that most research participants agreed that various financial institutions had visited their small business enterprises and equipped them with financial knowledge. (mean= 4.71, Std. Dev=0.552). This showed that MSEs owned by women in Namugongo Division received training from MFIs. The majority of respondents also acknowledged that their enterprises exhibited strong capital structure and asset structure or collateral value (mean=4.68, Std. Dev=0.632). A bigger proportion of respondents supported that micro-business units experience lower transaction costs when attaining business loans (mean=4.67, Std. Dev=0.562).

The study established that most of the MSEs owned by women in Namugongo Division believed that the size of their firms attracted less debt capital from financial institutions (mean=4.66, Std. Dev=0.603). The study revealed that most of the MSEs owned by women in Namugongo Division had their firm's stock protected with an insurance cover (mean=4.65, Std. Dev=0.579). A bigger proportion of research participants agreed that their small firm's real assets tend to attract the accessibility to long debt (mean=4.64. Std. Dev=0.641). The results from the study show that women in Namugongo Division operating micro-enterprises agreed that the size of their enterprises gives them the capacity to make adequate earnings required to run a savings account (mean=4.63, Std. Dev=0.526). The survey findings also revealed that most of their unstructured small business setups ease access to formal finance (mean=3.48, Std. Dev=1.579).

4.6 Relationship between Financial Literacy and Financial Inclusion

4.6.1 Correlation Analysis

Zero-order Pearson correlation analysis was performed to examine the associations between the study variables. The results are presented in Table 4.12 below.

Table 4.12: Zero-order Pearson correlation matrix

Variables		1	2	3	4
Financial Knowledge (1)	Pearson Correlation	1			
	Sig. (2-tailed)				
Financial Attitudes (2)	Pearson Correlation	.503**	1		
	Sig. (2-tailed)	.000			
Financial Skills (3)	Pearson Correlation	.492**	.486**	1	
	Sig. (2-tailed)	.000	.000		
Financial Inclusion (4)	Pearson Correlation	.150*	.177*	.121	1
	Sig. (2-tailed)	.039	.014	.098	

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

*. Correlation is significant at the 0.05 level (2-tailed).

Source: Primary data, 2020

The correlation coefficient (0.150) shows that there was a weak positive relationship between financial knowledge and financial inclusion of women-owned MSEs in Namugongo Division. The relationship is statistically significant at a 5% level of significance since the P-value (0.039) < 0.05 thus the null hypothesis is rejected. This means that there is a significant relationship between financial knowledge and financial inclusion of women-owned MSEs in Namugongo Division.

The correlation coefficient (0.177) indicates that there was a weak positive relationship between financial attitudes and financial inclusion of women-owned MSEs in Namugongo Division. The relationship is statistically significant at a 5% level of significance since the P-value (0.014) < 0.05 thus the null hypothesis is rejected. This means that there is a significant relationship between financial attitudes and the financial inclusion of women-owned MSEs in Namugongo Division.

The correlation coefficient (0.121) indicates that there was a weak positive relationship between financial skills and financial inclusion of women-owned MSEs in Namugongo Division. The relationship is statistically not significant at a 5% level of significance since the P-value (0.098) < 0.05 thus we fail to reject the null hypothesis. This means that there is no significant relationship between financial skills and the financial inclusion of women-owned MSEs in Namugongo Division.

4.6.2 The Influence of Financial Literacy on Financial Knowledge, Attitudes and Skills of women-owned/managed Micro and Small Enterprises

Multi linear regression model was performed on financial inclusion as a dependent variable with financial knowledge, financial attitudes and digital skills as predictor variables. The first table presents the model coefficients of the independent variables and the second table presents the model summary showing the R-square results. The results presented in Table 4.13 show the use of unstandardized (B) regression coefficients.

Table 4.13: Model Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.852	.706		2.623	.009
	Financial Knowledge	.124	.146	.075	.847	.008
	Financial Attitudes	.211	.143	.130	1.476	.002
	Financial Skills	.038	.160	.021	.238	.052

a. Dependent Variable: Financial Inclusion

Source: Primary data, 2020

$$\text{Financial Inclusion} = 1.852 + 0.124DFK + 0.211DFA + 0.038DFS$$

Results in Table 4.13 denote that a unit increase in financial knowledge is associated with a 0.124 increase in financial inclusion in terms of access, usage and quality of women-owned MSEs in Namugongo Division. This is statistically significant since the P-Value (0.008) <0.05, therefore the hypothesis H_1: There is a positive relationship between financial knowledge and financial inclusion of women-owned MSEs in Namugongo Division was significantly supported as theorised.

A unit increase in financial attitudes leads to a 0.211 increase in financial inclusion of women-owned MSEs in Namugongo Division. This is statistically significant since the P-Value (0.002) <0.05, therefore the hypothesis H_2: There is a positive relationship between financial attitudes and financial inclusion of women-owned MSEs in Namugongo Division was accepted. This means that female business owners or managers' judgment of whether using financial services was favorable influenced their decision in terms of accessing and using financial services.

A unit increase in financial skills leads to a 0.038 increase in financial inclusion of women-owned MSEs in Namugongo Division. This is statistically insignificant since the P-Value (0.052) >0.05, therefore, the results did not provide support for hypothesis H_3: that there is a positive relationship between financial skills and financial inclusion of women-owned MSEs in Namugongo Division. This infers that female business owners or managers' financial skills did not influence their access to and use of financial services.

Table 4.14: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.192[a]	.571	.524	.62835

a. Predictors: (Constant), Financial Knowledge, Financial Attitudes, Financial Skills

Source: Primary data, 2020

Results in Table 4.14 show the R-square = 0.571, this implies that 57.1% of the variations in financial inclusion of women-owned MSEs in Namugongo Division can be explained by financial knowledge, financial attitudes, and financial skills leaving 42.9% to be explained by other factors.

4.6.3 Mediation Analysis

Hayes Process Macro was used to test how firm size influences financial inclusion indirectly through its effects on financial literacy. The mediation analysis summary is presented in Table 4.15 below.

Table 4.15: Mediation Analysis Summary

Direct path effect (c' path)	**β**	**t-statistics**	**P-Value**	**Confidence Interval Lower Bound**	**Upper Bound**
Financial Literacy -> Financial Inclusion	.1423	.4831	0.0296	-4389	.7236
Firm size-> Financial Literacy	.1810	23.2073	0.00	.9211	1.0922
Firm size -> Financial Inclusion	.2423	9616	.3375	.0036	.4389

Indirect path effect (a & b paths) via firm size	**β**	***t*-statistics**	**Confidence Interval Lower Bound**	**Upper Bound**	**Type**
Financial Literacy-> Firm Size -> Financial Inclusion	.2439	0.431	-.2940	.9519	Partial Mediation

Total path effect	**β**	***t*-statistics**	**P-Value**	**Confidence Interval Lower Bound**	**Upper Bound**
c = c' + ab	0.386	2.5779	.0107	.0907	.6819

Source: Primary data, 2022

Regarding the direct effect of financial literacy on financial inclusion, the results from the study show that financial literacy had a significant direct effect on financial inclusion ($\beta = 0.1423$, $p < 0.0296$). The study also revealed that the size of the firm (the mediator) had a significant direct effect on financial Literacy ($\beta = 0.8610$, $p < 0.000$). The study also revealed that the size of the firm (the mediator) had a significant direct effect on financial inclusion ($\beta = 0.2423$, $p < 0.036$). Hence, firm size partially mediated the relationship between fiscal knowledge and financial inclusion. This is supported by Hayes (2018) who acknowledged that partial mediation entails that there is not only a significant relationship between the mediator and the outcome variable, but also some direct relationship between the predictor and outcome variable.

As per the indirect effect, the study assessed the mediating influence of firm size on the relationship between financial literacy and financial inclusion. The results revealed a significant indirect effect of the impact of financial literacy on financial inclusion ($\beta = 0.2439$, $t = 0.431$). This is also supported by the fact that the upper and lower level bounds of 95% confidence intervals do not contain zero. The results obtained for the upper and lower level bounds of 95% confidence intervals were -.2940 and .9519 respectively. According to Hayes (2018), it is noted that if the upper and lower level bounds of 95% confidence intervals do not contain zero, the indirect effect is considered significant.

The Total Path effect highlighting the total extent to which the financial inclusion is changed by fiscal knowledge, including the indirect effect through firm size was found to be significant ($\beta = 0.386$, $p < 0.0107$). According to Hayes (2018), a mediator model decomposes the total effect, 'c', into the indirect effect, 'ab' (product of the indirect paths 'a' and 'b') and the direct effect, c ' (with the effect of the mediator removed).

4.6 Summary of Objectives, Hypotheses and Decision

The following table shows the objectives and hypotheses of the study. It also indicates the decision that was taken and this was dependent on the findings from the analysis.

Table 4.16: Objectives, Hypotheses and Decisions

Objectives	Hypotheses	Decision
To analyse the influence of financial knowledge on the financial inclusion of women-owned/managed MSEs in Namugongo Division	Financial knowledge has a positive and significant effect on the financial inclusion of women-owned/managed MSEs in Namugongo Division	Supported
To examine the influence of financial attitudes on the financial inclusion of women-owned/managed MSEs in Namugongo Division	Financial attitudes have a positive and significant effect on the financial inclusion of women-owned/managed MSEs in Namugongo Division	Supported
To examine the influence of financial skills on the financial inclusion of women-owned/managed MSEs in Namugongo Division	Financial skills have a positive and significant effect on the financial inclusion of women-owned/managed MSEs in Namugongo Division	Failed to Support
To investigate the mediating influence of firm size on the relationship between financial literacy and financial inclusion.	Financial literacy significantly influences financial inclusion indirectly through its effects on the size of the firms (MSEs) owned by women in Namugongo Division.	Supported

Source: Author, 2020

CHAPTER FIVE

SUMMARY FINDINGS, DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

This section makes a presentation on the summary of findings, discussions, recommendations and conclusions on the research results drawn by the study.

5.1 Summary of Findings

The summary of study findings is presented based on the specific objectives of the study as shown in the subsequent subsections below;

5.1.1 The Effect of Financial Knowledge on the Financial Inclusion of Women-owned MSEs in Namugongo Division

The model findings reveal that financial knowledge had a significant and positive effect on the financial inclusion of MSEs owned by women in Namugongo Division. This led to support of the alternative hypothesis and resultant rejection of the null hypothesis. The findings indicate that an improvement in financial knowledge by MSE operators (for instance knowing deposit services and basic payment, having knowledge of all business revenues, and being aware of principles and basic financial concepts necessary in the short-term management of the business) improves financial inclusion of women-owned MSEs in Namugongo Division.

5.1.2 The Effect of Financial Attitudes on the Financial Inclusion of Women-owned MSEs in Namugongo Division

The model findings suggest that financial attitudes had a significant and positive effect on the financial inclusion of MSEs owned by women in Namugongo Division. These findings therefore implied that the alternative hypothesis was supported whereas the null hypothesis was rejected. The supported alternative hypothesis stated that financial attitudes significantly affected the financial inclusion of MSEs owned by women in Namugongo Division. The findings indicate that an improvement in the financial attitudes of women leads to financial inclusion enhancement.

5.1.3 The Effect of Financial Skills on the Financial Inclusion of Women-owned MSEs in Namugongo Division

The model findings confirm that financial skills did not significantly affect the financial inclusion of women-owned MSEs in Namugongo Division (P-value>0.05). This failed to reject the null hypothesis since the evidence was not enough. The findings show that financial skills do not influence the financial inclusion of women-owned MSEs in Namugongo Division.

5.1.4 The mediating influence of firm size on the relationship between financial literacy and financial inclusion

Research findings on the fourth objective as highlighted in Table 15 affirm that financial literacy significantly influences financial inclusion indirectly through its effects on the size of the firms (MSEs) owned by women in Namugongo Division. This was so because the test's LLCI and ULCI did not contain zero. This finding therefore implied that the alternative hypothesis was supported whereas the null hypothesis was rejected. The supported alternative hypothesis stated that fiscal knowledge influenced financial inclusion indirectly through its effects on the size of MSEs of women in Namugongo Division.

5.2 Discussion of Findings

This subsection offers a discussion of research results based on the study's specific objectives.

5.2.1 The Effect of Financial Knowledge on the Financial Inclusion of Women-owned MSEs in Namugongo Division

The study found that financial knowledge significantly and positively affected the financial inclusion of women-owned MSEs in Namugongo Division. The study findings imply that as women gain more financial knowledge, their financial inclusion levels in Namugongo Division are enhanced. The findings are also in agreement with that of Agarwal (2016) who also found in his study that financial knowledge positively and significantly affected the financial inclusion of women-owned.

The results reveal that respondents were aware of deposit services and payment basics for the enterprise, and the costs levied. The findings are also in line with Braunstein and Welch (2002) who acknowledged in their study that the respondents were fully knowledgeable of deposit services and basic payment for the entities, including digital payment systems and costs charged. The study found that most of the respondents understood the consequences of getting financial resources from sources of different natures, notably, friends and family. The findings are also consistent with Fatoki (2014) who found in his study that the MSME operators understood the ramifications of obtaining funding from sources of various natures, including, friends and family which increased the business survival and prosperity.

The findings reveal that a bigger proportion of respondents agreed that they understand the main components of a budget and business income (profits, revenues, liabilities, assets, etc.) and their relationship. The study findings are also in line with Eniola and Entebang (2017) who found in their study that MSME owners understood the main components of business income and budget and how they are related and this significantly improved on firm’s performance.

The majority of women operating MSEs strongly agreed that they are aware of business revenues as well as all expenses that the enterprise encountered. However, the findings are not consistent with Lusardi and Tufano (2009) who noted in their study that most of the women lacked knowledge of some expenses and business revenues which the enterprise experienced thereby negatively affecting their financial inclusion. Research findings also highlighted that several respondents agreed that they understand the different nature of some costs which their business goes through such as variable or fixed costs. The findings are not in agreement with

Loibl and Hira (2011) who found out that most of the women did not understand the different nature of some costs which their business goes through such as variable or fixed costs.

5.2.2 The Effect of Financial Attitudes on the Financial Inclusion of Women-owned MSEs in Namugongo Division

Study findings reveal that financial attitudes positively and significantly affected the financial inclusion of MSEs owned by women in Namugongo Division. The findings imply that an improvement in the financial attitudes of women yields financial inclusion enhancements within Namugongo Division. The findings are supported by Leonard and Cronan (2005) who established that financial attitudes significantly and positively affected the financial inclusion of SME operators.

Most of the respondents supported that they have the patience and persistence to keep tracking profits, costs, and revenues. The findings agree with Lusardi (2011) who found that Micro and small entrepreneurs who were surveyed had the determination to remain abreast of their profits, costs, and revenues. A bigger proportion of respondents agreed with the notion of being organised, timely and focused on regular cash flow monitoring. This observation agreed with Westaway and McKay (2007) whose research results acknowledged that women operators of MSEs are more focused and organised in terms of monitoring the enterprises' cash flow.

The majority of the respondents acknowledged that they have foresighted orientation when beginning a business enterprise. The findings are supported by those of Dahmen and Rodríguez (2014) who established that Micro and small business owners successfully run their small businesses by possessing a forward-looking orientation during the phase of starting a business enterprise.

Most of the MSE owners were found to be proactive in solving pension and medical needs to insure the owner/ entrepreneur. This observation agrees with Hilgert et al. (2003) who found that MSE owners were proactively addressing pension insurance and medical needs of the business owner. The research results are also in conformity with the findings of Alessie et al. (2011) which contended that financially literate individuals are optimistic regarding addressing pension insurance and medical needs. The scholars further posited that people who lack financial literacy often find it hard to generate retirement plans.

The study found that most of the MSE operators were prepared to confront temporary failures, setbacks, and uncertainty. This observation was in line with the findings of Silgoner et al. (2015) which highlighted that MSE operators who are prepared to confront setbacks and uncertainty often increase on their odds of financial inclusion. The study results are also in conformity with those of Nibud (2012) which established that women operating business enterprises put a lot of focus on monitoring cash flows.

5.2.3 The Effect of Financial Skills on the Financial Inclusion of Women-owned MSEs in Namugongo Division

The model findings revealed that financial skills did not significantly financial inclusion of MSEs owned by women in Namugongo Division. The findings imply that financial skills do not influence the financial inclusiveness of MSEs owned by women in Namugongo Division. The findings are not in line with Pellinen et al. (2011) who illuminated in their study that financial skills significantly and positively affected financial inclusion of MSMEs.

The study posited that MSEs owned women by in Namugongo Division make concrete evaluations and plans to harmonise between the actual start-up costs and how those costs are offset. The findings agree with Chen and Volpe (2002) who found that MSE operators evaluated the actual business set-up cost and made plans for meeting the aforesaid costs. The study revealed that most of the respondents were keeping written records of business transactions. The findings are also in agreement with ACCA (2014) and Wise (2013) who provided that financially literate business owners often keep proper business transaction records and this is important in attracting and raising appetite for loan-awarding institutions.

The majority of the respondents agreed that they keep track of revenues and costs. The results are in support of Rooij et al. (2011) who established that MSE owners/managers who kept track of revenues and costs increased their likelihood of financial inclusion. A bigger proportion of respondents supported that women operating MSEs often draw both short-term budgets and projections for cash flow. The aforementioned research finding conforms to that of Lusardi and Mitchell (2013) who provided that MSEs enhance their financial performance by drawing short-term budgets as well as by making projections for cash flow.

5.2.4 The mediating influence of firm size on the relationship between financial literacy and financial inclusion

Research findings as highlighted in Table 15 show that firm size partially mediated the relationship between financial literacy and financial inclusion. This therefore implies that financial literacy had a significant direct effect on the size of the firm. It also implied that firm size also had a significant direct effect on the financial inclusion of micro and small enterprises of women in Namugongo Division. The above finding conformed with research findings derived from a study on Greek and French firms by Psillaki and Daskalakis (2009) which sought to investigate whether the determinants of capital structure were country or firm-specific. The findings revealed that large firms found financial inclusion easy while small firms faced more difficulty in getting formal finance because of their unstructured small business setups and less information in the market.

The findings were also in line with those of a study conducted in the United States of America by Burkart and Ellingsen (2004) which sought to generate a theory of trade credit. The research results posited that firm size had a crucial weight on the proportion of the debt in the capital structure of the firms because the real assets of the firms were relevant in influencing the accessibility to long debt whenever required by the enterprises.

Research findings as highlighted in Table 15 also showed that financial literacy significantly influences financial inclusion indirectly through its effects on the size of the firms (MSEs) owned by women in Namugongo Division. This was so because the test's LLCI and ULCI did not contain zero. The study therefore confirms that financial literacy influenced financial inclusion indirectly through its effects on the size of MSEs of women in Namugongo Division. The findings conformed with research conducted in Kenya and Tanzania by Ashenafi and Mutsonziwa (2021) on whether financial literacy was a driver of financial inclusion in small enterprises. The findings highlighted that there was a very strong connection between financial literacy and financial inclusion within small-scale enterprises.

The findings were also in agreement with research conducted in Cambodia and Vietnam by Morgan and Trinh (2019) which investigated the determinants and impacts of financial literacy in MSEs. The study found that financial literacy is positively associated with financial inclusion and savings of people operating small-sized enterprises in Cambodia and Vietnam. This therefore implies that financial literacy is an important factor for enhancing financial inclusion among MSEs.

5.3 Conclusion

The study concludes that financial knowledge and financial attitudes enormously contribute to the enhancement of financial inclusion of women-owned MSEs in Namugongo Division. Concerning financial knowledge, the study has proven that financial knowledge through MSE operators being cognizant of digital deposit services and payment basics for the enterprise, and the costs levied; understanding the ramifications of getting financial resources from sources of different nature such as friends and family inclusive; and being aware of business revenues as well as all expenses that the enterprise makes, among others, are important for the growth of financial inclusion of women-owned MSEs in Namugongo Division. Similarly, about financial attitudes, the study has also proven that through; patience and persistence to keep tracking profits, costs, and revenues, self-control and determination to keep business and personal finances separate, willingness to take risk which is controlled, and preparedness to confront temporary failures, setbacks, and uncertainty among others have enhanced financial inclusion of women-owned MSEs in Namugongo Division. Results of the Regression Process Macro showed that financial literacy significantly influences financial inclusion indirectly through its effects on the size of the firms (MSEs) owned by women in Namugongo Division. Therefore, it is vital for micro and small women-owned enterprises to generate interventions geared towards promoting financial literacy, such as, ensuring that women in micro and small-sized enterprises attain knowledge on customer terms of payment and viable financial products.

5.4 Recommendations

Based on research findings, the study recommends the following;

First and foremost, Women-Owned Micro and Small Enterprises should create and implement training programmes in financial literacy that are especially suited for their business's success. These trainings ought to address fundamental financial ideas including investing, accounting, financial planning, and budgeting.

In light of the expanding use of digital financial services worldwide, Women Owned Micro and Small Enterprises should emphasize the need for financial literacy in the digital age. Female business owners should secure mobile banking and online payment methods.

Women-owned micro and Small Enterprises should also organise networking opportunities and platforms that connect female business owners with clients, partners, and investors. The government should support in developing a collaborative national strategy for financial literacy which works with small and micro enterprises to increase protection to women seeking financial products and services from financial scammers.

Lastly, the Government should come up with policies/programmes to improve financial literacy for women Micro and Small Entrepreneurs. Furthermore, the financial inclusion policy framework should be reinforced to support more women business managers/ owners of MSEs in Uganda to develop their financial knowledge and skills as well as improve their financial attitudes. Further studies on how the financial literacy of women Micro and Small Entrepreneurs affect their levels of financial inclusion are required to deepen insights into financial literacy and women's entrepreneurial development.

5.5 Area for Further Research

This research has investigated the effect of financial literacy on financial inclusion of women-owned MSEs in Namugongo Division but it did not exhaust all aspects. There is still a considerable need to undertake a study of a similar kind on all adults in the Namugongo Division to capture gender differences and other financial literacy patterns which may importantly fill the existing knowledge gap.

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APPENDIX I: QUESTIONNAIRE

Dear respondent;

As partial fulfilment of the requirements for the award of the Degree of Master in Business Administration of Kyambogo University, I, Atuheire Diana, am conducting a study on Financial literacy and financial inclusion: a critical examination of women-owned Micro and Small Enterprises in Namugongo Division. The research is purely academic and all information provided here will be treated with utmost confidentiality. You are highly encouraged and persuaded to respond to the statements in this survey most honestly and sincerely as possible. Your participation in facilitating this study is highly appreciated, kindly tick the most appropriate options or supply the required information. Where required, please specify and elaborate.

Section A: Background Information

A1. How old are you? …………………………….. (Years)

A2. What is your highest level of formal education completed?

1 ( ) None

2 ( ) Primary

3 ( ) Secondary

4 ( ) Tertiary

5 ( ) Other ………………………………………

A3. How old is this enterprise? …………………………….. (Years)

A4. What is the enterprise's registration status?

1 ( ) Not registered

2 ( ) Sole proprietorship

3 ( ) Partnership

4 ( ) Private limited company

A5. In which industry is this organization?

1 (   ) Wholesale and retail trade

2 (   ) Service

3 (   ) Construction and real estate

4 (   ) Manufacturing

5 (   )   other (Please specify) ……………………………………

A6. How many employees work for the organisation?

1 (   ) 1-4

2 (   ) 5 - 49

A7. Which of the following financial services have you used?

1 (   ) Savings

2 (   ) Loans

3 (   ) Insurance

4 (   ) Remittances (Money transfer services)

5 (   ) Others   ………………………………….

Note: In the subsequent sections, please show your level of agreement or disagreement regarding the following statements.

(1- Strongly disagree, 2-Disagree, 3- No idea, 4- Agree, 5-Strongly Agree)

SECTION B: FINANCIAL INCLUSION

Sub-section 1: Access to Financial Services and Products						
Code	**Statement**	**SD**	**D**	**N**	**A**	**SA**
ACC 1	There is a usable access road leading to the nearest formal financial institution	1	2	3	4	5
ACC 2	The nearest bank is less than 5km from my home	1	2	3	4	5
ACC 3	I live within less than 1km of an ATM that I can easily visit to access my account	1	2	3	4	5
ACC 4	There are several banking agent services that I can easily visit near my home	1	2	3	4	5
ACC 5	There are insurance operators near my home that I can easily visit	1	2	3	4	5
ACC 6	I live within 5km of a place where I can pay my bills	1	2	3	4	5
ACC 7	There is a place near my home where I can easily send and receive money	1	2	3	4	5
ACC 8	I have the money required to run a savings account	1	2	3	4	5
ACC 9	I have enough money to purchase insurance services	1	2	3	4	5
ACC 10	The cost of borrowing money from formal institutions is affordable	1	2	3	4	5
Sub-section 2: Usage of Financial Services and Products						
Code	**Statement**	**SD**	**D**	**N**	**A**	**SA**
USA 1	I am aware of the formal products and services (savings, loans, insurance and payments/remittances)	1	2	3	4	5
USA 2	I have used my savings account to save for future expenses	1	2	3	4	5
USA 3	I have used my savings account to save for any emergencies	1	2	3	4	5

USA 4	I have received a loan from a bank to finance my personal needs	1	2	3	4	5
USA 5	I have received a loan from a bank for my business	1	2	3	4	5
USA 6	I have used insurance services for health cover	1	2	3	4	5
USA 7	I have used insurance services for others in forms of coverage	1	2	3	4	5
USA 8	I have used the bank account to receive remittances(money)	1	2	3	4	5
USA 9	I have used my bank to transfer money	1	2	3	4	5
USA 10	I have used mobile money services to pay bills, send money, receive money	1	2	3	4	5
Sub-section 3: Quality of Financial Services and Products						
Code	**Statement**	**SD**	**D**	**N**	**A**	**SA**
QUAL 1	I know which documents are required to open a bank account	1	2	3	4	5
QUAL 2	I have the necessary documents required to open an account	1	2	3	4	5
QUAL 3	I am assured of getting customer support on the use of the financial services	1	2	3	4	5
QUAL 4	I find the staff in the formal financial institutions friendly and helpful	1	2	3	4	5
QUAL 5	Imposing service charges is fair to bank customers (withdrawal fees, payment fees)	1	2	3	4	5
QUAL 6	I am certain of the safety and confidentiality of my transactions when using formal services	1	2	3	4	5
QUAL 7	I can utilise a variety of financial services offered	1	2	3	4	5
QUAL 8	I feel that it is more reputable to associate with formal financial institutions	1	2	3	4	5
QUAL 9	There is available banking infrastructure e.g. ATMs in my area	1	2	3	4	5
QUAL 10	I receive prompt information regarding my transactions	1	2	3	4	5

SECTION C: FINANCIAL LITERACY

Sub-section 1: Financial Knowledge						
Code	**Statement**	**SD**	**D**	**N**	**A**	**SA**
DFK1	I am cognizant of digital deposit services and payment basics for the enterprise, and the costs levied	1	2	3	4	5
DFK2	I understand the consequences of getting financial resources from sources of different natures, friends and family inclusive	1	2	3	4	5
DFK3	I understand the main components of business income and budget (profits, revenues, liabilities, assets, etc.) and their relationship	1	2	3	4	5
DFK4	I am aware of business revenues as well as all expenses that the enterprise makes	1	2	3	4	5
DFK5	I understand that costs are naturally different (such as fixed or variable costs)	1	2	3	4	5
DFK6	I understand the relevance of having to separate business and personal finances and the risks which arise if separation is not made	1	2	3	4	5
DFK7	I understand that factors including customer terms of payment, depreciation of equipment, and terms of supplier payment may affect the short-term flow of cash	1	2	3	4	5
DFK8	I understand basic principles and financial concepts necessary for management in the short term (for instance, exchange rates, depreciation, inflation, and interest)	1	2	3	4	5
DFK9	I am aware of business financial skills and knowledge gaps I have	1	2	3	4	5
DFK10	I am aware that some sources of information on funding could be unbiased, reliable, and of great quality	1	2	3	4	5
Sub-section 2: Financial Attitude						
Code	**Statement**	**SD**	**D**	**N**	**A**	**SA**
DFA1	I have confidence in shopping around for various financial products and business providers	1	2	3	4	5
DFA2	I have the patience and persistence to keep tracking profits, costs, and revenues	1	2	3	4	5
DFA3	I have self-control and determination to keep business and personal finances separate	1	2	3	4	5
DFA4	I am organised, timely and focused on regular cash flow monitoring	1	2	3	4	5

DFA5	I have a foresighted orientation when beginning a business entity	1	2	3	4	5
DFA6	I am proactive in solving pension and medical needs to ensure the owner/ entrepreneur	1	2	3	4	5
DFA7	I am willing to take risk which is controlled	1	2	3	4	5
DFA8	I am prepared to confront temporary failures, setbacks, and uncertainty	1	2	3	4	5
DFA9	I am vigilant against scams and determined to keep business information secure	1	2	3	4	5
DFA10	I am determined to listen to information and other relevant news which may influence the business enterprise	1	2	3	4	5
Sub-section 3: Financial Skills						
Code	**Statement**	**SD**	**D**	**N**	**A**	**SA**
DFS1	I make concrete evaluations and plans to harmonise between the actual start-up costs and how those costs are obtained	1	2	3	4	5
DFS2	I make knowledgeable decisions on business funding based on the benefits and negative implications of various options	1	2	3	4	5
DFS3	I keep written records of business transactions	1	2	3	4	5
DFS4	I keep track of revenues and costs	1	2	3	4	5
DFS5	I draw both short-term budgets and projections for cash flow	1	2	3	4	5
DFS6	I assess if the enterprise is losing money or generating profits	1	2	3	4	5
DFS7	I separate personal and business finances	1	2	3	4	5
DFS8	I draw an income for myself, and considering it an expense of the business	1	2	3	4	5
DFS9	I set aside adequate financial resources for starting and operating a business enterprise until it begins generating profits.	1	2	3	4	5
DFS10	I have a plan to deal with unexpected expenses which accrue in the business	1	2	3	4	5

SECTION D: SIZE OF THE FIRM

Code	Statement	SD	D	N	A	SA
FS 1	The size of my firm attracts less debt capital	1	2	3	4	5
FS2	This firm experience lower transaction costs when attaining business loans	1	2	3	4	5
FS 3	Our unstructured small business setups ease access to formal finance	1	2	3	4	5
FS4	Various financial institutions have visited our enterprise and equipped us with financial knowledge.	1	2	3	4	5
FS5	This firm's real assets tend to attract the accessibility to long-debt	1	2	3	4	5
FS 6	This enterprise exhibits a strong capital structure and asset structure or collateral value	1	2	3	4	5
FS7	There is a place near my home where I can easily send and receive money	1	2	3	4	5
FS 8	This enterprise holds the capacity to make adequate earnings required to run a savings account	1	2	3	4	5
FS9	My firm's stock is protected with an insurance cover.	1	2	3	4	5
FS10	This firm size makes borrowing money from formal institutions worthwhile	1	2	3	4	5

Thank you for your time, dedication and cooperation. May God bless you!!

For any queries or further information, feel free to contact: Atuheire Diana (0753342635)

APPENDIX 2: PLAGIARISM REPORT

Plagiarism-Diana

by Diana Atuheire

Submission date: 26-Sep-2023 11:31AM (UTC+0100)
Submission ID: 2177385014
File name: DIANA_ATUHEIRE_RESEARCH-CHECKED_AT_20.docx (215.99K)
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APPENDIX 3: LETTER OF INTRODUCTION