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Socio-cultural Factors and Financial Literacy Practices of Micro-entrepreneurs in Kwara State

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Abstract

Small and medium scale enterprises (SMEs) form the bedrock of significant growth in many developing economies of the world. Owners of SMEs however, are influenced by certain socio cultural factors in the bid to making sound financial decisions. Financial literacy is the acquisition of financial skills and knowledge by individuals with a view to earning more, spending less and getting things done appropriately. This paper examined the influence of socio-cultural factors on the financial literacy practices of micro-entrepreneurs in Kwara state. Religious belief, cultural conception of financial management and group membership served as proxies for socio-cultural factors while book keeping practice and utilization of financial services were proxies for financial literacy practices. Primary data were obtained from selected micro entrepreneurs across the three senatorial districts of the state. Data were analyzed using binary logistic regression and the results showed that culture and group membership have probable significant influence on each of the proxies of financial literacy practices while religiosity was found to be statistically insignificant at 10% alpha level. The study therefore recommends that government in conjunction with financial institutions should start to promote various financial education

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programs so that micro-entrepreneurs will be able to get basic and advanced financial knowledge through organized seminars and workshops. These programmes should focus particularly on important life-planning aspects such as basic savings, debt, insurance, retirement plans or pensions.

Keywords: Socio-cultural, finance, literacy, micro-entrepreneurs

1.0 Introduction

More often than ever, financial literacy is increasingly becoming a highly discussed phenomenon in today's financial world; it is becoming essential not just for macro sector investors, but also for small and medium scale entrepreneurs. The need for financial literacy among all and sundry lies in the fact that the financial literacy of an individual investor or entrepreneur goes a long way in enhancing or dis-enhancing the financial status of the individual (Houston, 2010). However, despite the importance and relevance of the concept to any modern business outfit, the term has been less popular in practice especially among many SMEs in the developing country (*Bashir, Arshad, Nazir & Afzal 2013*). According to the financial literacy survey of Nigerian entrepreneurs conducted by the Central Bank of Nigeria (CBN) (2010), 2 out of 10 entrepreneurs scored a grade of C when it comes to their personal financial practices. In other words, entrepreneurs in Nigeria are generally rated low in terms of their general knowledge and practices reflecting financial literacy. *Fatoki (2014) evaluated the financial literacy of micro entrepreneurs in South Africa and his finding revealed that majority of the micro entrepreneurs in South Africa are financially illiterate and do not take advantage of the available bank services, thus impeding their business growth. Corroborating the above assertion, the Association of Certified Chartered Accountants (2014) observed that a major challenge faced by financial institutions*

generally is the low level of financial awareness among small business owners.

This paucity of financial literacy practices according to Bashir etal (2013) has been a contributory factor to the increasing financial woes of many small and medium scale enterprises in developing countries. *According to Wise (2013), increase in financial literacy levels would lead to more utilization of conventional financial services. Also, Koenen (2009) asserts that* wealth, higher levels of income and education are related to financial literacy and financial literacy has a positive relationship with economic growth.

The significance of this study therefore lies in the fact that its focus of inquiry centres on the assessment of financial literacy practices of small and medium scale enterprises (SMEs) which have been observed through various studies as being a vital engine of development in any modern society (Sarkin-Daji, 2009; Okpara, 2006; Koenen, 2009; Olatunji, 2012; 2013; 2014). Apart from increasing per capita income and productive output, SMEs create employment opportunities, enhance regional financial markets through industrial dispersal and generally promote effective resource utilization considered critical to engineering economic development and growth (Ogbujuba, Ohuche and Adenuga (2004); Olagunju, 2004; Olatunji, 2013).

In other words, there is an urgent need to put a vested interest in this important aspect of human finances due to its tendency to result in the attainment of financial inclusion and enables users of financial products make effective financial decisions across a wide range of financial contexts to improve their economic well being. Furthermore, an increasing financial literacy will enable financial service providers to understand the needs of their customers, products and associated risks (Nunoo, 2012). Technically, financial literacy is an activity which does not occur in a vacuum, rather, like many other human

behaviours, is influenced by series of factors ranging from personal characteristics to various economic, psychological and environmental factors.

Due to the importance of these factors, various studies have been carried out in order to examine the influence of these factors on financial literacy practices. However, the uniqueness of this research undertaking lies in the fact that many other previous studies have focused more on financial literacy behaviour of individuals at the macro level, ignoring the SMEs which are regarded as the engine of economic development of any modern society, more so, apart from the fact that such studies concentrated more on the macroeconomic sector, such studies most times ignored the importance of socio-cultural factors as an important influencing factors of human behaviour in virtually all social situations. Hence, a study such as this is really timely not only because vibrant financial literacy is a sine-qua-non for effective functioning of modern entrepreneurs but also because these entrepreneurs are product of a socio-cultural milieu and these socio-cultural dynamics to a great extent have a way of influencing their financial literacy practices. Hence, this research work is an attempt to empirically examine the socio-cultural features of the small scale entrepreneurs in Kwara state and at the same time examine the influence of these factors on financial literacy practices of the entrepreneurs in the state.

2.0 Conceptual Clarifications

In order to make the discussion more scholarly, there is the need to make a brief conceptual review of some important terms relevant to the better understanding of the paper.

2.1 The Meaning and Importance of Financial Literacy

Conceptually, financial literacy is an emerging term in general financial discussions, the term is used to describe the

extent of one's knowledge regarding financial issues; it is also used to denote the behaviour of investors or would be investors on financial matters. In other words, financial literacy could be referred to the acquisition of fundamental financial knowledge and its application to financial matters (Thilakam, 2012). According to Houston (2010), there is no widely accepted definition of the term 'financial literacy'. However, he describes financial literacy as the ability of an individual to comprehend and use information relating to finance. He further suggests that understanding financial information is not just enough but the confidence to apply one's financial knowledge is vital in financial decision making. Kharchenko and Olga (2011) stated that financial literacy is the acquisition of necessary numerical skills and basic economic concepts required for saving and borrowing decision. Being financially literate as an entrepreneur allows one to earn more, spend less and get things done appropriately. This is why it is often said that financial literacy occupies a centre-stage in the quest to achieve an overall strategy of financial inclusion (*Bashir etal,* 2013). Financial literacy has strong bearing on financial ability, economic growth and SMEs development of any country (Worthington, 2006).

According to Sanusi (2012), inclusive growth in any economy can only be achieved where a reasonable proportion of the population participate in the activities of the financial market, a feat which is majorly influenced by the overall level of financial literacy of all and sundry in the society. Hence, financial literacy is important for individuals, small enterprises and large corporate entities; it is becoming essential for the average enterprise trying to decide how to balance its budget, expand or diversify and as well improve profitability. Then, it is essential for entrepreneurs to acquire, understand, apply and develop financial skills to access and assess financial products and services in the financial markets. According to Wise (2013), financial literacy has become an important global phenomenon

because the poor level of financial literacy can lead to making poor financial decisions that can have adverse effects on the global economy (Fatoki, 2014).

Houston (2010) opined that financial literacy has been widely recognized as a viable tool for achieving financial stability and for this reason, significant attention from policy makers across the world needs to be shifted towards the adoption of financial literacy for the attainment of economic growth. In the context of micro enterprises, the United States Agency for International Development (2009:p.13) defines a financially literate SME owner/manager as "*someone who knows what are the most suitable financing and financial management options for his/her business at the various growth stages of his/her business; knows where to obtain the most suitable products and services; and interacts with confidence with the suppliers of these products and services*".

In other words, financial literacy is a term which has gained the attention of finance scholars of modern age; this is so because of their observation of the fact that financial literacy dynamics potentially have a strong effect not only on the financial status of individuals but also that of the entire financial world. In addition, more recent researches on business finance have also called attention to the importance of financial literacy practices among small scale entrepreneurs because of their potential positive effects on the overall economic development of any modern society.

2.2 The Concept of Entrepreneurship

Entrepreneurship has been an important human endeavour from time immemorial and due to its importance in the general economic discourses, it has been one of the most debated academic discourses of all time from Karl Marx to Adam Smith; in Economics, Business Administration, Accounting and Finance and to Sociology of Work entrepreneurship has been directly or indirectly one of the

central focuses of discussion. Conceptually, an entrepreneur is a person, organization or government that establishes an organization for profit or other personal aims (Olagunju, 2004; Elizabeth, 2006; Salihu, 2009). According to Sarkin-Daji (2009) an entrepreneur is an individual who is willing to and has ability to seek investment opportunities in an environment and be able to establish and run a business outfit successfully based on identified opportunities. By grave and Hofer (1991) defined entrepreneurship as the creation of a new organization to pursue an economic opportunity. Also, some researchers tied the state of being an entrepreneur to innovative behaviour and achievement orientation indices (McClelland, 1961; Sexton and Smilor, 1982; Gartner, 1988).

According to Shane (2003:p.12), an entrepreneur can be defined as "one who undertakes innovations, finance and business acumen in an effort to transform innovations into economic goods". According to Drucker (1985), entrepreneurship is about taking risk. The work of McClelland in the early to mid-1960s suggested that the key to entrepreneurship lies in achievement orientation (McClelland, 1961). According to him, the zeal to achieve ignites the drive to excel, to achieve a goal in relation to a set of standards put forward by the culture of the society (Johnson, 1990; Chell, Haworth & Brearley, 1991).

In terms of weight and size of investment, entrepreneurs are classified as been micro or macro in nature. Although, there appears to be no consensus among scholars and policy makers concerning the point at which a business enterprise is deemed to be micro, small or medium. Several criteria such as number of employees; assets acquired; sales turnover and a combination of employees; sales and assets are used to determine the size of a firm. In Nigeria, the definition of small business firms has varied over the years and by institutions (Owualah, 1999). The definition of small scale industry varies

with the culture and peculiar circumstances of the person attempting the definition. The Nigerian Bank for Commerce and Industry (1990) defined a small-scale enterprise as one whose capital does not exceed N750,000 whereas the federal government in 1973 viewed small scale industries to include all trading and manufacturing units with a total capital investment up to N600,000 and paid employees up to fifty persons (Ikharehon, 2002). However, Osaze and Anao (1981) defined a small scale business as any business undertaken, owned, managed and controlled by not more than two entrepreneurs, has no more than twenty employees, has no definite organizational structure (i.e all employees report to the owners) and has a relatively small share of its market. Inferring form the above therefore, it could be deuced that entrepreneurs naturally deals in finance and as such are important elements of the financial economy. The above notwithstanding, it has been variously observed by several analysts that most small scale entrepreneurs are under-utilizing several financial services available for them and this has been one of the major factors for the low financial development of many entrepreneurs in this category. Although, several factors have been adduced as being responsible for this ugly trend but it is the conception of these authors that socio-cultural features of the entrepreneurs are a major factor which influence the entrepreneurs' disposition about financial matters, the utilization of financial services and general financial literacy practices.

2.3 Socio-Cultural Factors Influencing Financial Literacy Practices of Entrepreneurs

Several studies have been carried out on financial literacy and entrepreneurship (OECD, 2005; Koenen, 2009; Nunoo, 2012; Bashir etal, 2013; Sacuahi, 2013; Fatoki, 2014). However, these studies have not explicitly assessed the

relationship between socio-cultural factors and the financial literacy level and practices of entrepreneurs. In other words, this present effort is geared towards the analysis of the influence of socio-cultural factors on financial literacy practices of small scale entrepreneurs. According to Harris (1995), human being is essentially a socio-cultural being and the socio-cultural environment is the major determinant that influences the behaviour or dispositions of people or a group of people in virtually all life situations. Akpokerere (2009) persuasively called on researchers in various social science and management disciplines to put a vested interest in the study of the influence of culture on various social facts in the society because of the potential influence of culture on human behaviour generally.

The import of the above therefore is that 'financial literacy' is culture embedded and therefore, researchers on the subject should put more interest in studying the socio-cultural features of financial actors, and how differences in socio-economic background, values and belief system, attitudes and shared norms influence their financial behaviour. This is because socio-cultural factors have a substantial influence in creating entrepreneur as well as their financial practices (Katz, 1991; Abimbola, 2007). For example, social and cultural factors that place a high value on record keeping, use of financial services, savings, life after retirement, investment etc. are more likely to instigate positive financial literacy practices than a socio-cultural environment with contrasting values (Islam, 2000; Muller and Thomas, 2001). In other words, there are lots of socio-cultural factors which are observed to have influence on financial literacy practices of the entrepreneur; some of those factors are highlighted below:

2.4 Religion and religious belief

Religion according to Schaefer (2006) is a unified system of beliefs and practices related to sacred things. According to Broom and Selznick (1968), religion is a universal phenomenon because it exists everywhere - from the simple most isolated to the most complex and urbane; religious beliefs and practices exist in all known human society. According to Robertson (1997), religion is an integral part of a cultural system. It is important because it promotes social solidarity and reinforces social norms and values. Religion makes people share common beliefs and thus a common value system. According to Broom and Selznick (1968), most of the cultural beliefs in many societies developed from religious practices because religion provides the philosophical foundation for beliefs and values.

In other words, religion is one of the basic social institutions and has been a subject of sociological discourse almost from the start of the discipline (Olatunji, 2010). The founding fathers of sociology like August Comte, Karl Marx and Max Weber all have studied the influence of religion on human behaviour. However, Weber (1930) was the first to highlight the influence of religious beliefs and practices on entrepreneurial financial practices. In his account of the development of capitalism, Weber gave insightful explanations on various financial behaviours of the entrepreneurs and the consequential effects of the behaviour on the economic development of the society. In his observation, financial literacy behaviour such as constant savings, re-investment of profit and effective financial planning are some of the distinctive features of the entrepreneur which aided the development of capitalism in the Western societies. These financial literacy behaviours according to Weber are consequences of a religious doctrine known as Protestant ethics.

The impart of the above is that religious belief is an important determinant of behaviour in many social situations. As it is, religious dictations in many instances do affect financial literacy practices. As could be deduced from the above, some aspects of religious doctrines have a way of influencing financial literacy practices positively while some other religious norms could also affect it negatively. A good example could be cited of Muslims who would not be pleased to engage in interest banking due to their religious value that negate interest taking.

2.5 Cultural conception of financial management

As earlier observed that human being is essentially a socio-cultural being, the place of culture in human general living cannot be over-emphasized. According to Olatunji (2009), one unique distinction between human and animal is the possession of culture. The existence of culture among human groups makes human being one of the most superlative beings created by nature (Harris, 1995; Ritzier, 2011). Technically, culture represents all of human behaviours and attitudes that are learned (directly or indirectly, overtly or covertly) through the process of social interaction and which are inherited by generations. Culture is a very important phenomenon in human life because it determines how individual acts, thinks and behaves in any social setting. Owing to the influence of culture on human behaviour, social scientist have always found it difficult if not impossible to study, understand or predict the behavioural pattern of people in any human society around the globe without studying their culture (Olatunji, Lawal & Raji, 2014).

Based on the above, the cultural conception of people regarding different financial literacy practices goes a long way in enhancing or dis-enhancing people's decision to practice them. For instance, someone whose culture has given a negative conception of savings is not likely to engage in saving behaviour. In other words, cultural conception of an individual

regarding savings, investment, bookkeeping, planning, financial management etc would go a long way in influencing such individual to engage or not to engage in those practices.

2.6 Group membership

Group membership is another important socio-cultural factor that could influence the behaviour of the entrepreneur generally. For instance, the group individual belongs to serve different functions for an individual and one of such functions is that it gives direction to the behaviour of the individual. As such, an entrepreneur that belongs to a group that knows the value of financial literacy practices is likely to engage in those practices than an individual who belongs to an opposite group. Very close to group membership is peer influence, people generally learn from their peers and the behaviour or attitudes of their peers go a long way in influencing their own attitudes too. So an entrepreneur who has friends that engage in financial literacy practices is likely to be financially literate and likely to engage in financial literacy activities (Robertson, 1997).

2.7 The Push/Pull Factors and Entrepreneurial Behaviour

Thomas and David (1992) addressed the issue of entrepreneurship from a behavioural perspective. Their analyses are based on the 'contingency' school, which assumes that the environment is capable of emitting signals capable of encouraging or hindering entrepreneurial practices. These signals according to them are referred to as the push and pull factors. The push factors are usually the factors that characterised the origin, that is, the push factors are the negative factors that want to make an individual leave a place or a situation or condition, while the pull factors are always at the destination. The push factors are usually discouraging while the pull factors are always encouraging. For example, people are "pushed" into engaging in certain financial literacy

practices by dissatisfaction or some other negative experiences in their business; on the other hand, they might be "pulled" by the existence of potentially profitable opportunities or other positive expectations inherent in the utilization or engagement in certain financial literacy services.

In addition to this, some studies have emphasized the effect of cultural, political, and economic conditions of a country or region on the financial behaviour of the entrepreneurs in that area. For instance, in many countries of the world today, people are generally encouraged to be financially literate and as such are often counselled from time to time on the favorable financial behaviours which would lead to the growth and development of their enterprise (Okpara, 2006; Roomi, 2009; Agu, 2010).

From a more general perspective, Bridge, O'Neil and Cromie (2008) pointed out that factors influencing financial literacy behaviour of the entrepreneur could be located along a continuum from inborn attributes of individuals to complex interrelationships amongst often changing cultural, political and economic conditions at national, regional and local levels. Locations, variation in size, scope of local markets, monetary and fiscal policies of government are other likely factors that could influence financial behaviour of the entrepreneur.

3.0 Methodology

This study investigated the relationship between socio-cultural factors and financial literacy practices of micro entrepreneurs in Kwara State, Nigeria. The choice of Kwara State is due to the fact that, like many micro entrepreneurs in other states in Nigeria, the financial literacy practices of micro-entrepreneurs in Kwara State are likely to be influenced by certain socio-cultural factors. Hence, the socio-cultural factors investigated are: religious belief, cultural conception of financial management and group membership. The cross sectional survey research design was used for this study

because all the variables of the study were observed at a point in time. Data used were obtained through primary source by designing a well structured questionnaire to the sampled micro entrepreneurs. Questionnaire used for the study was structured into two (2) sections. The first section tagged respondent bio-data elicits information about the micro-entrepreneurs while the second section named operational data was used to source data on the operational variables of the study. The respondents were asked to choose correctly from the options provided for each question on the questionnaire and explicitly state their thoughts on other open ended questions.

Due to the nature of this study, multi stage random sampling technique was found to be appropriate and therefore adopted. Kwara state has three (3) Senatorial Districts (Kwara South, Kwara North and Kwara Central) with sixteen (16) local governments in all. Each local government in the state has a list of registered enterprises operating within the local government. Two (2) local governments were chosen in each senatorial district; five percent (5%) of registered micro entrepreneurs in each selected local government was obtained as sample for the study. On the whole, five hundred and twenty (520) copies of questionnaire were administered across the selected local governments out of which four hundred and eight (408) copies were duly completed and returned.

In order to analyze the data, binary logistic regression model was used to estimate the relationship between the socio-cultural factors and financial literacy practices. The choice of binary logistic regression is due to the fact that the dependent variable (financial literacy practices) is categorical. According to Field (2009), when the outcome of the dependent variable is categorical and not continuous, using a linear regression model would be inappropriate; hence, a logistic regression approach was suggested. This implies that the outcome of the dependent

variable would fall within the range of 0 and 1; with 0 representing probability of non-occurrence and 1 representing probability of occurrence. Berry (1993) opined that a linear regression model would only be valid when the observed data contain a linear relationship. When the outcome variable is however categorical (like this study), this assumption is violated. One way around this problem is to transform the data using the logarithmic transformation (Berry & Feldman, 1985). This transformation is a way of expressing a non-linear relationship in a linear way (Field, 2009). The logistic regression expresses the multiple linear regression equation in logarithmic terms (called the *logit*) and thus overcomes the problem of violating the assumption of linearity. Bashir etal (2013) suggested that financial literacy is a function of retirement plan intention; risk preference; age; gender; marital status; occupation; qualification; hopelessness; religiosity; and financial satisfaction. For the purpose of this study, religious belief, cultural conception of financial management and group membership were used as proxies for the explanatory variable (socio-cultural factors). The dependent variable is the financial literacy practice of micro entrepreneurs represented by book keeping practice and utilization of financial services.

The empirical models adopted for this study are given as:

$$P(Y_{1i}) = \frac{1}{1 + e^{-(b0 + b1X1i + b2X2i + b3X3i + \varepsilon i)}} \quad \text{equation i}$$

$$P(Y_{2i}) = \frac{1}{1 + e^{-(b0 + b1X1i + b2X2i + b3X3i + \varepsilon i)}} \quad \text{equation ii}$$

Where $P(Y_{1i})$ = probability of book keeping practice occurring

$P(Y_{2i})$ = probability of utilization of financial services occurring

e = base of natural logarithm of independent variables

b_0 = intercept

X_{1i} = religious belief

X_{2i} = cultural conception of financial management
X_{3i} = group membership
b_{1-3} = coefficients
εi = error term

The two equations above can be rewritten as:

$$P(bkp_i) = \frac{1}{1 + e^{-(b0 + b1rbfi + b2cfmi + b3gpmi + \varepsilon i)}} \quad \text{equation iii}$$

$$P(ufs_i) = \frac{1}{1 + e^{-(b0 + b1rbfi + b2cfmi + b3gpmi + \varepsilon i)}} \quad \text{equation iv}$$

Where bkp represents book keeping practice; rbf stands for religious belief; cfm denotes cultural conception of financial management; gpm implies group membership and ufs represents utilization of financial services.

4.0 Data Analysis and Interpretation of Results

Table 1 reveals that there is a positive relationship between religious belief and book keeping practice among micro-entrepreneurs in Kwara State with a coefficient of 0.256. The marginal effect shows that an increase in the religious belief will positively influence the probability of book keeping practice among micro-entrepreneurs in Kwara state by 0.010. This result agrees with Bashir etal (2013) who asserted that strong religious believers were more inclined to invest in various financial instruments which caused them to update their financial knowledge and maintain fair books of account. There exists a negative relationship between the cultural conception of financial management and book keeping practice of micro entrepreneurs as revealed by a coefficient of -0.302. The marginal effect shows that an increase in cultural conception of financial management will reduce the probability of book keeping practice of micro-entrepreneurs by 0.004. This implies that entrepreneurs who are ill-equipped about proper management of funds due to their cultural affiliation or disposition would find it difficult in maintaining sound books of

account. Furthermore, the coefficient of group membership (0.430) shows that a positive relationship exists between the variable and book keeping; the marginal effect shows that an increase in group membership will positively influence the probability of book keeping practice among micro-entrepreneurs in Kwara state by 0.258. This is in line with Fatoki (2014) who opined that entrepreneurs who belong to any form of association or social group (e.g. cooperative society) would be adequately informed on the benefits attached to proper book keeping and this would help in enhancing their financial literacy practice.

Table 1: Summary of Regression estimates

Book keeping practice	Coefficient	S.E	Z	P>|z|	dy/dx
lnrbf	0.256***	0.547	0.468	0.234	0.010
lncfm	-0.302*	0.202	-1.490	0.000	-0.004
lngpm	0.430**	0.398	1.080	0.041	0.258
Number of observations = 408 Prob > F = 0.000 Pseudo R^2 = 0. 446 Log likelihood = -72.457					

Source: Authors' Computations using Stata 11 statistical package

Note:

***** Indicates significance at 10%**
**** Significance at 5%**
*** Significance at 1%**

The results of table 2 show that religious belief has a positive relationship with utilization of financial services with a coefficient of 0.209. The marginal effect reveals that an increase in religious belief will increase the probability of utilization of financial services by 0.003. This position is also in line with Bashir etal (2013) who found that religiosity positively influenced the use of bank services among entrepreneurs in Pakistan. The coefficient of cultural conception of financial management (-0.024) shows that there exists a negative relationship between the variable and utilization of financial services. The marginal effect shows that an increase in cultural conception of financial management will reduce the probability of utilization of financial services by 0.006. This implies that entrepreneurs with stereotyped cultural belief about informal financial management may not avail themselves the numerous financial services rendered by the formal financial institutions. The result of group membership shows that a positive relationship exists between the variable and utilization of financial services with a coefficient of 0.078. The marginal effect reveals that an increase in group membership will increase the probability of utilization of financial services among entrepreneurs by 0.030.

Table 2: Summary of Regression estimates

Utilization of financial services	Coefficient	S.E	Z	P>|z|	dy/dx
Logrbf	0.209*	0.135	1.55	0.120	0.003
Logcfm	-0.024*	0.219	-0.11	0.010	-0.006
Loggpm	0.078***	0.144	0.54	0.081	0.030
Number of observations = 408					
Prob > F = 0.076					
Pseudo R^2 = 0. 269					
Log likelihood = -51.345					

Source: Authors' Computations using Stata 11 statistical package

Note:
*** Indicates significance at 10%; ** significance at 5%; * significance at 1%

5.0 Conclusion and Recommendations

Financial literacy is the acquisition of basic financial knowledge aimed at making informed economic and financial decisions. The study investigated the relationship between socio-cultural factors and financial literacy practices of micro-entrepreneurs. Socio-cultural factors used were religious belief, cultural conception of financial management and group membership. In measuring the financial literacy practices of the entrepreneurs, book keeping practice and utilization of financial services were used as proxies. Using binary logistic regression model, it was found that cultural conception of

financial management and group membership have significant influences on book keeping practice and utilization of financial services among entrepreneurs while religious belief, although related to each of the financial literacy proxies, was found to be statistically insignificant. It therefore implies that micro-entrepreneurs with no basic financial knowledge due to their cultural disposition would find it difficult in maintaining good records and accessing conventional financial services. Furthermore, micro-entrepreneurs affiliated to one or more social groups are likely to be influenced positively on financial literacy practices (book keeping and utilization of financial services).

The study therefore recommends that micro-entrepreneurs should strive to financially educate themselves on key finance areas and endeavour to join a social group (e.g. cooperative society) in order to enhance their financial knowledge through social interaction. Micro-entrepreneurs in Kwara State are not financially literate, so government in conjunction with financial institutions should start to promote various financial education programmes so that micro-entrepreneurs will be able to get basic and advanced financial knowledge. Several seminars and workshops must be conducted to promote the need for financial knowledge. These programmes should focus particularly on important life-planning aspects, such as basic savings, debt, insurance or pensions. Effective financial decisions will be made with this and micro-entrepreneurs will have better understanding of financial services and their working.

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ENDIX
STIONNAIRE

CTION A: Respondent's Background Information

Gender:
Male ( )
Female ( )

Age:
Between 15-25 years ( )
Between 26-35 years ( )
Between 35-50 years ( )
51 years and above ( )

Religious affiliation:
African traditional religion ( )
Christianity ( )
Islam ( )
Others please specify ( )

Highest educational qualification:
Non-formal ( )
Primary School leaving certificate ( )
Secondary school leaving certificate ( )
N.C.E/O.N.D ( )
B.Sc., B.A., B.Ed., LLB, HND ( )
M.Sc., M.A., M.Ed., MBA ( )
Ph.D ( )
Other professional qualification(s), please specify ( )

5. Which ethnic group do you belong to?
Yoruba ( )
Hausa/Fulani ( )
Igbo ( )
Others ( )

SECTION B: Assessment of Respondent's Socio-Cultural Features

S/No.	Questions	Yes	No
6.	Do you practice your religion fervently?		
7.	Do you adhere to the teachings of your religion?		
8.	Does your religion permit your kind of business?		
9.	Does your re ligion permit a practice of account keeping for your business?		
10.	Does your religion allow the use of formal financial services e.g obtaining loan, fixing of deposits, insurance e.t.c.?		
11.	If your religion preached against book keeping for business, would you adhere to it?		
S/No.	Questions	Yes	No
12.	If your religion prohibited the use of formal financial services, would you stick to it?		
13.	Is your kind of business allowed by your cultural belief?		
14.	Are you aware of any proverb in your culture that prohibits book keeping for businesses?		
15.	Is there an y saying in your culture that prohibits the use of formal financial services?		
16.	If your culture prohibited book keeping for your business, would you adhere to it?		
17.	If the use of formal financial services were prohibited by you r culture, would you stick to it?		
18.	Do you belong to any form of group or association?		
19.	If yes, does your group /association promote maintenance of books of business account to its members?		
20.	Does your group /association encourage or promote the utilization o f bank services to its members?		
21.	Has your group in collaborationwith any financial institution organized a seminar/forum to orient its members on the benefits of using financial services?		
22.	Has your group in collaboration with any financial ins titution packaged any form of financial service(s) (e.g. loan or insurance) to its members?		
23.	If yes, were the books of account of members required as a pre - condition for granting such financial service(s)?		