

**SAVINGS HABIT OF THE SMALL BUSINESS OWNER**  
**CASE STUDY: CENTRAL BUSINESS DISTRICT OF KUMASI**

by  
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**(Bachelor of Commerce)**

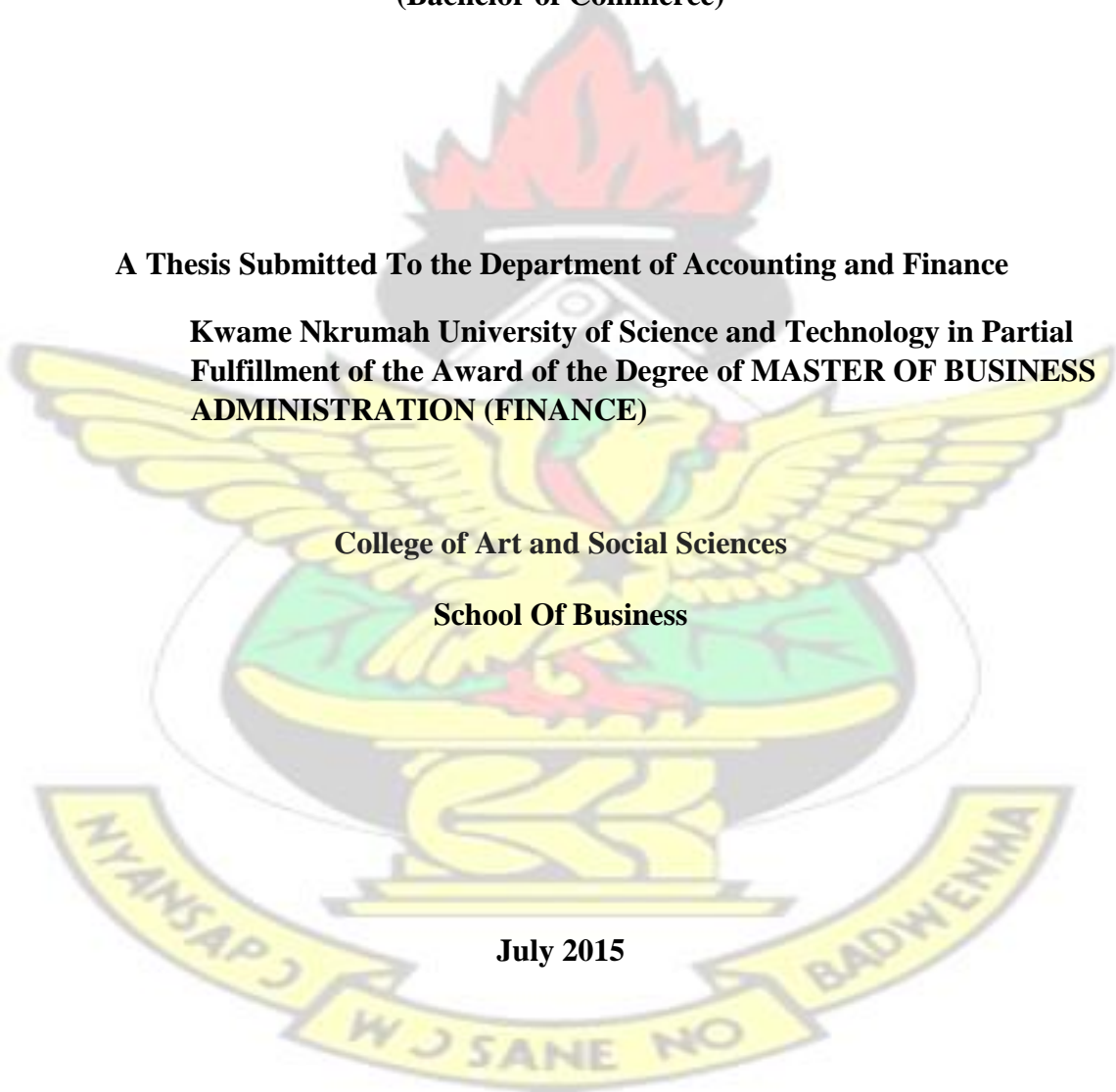
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## DECLARATION

I hereby declare that, this submission is my own work towards the MBA and that, to the best of my knowledge, it contains no material previously published by another person nor materials which has been accepted for the award of any other degree of the University, except where due acknowledgement has been made in the text.

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## DEDICATION

I dedicate this piece of work to God Almighty, our Redeemer and Protector for His guidance throughout my study and my dear wife Mrs. HellenTiere, my entire family for their support throughout the study.

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## ABSTRACT

This research presents an empirical study of the underlying reasons of savings habit of the small business owners. The study focused on only savings habit on small enterprises owners. The problem that called for the study is, for the higher economic growth for any country, marginal propensity to save and invest should be higher than spend which also helps to the multiplier process. To the Small Business owners, the marginal propensity to consume is more rather than the marginal propensity to save which seems to be viceversa in urban SMEs where the marginal propensity to save is more than that of the marginal propensity to consume. To investigate this, a total of 190 business owners from the central business district of Kumasi, were conveniently sampled for the study. Convenience sampling was necessary to select those respondents who have established their own businesses in the district. The study revealed that, business owners don't save much because of their spending pattern and some were dissatisfied with some aspects of the services in banks they were saving and the factors that influence respondents to operate savings are people influence, marketing promotions by the banks, financial benefits, lower service charges of some banks, Professionalism of bank staff, Reputation of the bank, Flexible banking hours, Branch Location(proximity), Attractiveness & Interior decor of building and services provision which is the highest factor of influence. The study recommended among other things that, financial institutions should embark on special education on proper saving habits and promotional activities to reach the unbanked population especially those who have been saving through informal means (houses, friends, and farms). Furthermore, management of banks must create relationships with their customers as most customers stay with their banks as a result of strong personal relationships with bank staff.



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## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.0 BACKGROUND TO THE STUDY**

Most people and families trust that the principle target of profiting is to spend it to meet their quick needs and wants and that the future will deal with itself. For these individuals, savings and investments are impossible. Numerous individuals likewise have the conclusion that savings and investment is a legitimate propensity and that individuals will need to save on the grounds that what is to come is obscure to them. Numerous individuals and families in developed and developing countries trust that savings and investments are utilised as a type of monetary security for them. Ghana and the more urbanised nations of the world, small enterprise firms think that it's troublesome or difficult to enlist in view of low profit levels. The low profits of these Ghanaian organisations are because of the low levels of monetary development combined with different components, for example, lack of education and political precariousness. The current financial conditions in Africa have antagonistically influenced most African businesses and in these manner Ghanaian businesses both rural and urban with the provincial organizations being the most exceedingly bad influenced bringing about elevated amounts of neediness. Investment funds has existed the length of humankind has existed. Individuals had dependably set aside whatever that they had for utilization in times of wealth and utilise them in times of lack and this is the fundamental thought of savings and investment funds. This proceeded



until valuable metals, for example, gold and silver came to be utilised as cash. People who had these valuable metals and required a sheltered spot to keep them sent them to goldsmiths to store for them for safety's sake.

Savings is a typical word use by people on everyday schedule. It just means setting something aside for future utilization or what will be considered as conceded consumption. A few meanings of savings exist as there are individuals who wrote on the subject. As per Miller and VanHoose (2001) savings is an inevitable utilization. They clarified saving without utilization as when one does not spend all the money that is earned within of a given period. To Miller and VanHoose (2001), once some piece of what is earned today is left for future utilisation, there is savings. On his part, Ahmed (2002) places it in a straightforward dialect as "setting cash aside for future utilisation". He contends that savings is the consequence of watchful administration of income and consumption, with the goal that there is something left to be set aside for future utilisation.

Small Businesses (SBs) has become an important research topic for economists and policymakers working on economic development and regional growth. Its importance and significance is due to the fact that small businesses are the fundamental basis for building a competitive environment, as well as the basis for forming a middle class society. The small business sector provides flexible and fast satisfaction of consumer needs; it serves as an effective tool for resolving social and economic problems both at national and regional levels.

The Small and Medium Enterprises (SMEs) constitute around 90% of aggregate specialties units in Ghana and record of 60% of Ghana's utilised labour force. They are frequently

portrayed as effective and productive employment makers, the seeds of huge organisations and the fuel of national financial systems (Abor and Quartey, 2010).

Indeed, even in the developed industrial economies, it is the SME sector as opposed to the multinationals that is the biggest superintendent of laborers (Mullineux, 1997). This is additionally upheld by an exploration done on small enterprises in the United States by Ou (June 2006), which demonstrated that U.S. small organisations numbered 23 million in 2003, and it utilised a large portion of the private sector work power, furthermore creates about 50% of the country's private sector yield.

A recent report by the Ghana Statistical Service uncovered that about 93 percent of every enlisted business in Ghana are of the Small and Medium Enterprises (SME) class. The National Board of Small Scale Industries (NBSSI) characterizes SMEs as undertakings that employ more than 29 employees, with interest in plant and apparatus (barring land and building) not exceeding what might as well be called \$100,000. Small businesses in Ghana are said to be a trademark highlight of the generation sector and have been noted to give around 85% of assembling business of Ghana (Steel & Webster, 1991; Aryeetey, 2001). SMEs are likewise accepted to contribute around 70% to Ghana's GDP and record for around 92% of businesses in Ghana.

### **1.1 PROBLEM STATEMENT**

In Ghana, several studies have been conducted in the areas of savings and investment by small business and SMEs, but like all the others, most of the research in these areas also focused on relationship between financial reforms and private savings (Zorklu& Barbie, 2003; Akoena&Gockel, 2002; Brownbridge&Gockel, 1998 and Aryeetey&Gockel, 1991). Small business savings have turn into the cushion for the future's intercourse of the

unforeseen and upcoming and in addition the questionable circumstances of any economy. For the higher monetary development for any nation, peripheral affinity to save and contribute ought to be higher than spend, which likewise serves to the multiplier procedure. The determinants and examples of reserve funds contrast from small businesses to SMEs. To the Small Businesses, the minor inclination to consume is more instead of the negligible penchant to save which is by all accounts the other way around in urban SMEs where the peripheral affinity to save is more than that of the minimal penchant to consume. No matter how hard small businesses attempt, their methodologies and propensity to save frequently don't develop to the top line in a managed productive manner that financial specialists anticipate. For some SBs, there's a colossal contrast between what's in their strategies for success and the market's desires for development (as reflected in firms' offer costs, market capitalizations, and P/E proportions). This development gap, springs from the way that small businesses in Kumasi are emptying cash into their small shops as opposed to attempting to comprehend what the funds and venture of which they can use to drive development in their businesses. Looking at this gap in savings by the SBs, it is important to conduct a study to find appropriate measures of innovation application to increase the habit of savings by small businesses in Kumasi central business district to enable them bridge the growth gap and increase their market share.

## **1.2 OBJECTIVES OF THE STUDY**

The goal of this research work is to investigate the savings habit of the small business owners in and around the central business district of Kumasi. The following specific objectives are to be studied:

1. To examine the level of information of small business owners on savings.
2. To investigate the elements that impacts small business owners saving pattern.

3. To examine the forms and frequency of savings among small business owners in the central business district of Kumasi.
4. To examine the benefits of savings to small business owners in their business operations.
5. To examine the challenges of savings to the small business owners.

### **1.3 RESEARCH QUESTIONS**

In order to investigate the problem, the following research questions have been formulated, Answers to these questions will give a clear picture to the savings habit of the small business owner in the central business district of Kumasi:

1. What is the level of knowledge of small business owners on savings?
2. What are the factors that influence their saving pattern?
3. Which forms of savings do small business owners in central business district of Kumasi engage in?
4. Are there any benefits of savings to small business in their operations?
5. What are the challenges of saving to the small business owner?

### **1.4 SIGNIFICANCE OF THE STUDY**

Savings provide a sense of freedom from financial worries. This is obtained by looking into the future, anticipating expenses and achieving personal economic goals (Olson & DeFrain, 2000). Olson & DeFrain (2000) also observed that lower income business are incapable of saving much income as they spend a high percentage of their income on life's essentials like food, clothing and shelter. Additionally, he observed that the scarcity of financial intermediaries and the absence of small business savings habits prevent the flow of savings into the most productive uses, in other words known as investment. It is from



the foregoing backdrop that this study is justified and will be useful in numerous ways. It is further hope that the study will aid small business in Kumasi to improve their financial performance, lower operation costs, enhance image and reputation of their district. Heads of various departments in the banks and savings and loans companies will also use it as a guide to increase productivity, provide quality service, decrease liability, reduce regulatory oversight and opportunity to attract and retain customers. This study would contribute to knowledge by providing the marketing department of banks with in-depth understanding of motives and the factors which influence selection of financial institution; this will enable them to tailor marketing efforts towards attracting small businesses.

### **1.5 SCOPE OF THE STUDY**

The study focused on the savings habit of the small business owners in the Central Business District of Kumasi (Adum), which has close to one thousand five hundred shops occupied by small businesses with various and different items arranging from mobile phone and accessories, electrical gadgets and fittings, footwear's, cloth, household items and pharmaceuticals etc.

### **1.6 ORGANIZATION OF THE STUDY**

This study is divided into five sections; the first section is on background to the study and cuts across a general introduction, problem statement, objective of the study, research questions, significance of the study, and the scope of the study, overview of methodology and layout of the study. Chapter two reviews the work of others already in existence, both empirical and theoretical work of other people relating to the study was reviewed together to enable the researcher give a comprehensive work of the study. Chapter three represents methodology of the study which includes the research design, sources of data, unit of



analysis, population and sample frame, sample size, the sampling technique, data collection instrument employed for the study and brief profile of the case study. Findings, presentation and analyzing of data are in chapter four. Chapter five entails the summary of findings, conclusion and making recommendations base on the findings from the data collected.

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## **CHAPTER TWO**

### **LITERATURE REVIEW**

## **2.0 INTRODUCTION**

This chapter reviews literature relating to savings behaviour of small business owners. The literature covered such areas as the definition of savings and investment, history of savings, forms of saving institutions, reasons for saving, among other things. It also covers literature on definition of small business, their capacity and the conceptual framework adopted for this study.

## **2.1 DEFINITION OF KEY CONCEPTS**

This section will take a look at the key concepts of the study area. These include definition of savings and investments.

### **2.1.1 Savings**

Saving is a typical word used by people on everyday schedule. It just means setting something aside for future utilization or what will be considered as conceded consumption. A few definitions of savings exist as is about individuals who wrote on the topic. As indicated by Miller & VanHoose (2001), a savings is a forgone utilisation. They clarify renounced utilisation as when one does not spend all the profits that is earned in a given period. To them, once a piece of what is earned today is left for future utilisation, there is a savings. On his part, Ahmed (2002) places it in a straightforward dialect as setting cash aside for future utilisation. That is to say saving or reserving is the aftereffect of watchful arranging of income and consumption, with the goal that there is something left to be set aside for unforeseen circumstances. Clayton & Brown (1983) in characterizing investment funds took a gander at the idea absolutely from the financial specialists' perspective. They clarify savings as the nonappearance of spending. Different writers on the subject, for example, Smith (1991), endeavored to clarify the idea of savings numerically as: Income

– Consumption = Savings. This means that saving is the amount of money left from one's earnings after all expenses are deducted. This means, for instance, if a family gets two hundred and fifty Ghana cedis (¢ 250 GH) a month and spends two hundred Ghana cedis (¢ 200 GH) for that month, the remaining fifty Ghana cedis (¢ 50 GH) represents the family's savings for that particular month.

All the above definitions point to one truth that reserve funds speak to cash that is earned today yet kept for utilisation later on. It is, in any case, worth to note that savings is not generally as a consequence of overabundance of income, yet in some cases it comes as an aftereffect of planned choice of an individual or family to put a piece of what is earned today aside for future utilisation.

### **2.1.2 Investment**

The concept “investment” originates from the word “garment” or “vestment” and means the action of putting something into somewhere else. In economics, the concept is used to mean the purchase of capital goods – goods which are not consumed, but instead, used in future production – such as railroads, or a factory, clearing land, or putting oneself through education. In corporate finance, “investment” means buying securities or other monetary or paper (financial) assets in the money markets or capital markets or in fairly liquid real assets such as gold, real estate or collectibles (Wikipedia.com). In personal finance, the concept is used to mean money used to purchase shares, put in a collective investment scheme or used to buy any asset where there is an element of capital risk.

Ahmed (2002) put it in a very simple language as —putting money into some venture in order to make profit. There are several other explanations to the concept. But all point to the fact that, there is some financial commitment to make more money in the future or to

increase one's future purchasing power. Pollack & Heighberger (1998), for instance, explained investment as putting money into instruments like stock, bonds, mutual funds and other securities where the money is expected to increase in value. To Raily (1992), investment is the current commitment of an individual's income to derive future payment to compensate the investor for the time and fund committed, the expected rate of inflation and the uncertainty of future payments. Investment is always characterised by risk and uncertainty. Risk is explained as a measurable possibility of losing money or not gaining interest on one's investment. Pollack & Heighberger (1998) tried to differentiate between risk and uncertainty by saying that risk is measurable but uncertainty cannot be measured. Panikar (1961), reporting on low savings and investment in India, observed that there has never been much savings in the rural sector. In Africa, some studies have revealed that there is no positive relationship between financial liberalisation and private savings and that there is also no positive relationship between income growth and private savings (Attansio & Banks, (2000), Loayza, Schmdit-Hebbel & Serven, (2000). Maimbo & Mavrotas (2000) in a case study of Zambia, also found that financial reforms have not resulted in increase in private savings. They attributed the low savings rate in Zambia to poor functional institutions. As a result, families hold their financial assets in hard currencies. In their study of 25 African countries including Ghana, Hussain, Mohammed & Kameir (2002) found out that, real interest rate is not an important determinant of financial savings and investment in the studied countries. Instead, the activities of the informal financial market are an important determinant. Several other studies also confirmed the negative correlation between financial sector reforms and private savings in Ghana (Akoena & Gockel, 2002; Aryeetey & Gockel, 1991; Zorklu & Barbie, 2003).



## **2.2 SAVINGS BEHAVIOUR OF PEOPLE**

People and families mentality towards cash fluctuate enormously. Indeed, even within the same family, people fluctuate in the way they see cash. A man's perception about cash impacts the individual's state of mind towards cash. Individuals have distinctive conduct towards savings and differences in salary levels, introduction toward cash and their future objectives and desires for the future may impact this. There are individuals who trust that cash got today must be utilised to address present issues and the future will deal with itself (spenders). There are other people who likewise hold the perspective that, regardless of how minimal one's wage is, there is the need to spare a piece of that wage (savers). Savers impulsively spare cash just keeping next to no free for essentials. Then again, spenders take get a kick out of buying things (Olson & DeFrain, 2000). There have been incredible hobbies in individuals with low earnings who don't have admittance to money related mediators as monetary delegates invest a lot of energy pursuing individuals with nearly higher pay levels. Whaley & Kempton (2000) watched that savings and venture conduct among individuals of just underneath normal livelihoods is essentially determined by age and that enduring savings propensities appear to grow in adolescence. They likewise found that intrigue rates don't impact the investment funds conduct of individuals in low-pay classifications.

## **2.3 HISTORY AND EVOLUTION OF SAVINGS**

Savings has existed the length of time humankind has existed. Individuals had dependably set aside whatever that they had for utilisation in times of shortage. What's more, this is the fundamental thought of savings. This proceeded until valuable metals, for example, gold and silver came to be utilized as cash. People who had these valuable metals and



required a sheltered spot to keep them sent them to goldsmiths to store for them for safety's sake (Kaufman, 1975).

In West Africa and for that matter Ghana, this continued until in the late 18th century when money tokens such as cowries (locally called *sedeein* Akan language, *libirpila* in Dagaare language and *ekuiin* Ewe, from which the modern Ghanaian cedi is derived) came to be used as currency. With time, the use of cowries declined in favor of expressing the value of goods and services in gold weight in the early parts of the 19th century. In 1922, dollars were introduced to pay soldiers and in 1925, the British coins were introduced and eventually became the common currency of the then Gold Coast. With the monetisation of the economy, it became very essential to establish banks and this led to the establishment of the first bank in Ghana. The Commercial bank for West Africa was set up for the British controlled West Africa in 1882 (Afful, 2002). The monetisation of the Ghanaian economy has made it easier for families to be able to save any excess monies.

## **2.4 TYPES OF SAVINGS**

The types of saving are mainly based on the income available to the household, firm and corporate bodies. The saving type can be classified on the basis of the sectors accounting for the saving distribution. It can be broadly classified under three headings namely, (a) household sector saving, (b) private sector saving and (c) public sector saving. The categories of savings are discussed below:

### **2.4.1 Household Sector Saving**

The savings done or accrued by the individual members in a household consists of household sector saving. The household saving contributes to a larger share in the Indian

economy which comprises of the individuals saving behavior at a larger scale including the financial as well as the financial assets. The individuals at the household level make a share to the national income computation of a country (Nayak, 2013).

#### **2.4.2 Private Corporate Sector saving**

The savings made in the privately owned corporations are called as the private sector corporations savings. The private corporate sector comprises of (i) non-governmental and non-financial companies, (ii) commercial banks and insurance companies working in private sector, (iii) co-operative banks, credit societies and non-credit societies and (iv) non-banking financial companies in the private sector (Nayak, 2013).

#### **2.4.3 Public Sector Saving**

The public sector's savings are constituted into (i) government savings, and (ii) savings generated by the public sector undertaking in the form of internal resources. One process of estimating public sector saving is to scrutinize the relationship between public savings and the consolidated returns shortage of government which is an alternative measure of government savings (Nayak, 2013).

### **2.5 NATURE OF SAVING**

Savings can be known as the cash or physical products set aside for future use. People in rural and other low-income communities can save when they are guided and encouraged by the Government and financial institutions. For the people in the rural regions, savings are made through traditional credit rotation groups, or purchase of domestic animals (goats, pigs, chickens or cows). Gradually, the traditional way of saving in rural region has been abolished; the people shifted their saving pattern to save in form of physical assets, like

gold, land and durable goods and financial assets like shares, stocks, and bonds (Nayak, 2013). According to Nayak (2013), the Micro Finance Institutions (MFIs) and micro-enterprises are playing a major role in recent years in rural region by encouraging the people to save more. MFIs need to inject capital or funds which may be the owners of money or loan. When a loan is used, it is someone else who has done the saving. Micro enterprises, like other businesses, convert savings (of the owners and of others) into investment, in the creation of wealth. Variations in the saving pattern is mostly found in different societies, as there exists, a difference in environmental, social, economic and cultural contexts.

Human wants get transformed as the society grows and in turn cause substantial changes in the outlook of the people towards saving. In low-income communities, the ability to save is low and often is in cash or kind. Saving in cash is cheap and convenient. Variations in saving is visible in different communities as there exists difference in income levels, consumption pattern, awareness of the saving benefits, family size, investment opportunities, etc. Human attitude towards saving has been changed through decades as in the remarkable growth in the society (Nayak, 2013).

## **2.6 FORMS OF SAVINGS**

An individual or a family's choice as to where to save in order to determine most extreme fulfillment also, and guarantee the security of their funds, is an exceptionally fundamental individual and family choice. It has been contended by Raily (1992) that individuals save when their salaries surpass their present utilisation longings, and that the abundance investment funds should be possible in a few ways. Raily (1992) contended that, to save cash, families can choose to put the cash under their bed or cover it in the terrace until some future time when utilisations surpass their present wage. By and large, there are two

principle outlets where families can store any reserve funds that they mean to do. These are formal and Informal Savings outlets (Ahmed, 2002; Aryeetey&Gockel, 1998; Boateng, 1994).

### **2.6.1 Formal Savings**

Formal savings occur when individuals or families keep their money with formal financial institutions such as commercial banks or other non-bank financial institutions such as insurance companies, credit unions or savings and loans companies (Boateng, 1994).

### **2.6.2 Informal Savings Institutions**

Informal savings are any savings that occur within the informal sector of the economy. Aryeetey and Gockel (1998) observed that the informal financial sector participates in all commercial savings and lending that take place outside the formal sector in the Ghanaian economy. Informal saving options available to Ghanaian families include Susu, walking banks, and welfare societies as well as keeping the money at home or with a trusted member of the community.

## **2.7 REASONS FOR SAVING**

There are a many reasons why families will need to set aside a piece of what is earned today for utilisation later on or at a future date. Olson &DeFrain (2000) contended that the most vital motivation behind why families recovery is to get ready for the likelihood of money related emergency, mishaps, sickness, pregnancy, work misfortune, separation and numerous different emergencies, which all have budgetary outcomes. They also observed that the fact that money saved stands a chance of expanding generously in sum is one of the reasons why individuals might likewise need to save. The above contention was additionally made by Ahmed (2002) and Landburg&Feistone (1976). They were, however,



quick to add that savings take a careful planning and careful budgeting but the result is a relative financial gain and security. In addition to these, Smith (1991) added the accumulation of funds for planned major expenditure, to defray expensive costs such as the down payment for homes, purchase of new car, or for education are some of the reasons why families save money. Another reason why families may want to save money is to enable them to access credit facilities from the institutions that they save with (Landburg&Feistone, 1976).

## **2.8 SAVINGS IN GHANA**

In Ghana, savings have dependably been low contrasted with other African economies. Savings as a rate of Gross Domestic Product (GDP) in Ghana is low when contrasted with that of a few African nations. It found the average value in percentage terms of 37.4% in Botswana, 21.4% in Cameroon, 21.6% in Nigeria yet just 6.4% in Ghana somewhere around 1980 and 2001 (World Bank, 2003). The clear low reserve funds in Ghana have been ascribed to political and in addition macroeconomic variables (Zorklui& Barbie, 2003).

There have been a few studies in Ghana to figure out the effect of strategy savings conduct of Ghanaian family units. Zorklui& Barbie (2003), in their study, attempted to look at the effect of financial reforms changes on private savings and discovered that the financial reforms changes were unsuccessful in accomplishing its proposed reason for upgrading savings rates in Ghana. The clarification for this was that amid the reforms period, interest rates on investment funds was in genuine terms negative as an aftereffect of the high inflationary rates at the season of the reforms. This circumstance still exists where interest paid on investment account is far lower than inflationary rates. This finding is an affirmation of a prior one by Gockel&Brownbridge (1998) and



Gockel&Akoena (2002).

In Ghana, as to funds with both formal and Informal establishments, Quartey&Blankson (2005) found that the extent of family units who hold reserve accounts is still low and that youngsters shape more than sixty percent of individuals with bank account. The low savings in Ghana as demonstrated by the above finding could be because of the insufficient financial intermediaries and also low earnings of the masses. In a watchful examination of the GLSS III and IV, by Quartey&Blankson (2005), it was found that family interest in residential apparatuses, for example, sewing machine, furniture and radio and a means of transport was high between 1991/92 and 1998/9.

Interestingly, in any case, it was watched that the extent of family units who possessed land, house and plot and in addition the individuals who committed resources into shares declined within the same period. Every one of these discoveries are clear signs of the assession that reserve funds in Ghana is by large low and that most Ghanaians will like to commit funds to liquid assets like purchasing properties as opposed to putting the cash in investment accounts where the genuine estimation of the cash stands a possibility of disintegrating as an aftereffect of inflation.

## **2.9 FACTORS THAT AFFECT SAVINGS**

The components that impact on reserve funds are numerous, complex and regularly interrelated. Nonetheless, the few determinants generally acknowledged among business analysts can be arranged into policy and non-policy elements (Akpokodje, 2004). The principle policy variables that have been found to impact savings habit are fiscal policy and government savings, social security arrangement, financial market development, and

macroeconomic dependability. The non-policy figures destined to influence savings behaviour are development, demographics, and external elements. While the division between policy and Non-policy elements is interested in civil argument, its motivation is to pass on the thought that policymakers have an immediate impact on just a percentage of the variables that influence savings. Different elements, for example, development, demographics, and external elements, including the terms of exchange, may be impacted by financial strategy yet are not themselves policy variables.

### **2.9.1 Policy Factors**

(i) **Fiscal policy and government saving.** Fiscal policy can potentially affect saving through revenue policy (tax structure, tax incentives), expenditure policy (transfers, income redistribution), and the degree of government saving. It has been found that the last mentioned has crowded out private saving only partially and therefore helps private savings. This means that raising government saving helps raise national private and for that matter family saving.

(ii) **Social security systems.** Social security systems are thought to have a significant impact on private saving. This is so because social security systems have the potential to replace an important saving motive - provision for retirement. Cross-country data however, revealed little correlation exist between the private saving rate and the size of the pension system (International Monetary Fund, 1995b). Feldstein (1995) found a significant negative impact of pay-as-you-go pension systems on private saving, but his findings have been criticized on empirical and theoretical grounds (Busch & Wueger, 1981; Koskela & Viren, 1983). Some economists have argued that public pension schemes can even encourage saving because they create awareness of the need to provide for retirement. In studies on developing countries, social security schemes were found in some cases to

have a significant impact on private saving in some developed as well as developing countries (Edwards, 1995; Shome& Saito, 1980).

**(iii) Financial market development.** The development of financial markets has been shown to be a double-edged sword with regard to savings. Naturally, the development of such markets increases the availability of saving instruments and most likely also the return that savers get on saving, but it also makes it easier for individuals to borrow and can thus result in lower saving (Bayoumi, 1993; Ostry& Levy, 1995). Financial market development is difficult to quantify. The volume of total assets (or employees) of financial institutions and the geographical density of banking outlays all affect household savings.

### **2.9.2 Non-policy Factors**

Apart from the policy variable discussed earlier, several other variables have been identified as affecting individual and family savings the world over. These factors are explained below.

**(i) Growth.** The rate of growth is an obvious factor for explaining the rate of saving for two reasons. First, saving and growth have been highly correlated over long time horizons as well as for many regions and stages of development (Bosworth, 1993; Schmidt-Hebbel, Serven&Solimano, 1996). Secondly, saving is directly associated with output through investment.

(ii) **Demographics.** The effect of demographic changes on saving can also be derived from the life-cycle model when the share of the working population relative to that of retired persons' increases (Bosworth, 1993; Higgins & Williamson, 1996; Lahiri, 1989). Demographics, however, are likely to help explain only the long-term trends in saving and not short-term fluctuations.

(iii) **External factors.** For open economies, it is natural to investigate whether external factors influence savings. The current account balance has often been tested in this context and has consistently been found to affect the level of private domestic saving positively (Edwards, 1995; Masson, Bayoumi & Samiei, 1995). These findings suggest that foreign saving is a substitute for domestic saving.

(iv) **Urbanization.** Urbanization has also been identified as exerting a significant influence on private saving in developing countries. In his study of the savings trends and behaviour in Nigeria, Akpokodje et al. (2004) observed that increased urbanization could be negatively related to savings owing to the increase or better availability of consumer and other goods in the urban areas. He however observed that the same urbanization could on the other hand have a positive effect on savings by providing urban dwellers an increased access to financial instruments that increase savings rates.

## **2.10 STUDIES RELATING TO THE PATTERN OF SAVINGS BEHAVIOUR OF SMALL BUSINESS OWNERS**

Jappelli & Pagano (1997) analyzed efficiency development, in the advancement of credit and indemnity markets, and the adjustments in the social security framework. They utilized a progression of repeating cross-areas information from the Survey of family unit wage



and riches keeping in mind the end goal to check if the macroeconomic clarifications for the down turn in savings are predictable with microeconomic information or not. This paper concentrated on the Italian experience and the conduct of the Italian savings rate. The elements that in the Italian experience merit the nearest investigation that they have taken are (i) the phase of improvement of its credit and indemnity markets; (ii) the adjustments in the social security framework, and (iii) the sharp demographic change of Italian culture in the most recent two decades.

Issahaku (2011) distinguished the age Organisation and resources don't have a noteworthy impact on savings. The variables that make family unit speculation are occupation, consumption, resources and savings. Any appraisal or arrangement relating to fund and improvement by government, the private sector or financial establishments outfitted towards enhancing savings and interest in Nadowli must incorporate these variables. Essential information was gathered from the family units of Nadowli.

Meetings and examinations were overwhelmingly sought after with test family units and this was basically outfitted towards coming about proper reactions to a portion of the much of the time made inquiries about savings and venture. This paper mulled over on a microeconomic methodology of assessing the determinants of monetary related savings and interest in a standout amongst the most underprivileged region capitals in Ghana, therefore Nadowli in the Nadowli District of the Upper West Region. Two different compound direct relapse models were altered for savings and investment. The variables utilised savings, investment, family salary, wards, resources, instructive status as the determinants of savings or reserve funds. The paper found that age synthesis and resources don't have a noteworthy impact on savings. The variables that compel family unit investment are occupation, consumption, resources and savings. In view of the untold of

saving and investment potentials in Nadowli, the government, financial and non-financial institutions and other corporate bodies have a part to play to obtain advantage of these potentials and opportunities.

Chandra & Long (2003) examined the determinants of household saving in the process of economic development, in the beam of the Taiwanese experience for the duration of the period 1952–99. They found that the household saving rate rises with both the intensity and the rate of augment of household disposable income and that the real deposit rate has a significant affirmative impact on saving. Public saving they revealed seems to throng out private saving, but less than proportionately and that while both old- and young-dependency in population have a off-putting impact on the saving rate, the level of the impact of the former is far greater than with the intention of the latter. As a final point, they concluded that improved accessibility of social security provisions and improved credit availability in addition appear to cut saving.

Schultz (2005) considered this research as lifetime savings as an alternate for children, and model the causes for the turn down in fertility which changes the age compositions and possibly will there by account for savings and growth in Asia. This study anticipated scale of active aggregate relationship which appeared to be insignificant than reported, and responsive to the choice of econometric methods used to describe it. Moreover, studies of savings behaviour at the household level do not find adequate life cycle variations in savings to report for these alleged aggregate relationships.

Bayoumi (1993) used an overlapping generation model to analyzes the impact of financial liberalization on household savings in the lifecycle framework. Aforementioned to financial liberalization, the young are unable to finance their preferred level of

consumption in the face of borrowing constraints while they are able to use capital markets to smoothen consumption over their middle to old age. Since consumption was lower than desired in the young age, normally the consumption will be higher in their middle and old age. Financial liberalization increases the competition between providers of financial intermediation and it reduces liquidity constraints of consumers. This has a temporary and a permanent effect. The initial temporary effect is the increase in aggregate consumption by the young consumers, which will wane over time. Komicha (2007) examined to understand and explain farm household economic behaviour with reference to saving, credit and production efficiency under imperfect financial market conditions based on data obtained from farm household survey conducted in two districts of south-eastern Ethiopia from September 2004 to January 2005. Data was analyzed using stochastic frontier analysis and limited dependent variable econometric tools where farm household saving behaviour and its determinants were studied. Factors like the interest rate, loan processing time, type of loan, credit information and loan size, significantly affected this borrowing behaviour of the farm households. The study used farm household survey data collected using structured questionnaire, which covered crop and livestock production, off-farm and non-farm activities, income, consumption, saving and borrowing activities of the farm households. Kraay (2007) analyzed a variety of statistical issues that cloud the measurement of aggregate and household saving in China, and provides new empirical evidence on the importance of inter-temporal considerations in explaining inter-provincial variation in household saving in China. They provided a description of trends in aggregate and household saving in China, and discussed on the measurement issues. This paper presented new evidence on determinants of household saving in China using a panel of province-level data from China's household survey. It concluded with a discussion of the policy implications and directions for further research. A brief appendix provided

additional information on the household survey as well. The empirical evidence on the determinants of household saving presented here reflected favourably on two complementary explanations (expectations of future income growth and the role of subsistence consumption), these factors captured only a small fraction of the cross-provincial variation in household saving rates.

Buragohain (2009) discussed the trend and pattern of savings in general and household sector savings in particular and assessed the major determinants of household sector savings based on fundamental theory. The time series data consisting of four elements corresponding to (a) seasonal fluctuations, (b) cyclical variations, (c) systematic trend and (d) residual. In an annual time series, seasonal fluctuations are automatically eliminated in the aggregating/averaging of weekly/monthly/quarterly income, consumption and savings. Three or five yearly moving averages of annual values eliminated the transitory component corresponding to short-run cyclical element, leaving only trend and residual components of the series has used as the methodology. In this study an attempt is made to test similar hypotheses based on fundamental theories of savings and investment and to identify some variables which by intervention can increase savings and investment in India.

Muradoglu&Taskin (1996) aimed at examining the differences in household savings behaviour in developing and industrial countries from a cross-country perspective. The purpose of the present study was to learn more about the differences in the nature of the household savings behaviour in industrial versus developing countries. Income, wealth, rate of returns, inflation, foreign savings, and demographic variables was taken as the determinants of saving. This study is the second that used household data from the U.N. System of National Accounts to estimate savings, and is the first that compared the savings



behaviour of developing and industrial countries using the same data set. Since the data set used did not include government and corporate savings it is a theoretically correct measure of household savings. The main conclusion of the study is that the determinants of household savings behaviour for industrial countries are not valid for developing countries and vice versa.

## **2.11 SMALL BUSINESS DEFINITIONS**

According to Ward (2005) there is no universal definition for Small Business (SBs) since the definition depends on who is defining it and where it is being defined. For example, in Canada Small and Medium Enterprises (SMEs) or Small Business (SBs) is defined as an enterprise that has fewer than 500 employees and small enterprise as one that has less than 100 employees. On the other hand, the World Bank defines SMEs as having not more than 500 employees. SBs can be defined in two ways: based on the number of employees in an enterprise and/or the enterprises fixed assets. According to Boon (1989), the size of the enterprises employment is the most important criterion used in Ghana. But one must be cautious when defining SMEs based on fixed assets because of the continuous depreciation in the exchange rates, which often makes such definition outdated. UNIDO defines SMEs in developing countries based on the number of employees in an enterprise. A small enterprise has between 5 and 19 workers and takes the example of the ubiquitous small shops in the cities such as hair dressing saloons and chop bars. A medium enterprise has 20 to 99 workers and these include manufacturing firm and exporting companies. The Ghana Statistical Service, in their 1987 Ghana Industrial Consensus, considers firms employing between 5 and 29 employees and with fixed assets not exceeding \$100,000 as small scale, while those employing between 30 and 99 employees medium scale category.

The National Board of Small Scale Industries (NBSSI) defines SMEs as enterprises that employ no more than 29 workers, with investment in plant and machinery (excluding land and buildings) not exceeding the equivalent of \$100,000.

### **2.11.1 Characteristics of SMEs in Ghana**

A recognizing component of SMEs from larger firms is that, the latter have direct access to universal and nearby capital markets while the former are rejected in view of the higher intermediation expenses of smaller ventures. Likewise, SMEs face the same altered cost as Large Scale Enterprises in agreeing to regulations yet have constrained ability to market item abroad (Kayanula&Quartey, 2000). SMEs in Ghana can be ordered into urban and rural ventures. The latter can be subdivided into "organised" and "disorganised" ventures. Composed ones have a tendency to have representatives with a registered office and are generally singularly possessed by an individual though the chaotic ones are chiefly comprised of artisans who work in open spaces, brief wooden structures or at home and utilize little or for some situation no salaried employees. They depend basically on relatives or disciples. Country undertakings are generally comprised of family gatherings, singular artisans, ladies occupied with sustenance generation from nearby products. The real exercises inside of this area include: cleanser and cleansers, fabrics, dress and customizing, material and calfskin, town metal forgers, timber and mining, blocks and concrete, drinks, nourishment handling, wood furniture, electronic gathering, agro preparing, substance based items and mechanics (Liedholm& Mead, 1987; Osei et al., 1993) as referred to by (Kayanula&Quartey, 2000). This part is described by low levels of education and preparing of the self employed. They are basically family possessed organisations and there is little division of the business income from that of the proprietors even to the point that the proprietors or administrators individual record is the same as that of the business.

SBs in Ghana are heterogeneous gathering going from little workshops making furniture, metal parts and apparel to medium-sized makes of apparatus and additionally benefit suppliers, for example, eateries, counseling and personal computer programming firms. Some are customary "job" endeavors that are fulfilled to stay little; others are development situated and inventive.

#### **2.11.2 Small Businesses Contribution to Economic Development and Growth**

"The private sector is the engine of growth of the economy along these lines they must be given the important apparatus to expand their development". (Anyima-Ackah, 2006). Financial development is a procedure of financial move including the basic change of an economy through industrialization, rising Gross National Product, and wage per head.

Financial development then again, adds to the thriving of the economy and is attractive on the grounds that it empowers the economy to devour and add to more merchandise and administrations by expanding venture, increment in labor power, productive utilisation of inputs to grow yield, and innovative progressiveness. Any country that encounters financial advancement and development will profit by changes in the expectations for everyday comforts particularly if the Government can help with development by actualizing reciprocal and development upgrading financial related and financial strategies (Pass et al. 1993). SBs represent almost 93% of listered and registered enterprises in Ghana and in this manner assume an essential part in financial advancement by giving vocation opportunities, opening up new business opportunities, upgrading enterprises, and cultivating innovativeness among numerous different things. Kayanula&Quartey (2000) remember them as the engines through which the development destinations of developing countries can be accomplished and are potential wellsprings of work and pay in numerous developing nations. Mensah (2005) makes the

relationship that SMEs demonstrate like wiping by drenching up surplus work to give an extensive offer of livelihood and salary in Ghana.

Numerous studies have observed that SBs upgrade competition and entrepreneurship and accordingly they recommend that immediate government backing can help in their financial development and improvement. Likewise SMEs development help livelihood more than large firm on the grounds that they are work concentrated and improve utilisation of rare assets with little measure of capital. Hellberg (2000) likewise expresses that developing nations ought to be occupied with SBs in light of the fact that they represent extensive offer of firms and improvement in these nations. Youthful (1994) battled that SMEs are not just vital in light of the fact that they are a wellspring of vocation additionally on the grounds that they are a wellspring of effectiveness, development and economic decentralisation.

## **2.12 SUMMARY OF LITERATURE REVIEW**

The literature review covered both theoretical issues and empirical studies in the areas of savings, by small business owners. It covered such areas as the definitions of savings and investment, reasons for saving and investing and the policy and non-policy factors influencing saving and investment, especially in developing economies. The policy factors identified were financial market development and social security systems. The non-policy factors that influence savings and investment are growth rate and demographics such as birth rates, dependency ratios and urbanization. The literature also covered the savings and investment behaviour of people and savings and investment in Ghana. The review showed that in areas where the monetary system is not well developed, families prefer to save and invest in real forms such as purchase of land rather than in contingency forms.



Other areas that the literature covered were in areas such as the definition small business and their contribution to the economic development.

## **CHAPTER THREE**

### **METHODOLOGY**

#### **3.0 INTRODUCTION**

This chapter explains the methods or approaches used in carrying out the research, the tools used in collecting data, the sample and sampling techniques used, study population and data analysis.

#### **3.1 RESEARCH DESIGN**

The function of a research design is to ensure that the evidence obtained enables us to answer the initial question as unambiguously as possible (de Vaus, 2001). Research papers can be exploratory, descriptive or explanatory and its purpose can be more than one (Saunders et al. 2009). A descriptive research method was employed for this research. This is because the research was to collect information on the behaviour patterns of the population. The main aim of the descriptive study is to give or construct an accurate account or timeline of a situation. The risk inherent in this type of research is that the report may end up being just a description, yielding no useful insights or conclusions to the researcher. Data collection was done by a regular visit to the Central business district of Kumasi where individual small business owners were interviewed.

The research design employed both quantitative and qualitative approach to evaluate the savings habit of the small business owner in the central business district of Kumasi. The population consist of shop owners, both wholesale and retail, petty traders of all kinds.

Respondents of the study represent themselves as client of the selected case of study.

### **3.2. POPULATION OF THE STUDY**

The study population is made of owners of Small Businesses in the Central Business district of Kumasi. To clearly define who a small business owner is, the UNIDO definition of a small business in developing countries was adopted for this research. UNIDO defines small business in developing countries based on the number of employees of an enterprise. A small business has between 5 and 19 employees. Based on this definition, it is estimated that, there are about 2000 businesses. The researcher wanted to interview at least 10% of the population as the preferred sample for the study but because of financial constraints and the willingness of respondents to be interviewed, 190 small business owners were willing to be interviewed which represents about 9.5% of the entire estimated population. A sample population is essential to research especially for analysis, the reason being as Miles and Huberman (1994) put it "researchers cannot study everyone everywhere doing everything". Structure questionnaires of about 35 questions including both open ended and closed ended questions were used for conducting the interviews of the respondents.

### **3.3 SAMPLE SIZE AND SAMPLING TECHNIQUE**

Sampling techniques can be split into two main categories; probability and nonprobability sampling (Ghauri and Gronhaug 2005). Saunders et al (2009) explain that in probability samples, each unit has a non-zero chance of being included in the sample, and can allow for statistical inferences. Non-probability sample is a sampling in which the chance of being selected is not known .With non-probability samples it is not possible to make valid

inferences about the population (Ghauri and Gronhaug 2005). Convenience, judgment and quota samples are examples of non-probability samples. The criteria for choosing this sample which was based on the convenience are:

1. The study is set in the product and service industries which are both tangible and intangible by nature.
2. One side of the research dealt with the perspective on the savings habit of the small business owners.

The study encompasses all two thousand small businesses in the Central business district of Kumasi at the time this research was being undertaken in order to have a cross sectional view of savings habit as regards value propositions of the owners. In each of the businesses and companies, the CEO or the Owner was interviewed. The reason for this was to do a cross businesses and company owners comparison of value propositions as well as to find out their behaviour and attitude towards savings. A sample size of 190 was interviewed which were basically small business owners in the central business district of Kumasi. Respondents of the study represented small business owners who voluntarily agree to be interviewed for this research paper.

### **3.4 DATA COLLECTION**

For the purpose of this study, the researcher collected primary data for the study. Primary data was collected by the administration of questionnaires and interviews to the population.

#### **3.4.1 Source of Data**

Depending on the source of data research, a research data may be classified as primary and secondary. Sources of data refer to the avenues from which information needed for the

research were gathered or obtained. For the purpose of this research, the two sources of data collection, being the primary and secondary sources, were adopted.

#### **3.4.1.1 Primary data**

This is designed to collect data for specific problem. It is a data that do not exist prior to data collection. For the purpose of this research, finding answers to the research questions was generally through questionnaire administered and interview conducted.

#### **3.4.2 Data Collection Method**

The means of collecting data, according to Saunders et al. (2009) are observation, interviews and or questionnaires usually adopted for primary data collection and secondary data collection. Interviews and questionnaires involve asking the same set of questions in a pre-determined order to a number of different people (de Vaus, 2002). It provides an efficient way to collect responses from a large population. The employment of secondary data requires a reanalysis of data already collected for another purpose. For the purposes of this research, questionnaires and interviews were used to collect the primary data. The questionnaires were made of structures question of 35 questions which included both open ended questions and closed ended questions. These questionnaires were issued to respondents who were literates whiles respondents who could not write were interviewed using the same set of questions as contained in the questionnaire. This enabled the researcher to gather a complete set of data on the savings habit of small business owners.

### **3.5 DATA ANALYSIS**

The data collected was edited, coded and analysed with an SPSS programme. Descriptive analysis, frequency table, charts, cross tabulations and graph were used to make relative



comparison. Editing was done by classifying questions into meaningful categories in order to bring out essential patterns to inform researcher questions posed.

Data was then presented in the form of tables and figures to facilitate the analysis. Data desegregation was used in analyzing responses.

### **3.6 RELIABILITY AND VALIDITY OF DATA**

Reliability is defined as the extent to which a questionnaire, test, observation or any measurement procedure produces the same results on repeated trials. In short, it is the stability or consistency of scores over time or across raters. Validity is defined as the extent to which the instrument measures what it purports to measure (Miller 2008).

Although interviewing allows for in-depth examination of the subject matter and is useful when the perspective of the people involved is necessary, the method does raise some reliability issues. The reliability of interviews strongly relies on the objectivity and truthfulness of the interviewees, as well as on the objectivity of the interviewer. Care was taken to exercise same and to that end detailed interview notes were taken. The same interview guide was used in all of the case to ensure reliability. (See Appendix). The interviews were audio-recorded to eliminate any lapses in memory and lessen discrepancies in the interpretation of the responses. Notes were taken in addition to the recordings. Reliability and validity was also ensured in the selection of the appropriate person to speak to in the case of study.

### **3.7 ETHICAL CONSIDERATION**

Ethical consideration is a very important aspect of modern day research work. This section examines the confidentiality of the information provided by the respondents and their

voluntary participation in the research work. For the purposes of this research, an introductory letter accompanied the questionnaire that was used for the gathering of data.

In the letter, the respondents were assured that the data been gathered were for educational research purposes only and that the confidentiality of the information they are providing was assured. To ensure the anonymity of the respondents for this research, the questionnaire was formulated in a manner that will be make it difficult for anyone to attribute a particular responds to an individual respondent.

Again, the respondents were reminded that they had the option of not participating in the research since this was a voluntary work. As such the respondents who participated in this work did it voluntarily without any form of intimidation or cohesion. All the responses were given by the free will of the respondents. Again, for the respondents that were interviewed based on the questionnaire developed, audio recording devices were used to record the interview so as to maintain the actual intent of the respondent. This was done with the prior consent of the respondents. Some declined to be recorded and as such they were not recorded. The interviews and administration of the research questionnaire were done personally by the researcher so as to ensure the confidentiality of the respondents responses.

## **CHAPTER FOUR**

### **DATA PRESENTATION, ANALYSIS, AND DISCUSSIONS**

#### **4.0 INTRODUCTION**

This chapter highlights the detailed analysis of the responses from the key informants to the various questions posed in the questionnaires. This will form the basis to make deductions from their answers and in-depth insight into the topic under study and thus be

able to draw useful conclusions and provide implementable recommendations. In view of this, the chapter highlights the demographic data of the respondents to the study; analysis and discussion on issues raised in response to the administered questionnaires.

## **4.1 DEMOGRAPHIC CHARACTERISTICS OF RESPONDENTS**

### **4.1.1 Gender of Respondents**

The question about gender was asked to test the number of males and females who are small business owners in the central business district of Kumasi because it is widely believed that there more female small business owners than males. It also believed that women have a higher appetite for saving than men. From Table 4.1 below a total of 190 respondents of small business owners were interviewed. Out of that number, 72 were females which represent about 38 percent of the customers and 118 were males which represent about 62 percent of respondents of small business owners in the central business district of Kumasi. Male respondents of the business center had a higher response to the questionnaire than females, from this survey. This could be indicative that, there are more small business owners in the district who are males than females.

**Table 4.1: Gender of Respondents**

Gender	Frequency	Percentage
Female	72	38.0
Male	118	62.0
Total	190	100.0

**Source: Field work, July 2015**

#### 4.1.2 Age of Respondents

The question about the age of the respondents is to help determine whether or not most of the respondents were within the labour force. And to ascertain the percentage of respondents who are youth since it is widely believed that the youth have extreme passion for fashion which slows down their savings habit. From the table 4.2 shows the age distribution of the respondents interviewed. Out of 190 respondents, 42 representing (11.6%) ranges from 18 to 25 years, 33 representing (17.4%) ranges between 26 to 35 years, while 57 representing (30%) ranges between 36 and 45 years they formed majority of the respondents, 34 of the respondents representing (17.9%) ranges between 46 and 55 years, while 24 respondents representing (12.6%) were aged 55 and above. The above statistic shows that about 59% of respondents who are small business owners are in the youthful age between 18 and 45 years old. This age group could affect savings habit due to youthful exuberance in expending on luxurious lifestyles now, rather than saving for the future. They might be tempted to spend on expensive vehicles and cloths rather than saving for future business expansions or to solve emergency situations in the future.

**Table 4.2: Age of Respondents**

Age grouping	Frequency	Percentage
18 - 25 years	42	22.1
26 - 35 years	33	17.4
36 - 45 years	57	30.0
46 -55years	34	17.9
55 and Above	24	12.6
Total	190	100.0



**Source: Field work, July 2015**

#### **4.1.3 Level of Education of Respondents**

The question about level of education was asked to test how many of the owners of small businesses in the central business district have some level of formal educational. It is widely believed that in Ghana, people with little or no formal educational background are the ones in business especially the running of small businesses. Most of the highly educated It is believed, if not all, would prefer a white colour job in very comfortable office environment rather than working to establish small business which will come with initial challenges and discomfort. Many people also believe that the ability to save has a link with one's level of education. It had been analyzed from the table above that none of the respondents had basic education, 5 percent had secondary or commercial education, 24 percent had diploma, about 55 percent had first degree, a little less than 10 percent had second degree and 7 percent had professional studies. So it had been interpreted that maximum of the respondents had first degree, followed by diploma with technical or vocational studies being the minimum education level of respondents from the central business district of Kumasi. It is therefore clear that the educational level of those interviewed was very high. The trend of education also suggests that the progression from secondary school to first degree is higher compared to those who upgrade themselves to the post-graduate and the professional. Since the majority of the respondents have higher education, it is expected that the savings habit of the respondents will be good since level of education is often linked to the habit of savings.

**Table 4.3: Level of Education of Respondents**

Level of Education	Frequency	Percentage
Basic Education	-	0.0
SHS/Commercial Education	9	5.0

Diploma	46	24.0
First Degree	106	55.0
Second Degree	17	9.0
Professional	14	7.0
Total	190	100.0

**Source: Field work, July 2015**

## **4.2 KNOWLEDGE ON SAVINGS**

### **4.2.1 Knowledge on Savings**

The researcher tried to ascertain whether or not the respondents have any knowledge on savings or not. The knowledge on savings could have an impact on the savings behaviour of the respondents. In table 4.4, respondents were asked on their basic of knowledge on savings. Out of the 190 respondents 153 representing 80% responded yes that they have knowledge on savings and the rest of the respondents who were 37 representing 20% said no, this means that majority of the respondents have some level of knowledge on savings in the Kumasi Business District. This statistics goes to confirm that the level of education of the respondents has a link with the knowledge of savings of the respondents. It is therefore not surprising that majority of the respond has some level of knowledge on savings.

**Table 4.4: Knowledge on savings**

Respondent	Frequency	Percent
Yes	153	80.0
No	37	20.0
Total	190	100.0

**Source: field work, July 2015**

### **4.2.2 Level of Knowledge on Savings.**

These same respondents who affirm that they have some level of knowledge on savings were giving an opportunity to grade their level of knowledge on savings. In the table 4.5 below, out of the 153 of the respondents who responded yes, 71 respondents representing 46.4% being the majority said their knowledge on savings is very high, while 37 representing a little higher than 24% responded their knowledge is high, 28 respondents representing 18.3% were indecisive about whether they have high or low knowledge on savings. 17 respondents representing a little higher than 11% had low level of knowledge on savings, and this may probably not be because they have not heard about savings but because they do not really appreciate the importance of cultivating a good savings habit. But the majority of the respondents do appreciate the importance of having a good savings habit and have actually benefited from the savings they held.

**Table 4.5: Level of knowledge on savings**

Respondent	Frequency	Percent
Very high	71	46.4
High	37	24.1
Neutral	28	18.3
Low	12	7.8
Very low	5	3.3
Total	153	100.0

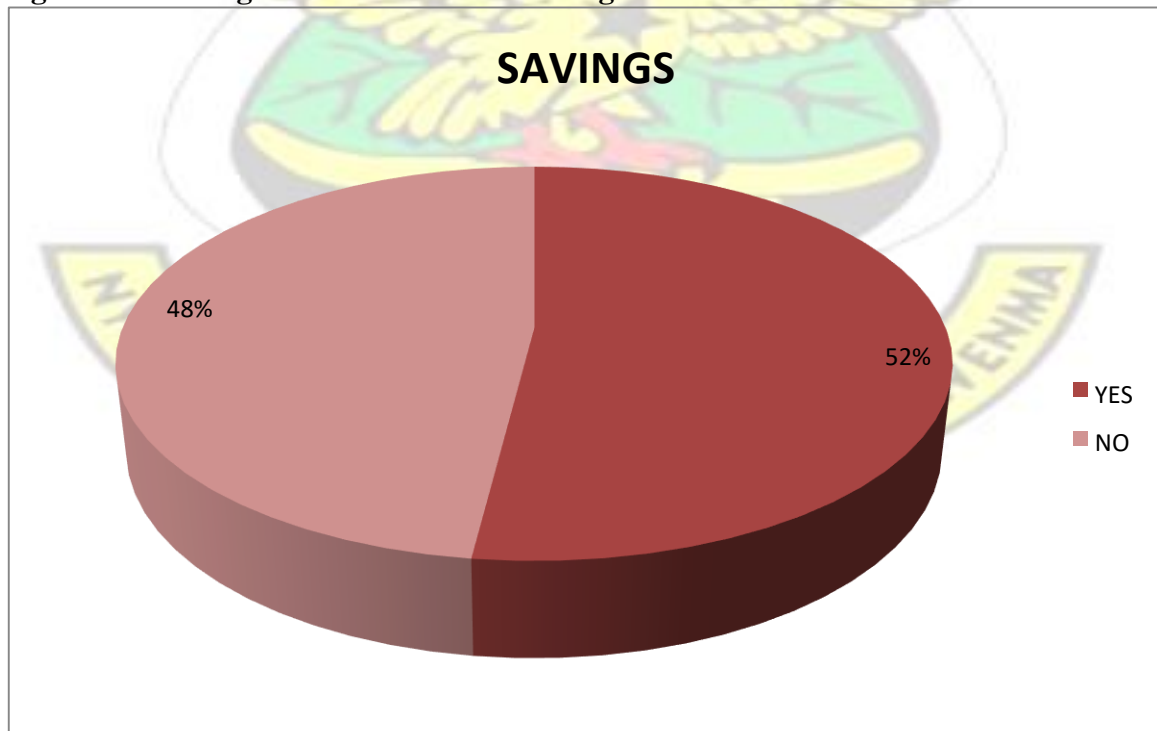
**Source: field work, July 2015**

## 4.3 FORMS AND PREFERENCES OF SAVINGS

### 4.3.1 Savings Habit of the Respondents.

This part of the research sought to ascertain the behaviour of respondents towards savings. This part tried to ascertain whether or not small business owners deliberately decide to save a certain percentage of their annual earnings from their business. From the figure 4.1 below, respondents were asked whether they deliberately save on earning or it's just a spontaneous savings, out of the 190 respondent fifty two percent (52%) responded yes which is also the majority of respondents meaning 52% of the respondent deliberately decide to save and have committed to savings whiles forty eight percent (48%) save but it's not deliberate but spontaneous thus they do save as and when necessary.

**Figure 4.1: Savings Habit on Annual Earnings**



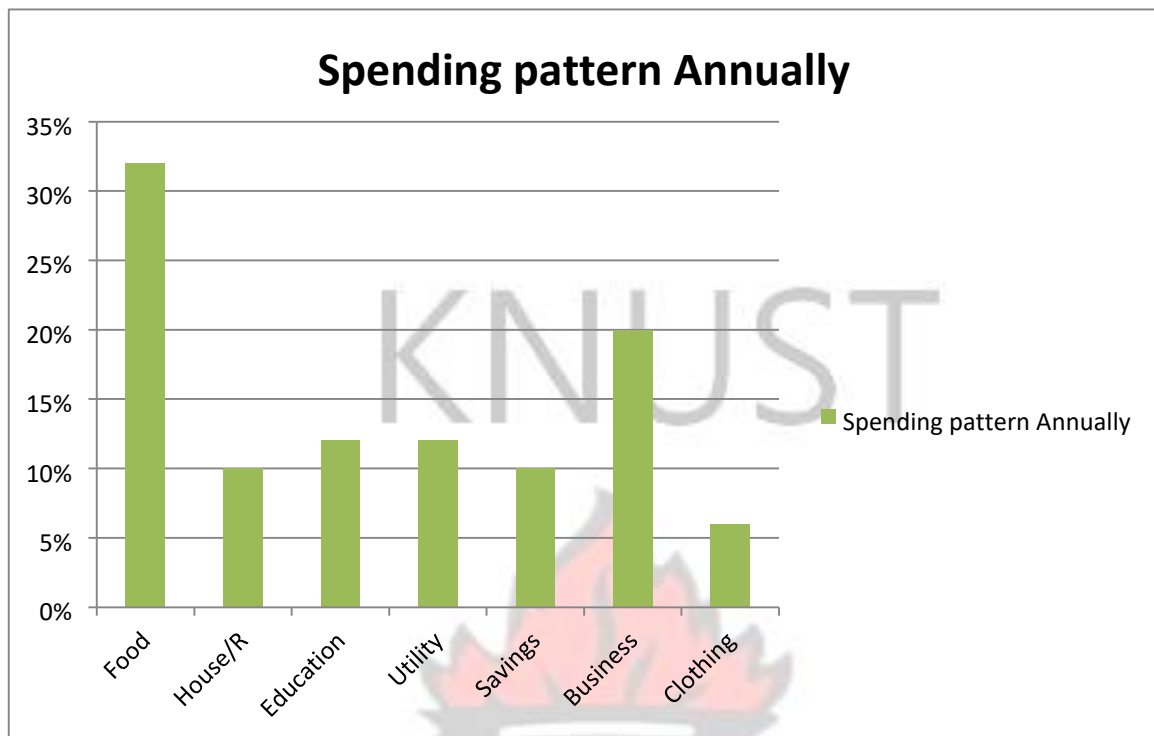


**Source: field work, July 2015**

#### **4.3.2 Expenditure Pattern of Respondents.**

Figure 4.2 represent how much of annual income is spend on personal items by respondents. According to the respondents which have been presented in the chart below, food as an expenditure item takes the highest percentage of their income followed by plowing back the profit into their business. Respondents also gave another factor that take chunk of their annual income which are utility and their children education and then also some of the respondents are pursuing high learning education either professional or master level. A household item like rent, repairs, entertainment etc., comes after education and savings. This explains the fact that savings to many of the respondents is not their top most priority but others it is. The last on the chart is clothing which take minority of the respondents' income. Although clothing is the lowest, but on the questionnaire some respondent did indicate it was the highest on their items spend annually and this brings to bear the individual differences when it comes to our spending pattern which goes to have an impact on the savings habit of the respondents..

**Figure 4.2: How much of annual income is spent on the following items:**

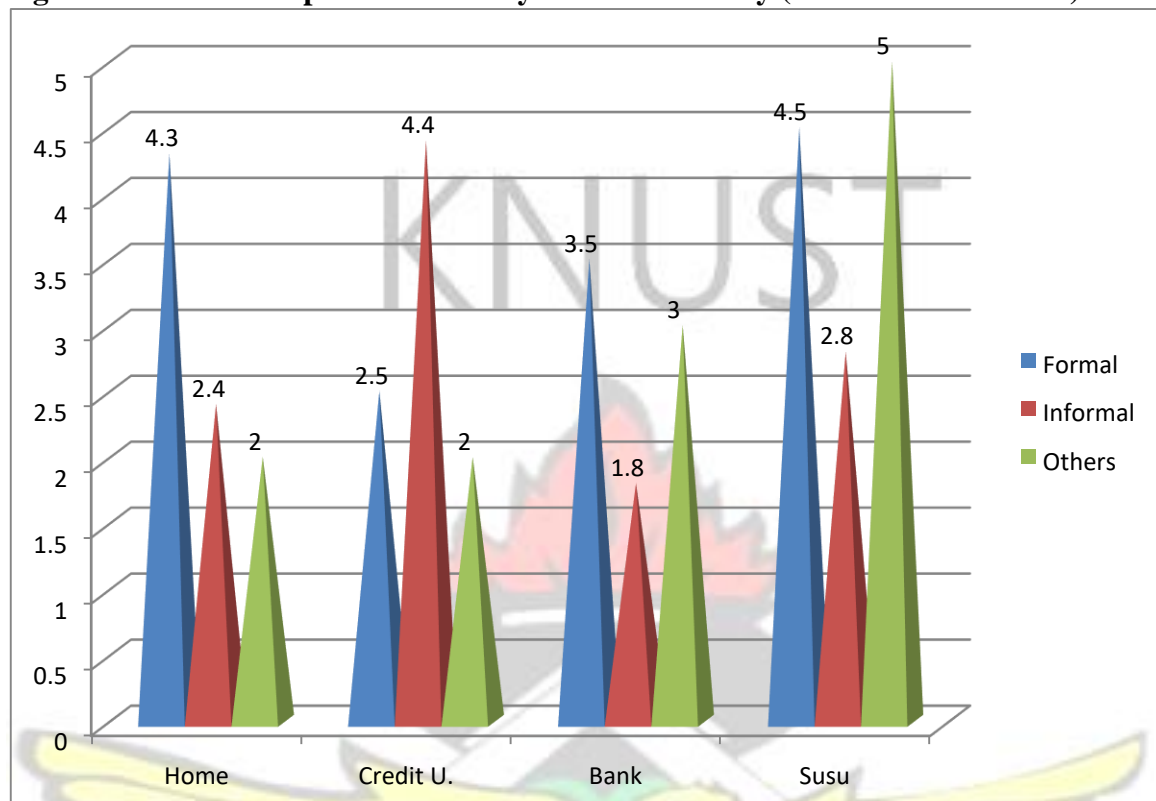


**Source: field work, July 2015**

#### **4.3.3 Forms of Savings.**

This part of the study sought to ascertain the places where respondents preferred to save their funds. The chart below indicates their preference with respect to operating a savings. Figure 4.3 below indicates where respondents usually save their money (formal and informal), according to the entire 190 respondents they save either through formal (registered banks, susu companies, credit unions, mutual funds, insurance companies) institutions or informally but the formal takes majority portion than the informal institutions. The respondents who save in their houses had so many excuses ranging from not having enough time, they are busy all the time, they don't have assistants in their shop who they can trust to either deposit the savings in their accounts or handle their businesses whiles they go deposit the savings in their accounts. Other respondents gave excuses to the fact that they do not trust the bank that is why they save in their houses which they think is save anytime and any day.

**Figure 4.3: Where respondents usually save their money (formal and informal)**



**Source: field work, July 2015**

#### **4.4 FACTORS THAT INFLUENCE SAVINGS PATTERN.**

##### **4.4.1. Attractiveness and Interior Décor of the Building**

From Table 4.7 above, most of the customers taught attractiveness and interior décor of the building are somewhat important when considering the possibility of opening an account with a bank, followed by customers who think it is important, etc. This shows that even though the respondents may not give too much importance to attractiveness and interior décor, he or she would still consider it when opening an account with the bank. An institution that appears decent with a very beautiful ambiance attracts small business owners to open savings accounts with the institution.

**Table 4.6: Attractiveness & Interior decor of building**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Not important	24	12.6	12.6	12.6
Somewhat important	62	32.6	32.6	45.2
Important	41	21.6	21.6	66.8
Fairly important	32	16.8	16.8	83.6
Very important	31	16.4	16.4	100.0
Total	190	100.0	100.0	

Source: field work, July 2015

#### 4.4.2 People Influences.

Also from the table below, people influences is an important factor that leads respondents to the patronage in saving product in a particular bank with about 50 percent of the respondents responding it is important, this is also known as referrals. The more referrals a bank has is indicative of the perception of people on the institution, followed by fairly important and about 27 percent responding somewhat important. This indicates that most customers that open savings account bank accounts were led by a friend or someone recommended the bank they are currently saving with.

**Table 4.7: People influences**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Not important	10	5.3	5.3	5.3



Somewhat important	12	6.4	6.4	11.7
Important	96	50.5	50.5	62.1
Fairly important	52	27.3	27.3	89.8
Very important	20	10.5	10.5	100.0
Total	190	100.0	100.0	

Source: Field work July 2015

#### 4.4.3 Service Provision

From the table below, service provision is a very important factor that customers consider before making a decision on whether to bank with one bank or the another bank or not with a percentage of about 44 percent by respondents, followed by important, fairly important and no customer responding not important. This shows that before respondents opens a savings account in the bank, there must be at least some service that his other account does not offer him or her.

**Table 4.8: Service provision**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Somewhat important	10	5.3	5.3	5.3
	Important	52	27.3	27.3	33.6
	Fairly important	44	23.2	23.2	56.8
	Very important	84	44.2	44.2	100.0
	Total	190	100.0	100.0	

Source: Field work July 2015

#### 4.4.4 Branch Proximity

From the table below, branch location or proximity is a very important factor that respondents consider before making a decision on whether to bank with a bank or not with a percentage of about 54 percent by respondents, followed by fairly important, important and about 2 percent of the respondents responding not important. This clearly is an indication that the closer the bank's branch is to the customer, the more likely a customer would open an account with that bank even if he or she already has an account with other banks. It also confirms the reason given by people who do not save in formal institutions but in their home.

**Table 4.9: Branch Location(proximity)**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not important	6	3.2	3.2	3.2
	Somewhat important	9	4.7	4.7	7.9
	Important	23	12.1	12.1	20.0
	Fairly important	54	28.4	28.4	48.4
	Very important	98	51.6	51.6	100.0
	Total	364	100.0	100.0	

Source: Field work July, 2015

#### 4.4.5 Reputation of the Bank.

The statistics on Table 4.11 considered the reputation of the bank as a factor that influences the choice of an institution to save with. Most of the respondents believed that the reputation of the bank is a very important thing to consider before banking with that bank, followed by fairly important, important, somewhat important and about 5 percent saying

it not important to consider at all. It could be analyze from these statistics that the higher the reputation of the bank the more likely it would draw respondents to save with it thereby causing them to open bank accounts if the customer already has an account with other banks.

**Table 4.10: Reputation of the bank**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not important	7	3.7	3.7	3.7
	Somewhat important	9	4.7	4.7	8.4
	Important	28	14.7	14.7	23.1
	Fairly important	33	17.4	17.4	40.5
	Very important	113	59.5	59.5	100.0
	Total	190	100.0	100.0	

**Source: Field work, July 2015**

#### **4.4.6 Marketing Promotions**

Table 4.12 below present's statistics on the influence marketing promotions run by the bank has on the savings of small business owners. It could be observed that the percentage is distributed in the order of very important, fairly important, important and somewhat important with very important having the highest of about 26 percent. The differences in percentage terms of the various parameters are not very significant. This shows that even though marketing promotions is a very important factor, it does not have much bearing on respondents saving with a particular institution. This is because customer's turns to believe that it is just a way to lure them to the bank and also the marketing promotions normally

do not last for a long time which makes it seem like a way to get customers and not to actually help the customers.

**Table 4.11: Marketing promotion**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Not important	9	4.7	4.7	4.7
Somewhat important	31	16.3	16.3	21.0
Important	44	23.4	23.4	44.4
Fairly important	44	23.4	23.4	67.8
Very important	44	23.4	23.4	67.8
Total	62	32.2	32.3	100.0
	190	100.0	100.0	

**Source: Field work July 2015**

#### **4.4.7 Professionalism of Bank Staff**

Table 4.13 below gives us statistics on how small business owners in the central business district of Kumasi perceive the professionalism of the bank staff as a factor in determining which bank to save with. Most of the respondents believe that professionalism levels of bank staff is a very important factor in determining whether they save with Bank A or B, followed by fairly important and about 11 percent saying it not important to consider at all.

These shows even though it is a very important factor to consider before saving with a particular bank minority of the respondents do not think so. Even though staff professionalism is important in the choice of a bank, how will customer assess the professionalism level of a banks staff without been a customer of the bank. This can be attributed to the fact a customer cannot tell how well a bank treat its customers unless her or she is already a customer of that bank. Even if he or she goes to that bank to deposit or



do other transactions with that bank, it is general not enough to know how well customers are treated.

**Table 4.12: Professionalism of bank staff**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Not important	1	0.5	0.5	0.5
Somewhat important	2	1.0	1.0	1.5
Important	19	10.0	10.0	11.5
Fairly important	33	17.4	17.4	18.9
Very important	135	71.1	71.1	100.0
Total	190	100.0	100.0	

Source: Field work, July 2015

#### 4.4.8 Financial Benefits

Table 4.13 describes the perception of small business owners with regards to financial benefits been a factor for saving with a particular institution. Financial benefits is a very important factor that leads respondents to the patronage of savings with an institution with about 60 percent of the respondents answering that it is a very important influencer, followed by fairly important, important and just a few responding not important. This indicates that most respondents that save with institutions are looking for some financial benefits that are not offered by other banks.

**Table 4.13: Financial benefits**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Not important	0	0.0	0.0	0.0
Somewhat important	2	1.0	1.0	1.0

Important	26	13.7	13.7	14.7
Fairly important	37	19.5	19.5	33.2
Very important	125	65.8	65.8	100.0
Total	190	100.0	100.0	

**Source: Field work July, 2015**

#### **4.4.9 Flexible Banking Hours**

The statistics in Table 4.15 describes the perception of respondents on banking hours as a factor for a choice of a banking institution. From the statistics, Flexible banking hours is a very important factor that respondents consider before making a decision on whether to bank with one bank with a percentage of about 55 percent by respondents see it as a decider, this is followed by fairly important with 37 percent and about 26 percent of the respondents responding fairly important. This is an indication that most respondents do consider banking hours before deciding to move to a bank, which is very reasonable in reality because most banks have almost the same banking hours with the exception of few having different banking hours from the others. There are even banks that have extended their banking hours to cover Sunday's banking.

**Table 4.14: Flexible banking hours**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Not important	1	0.5	0.5	0.5
Somewhat important	0	0.0	0.0	0.5
Important	14	7.4	7.4	7.9
Fairly important	71	37.4	37.4	45.3
Very important	104	54.7	54.7	100.0
Total	190	100.0	100.0	

Source: Field work, July 2015

#### 4.4.1.10 Service Charge

Finally Table 4.16 below has statistics on how service cost influence the decision to bank with a particular bank. Most of small business owners felt that there should not be service on savings account at all no matter the additional services provided in additions to the savings products. 54.7 percent therefore responded that service charge is a strong decider as to the bank to save with whiles 37.4 thinks it is important whiles the rest felt it is important, not important and somewhat important in the this order . This shows that respondents always consider the charges of the bank they want to open another account with, with the charges of the ones they are already banking with. Hence they do not move to any bank that has higher charges than the one they have an account with.

**Table 4.15: Lower service charge**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Not important	2	1.0	1.0	1.0
	Somewhat important	1	0.5	0.5	1.5
	Important	26	13.8	13.8	14.3
	Fairly important	30	15.8	15.8	29.6
	Very important	131	68.9	68.9	100.0
	Total	190	100.0	100.0	

Source: Field work July, 2015

From the above analysis, a hierarchy could be developed for the factors that a customer would consider before deciding to savings with a particular institution. First the customer

would consider the service charges of the institution, then check to see if they have any financial benefits offered for their preferred product before considering the branch locations and or proximity of the bank. After that then he or she would consider the services provided by the bank and then move on check the reputation of the bank. The next thing the customer would consider would be the marketing promotions that are currently on going, followed by attractiveness and interior décor of the bank builder before considering if he or she knows someone who banks with that bank. Finally he or she would consider the professionalism of the bank staffs and the working hours of the bank.

#### **4.5 BENEFITS OF SAVINGS TO RESPONDENTS**

Table 4.17 presents statistics which is indicative of the benefit respondents derived from savings in general. Holding savings accounts at financial institutions according to the respondents makes them better customers. They did indicate that the holding of a savings product puts small business owners in a better position to take advantage of favourable policies and interest rates that the institutions will roll out. Respondents also indicated that their savings put them in position that makes them ready to respond to unforeseen circumstances which could have dire consequences on their businesses.

Respondents also reiterate the fact that their savings served as collateral security for them to acquire funding from the institutions that they save for business expansion or diversification which they could not have done with acquiring the additional funds. Others had also benefited from business advisory services from the institutions that they save with. Again other respondents had benefitted in acquisitions of loans to embark on various project in their career. Through savings other respondents have been able to advance their business. According to respondents, the biggest benefit for savings is how easy it makes financial management.



**Table 4.16: Benefits of savings to customers**

Benefits	Frequency	Percentage
Financial Benefit (loan facility).....	12	14.3
Start-up Capital	15	7.1
Business Advancement	7	7.1
Unforeseen Circumstances	37	7.1
Spreading of Risk	3	21.4
Prestige	4	7.1
Business Advice	11	7.1
Future Benefits	2	14.3
Experimentation	2	14.3
Total	190	100.0

**Source: field work, July 20125**

## 4.6 CHALLENGES OF SAVINGS

The question sought to ascertain the possible challenges that small business owners in the central business district faced in trying to save their earnings either in the formal institutions or the informal institutions. Table 4.6 indicate the challenges that confronted respondents in saving their monies in either the formal and informal, 57 respondents representing 30% answered yes they have encountered problems in their savings whiles 133 respondents representing 70% being the majority answered no they never had problems whiles saving in either formal or informal. The problems or challenges indicated by the minority that they encountered with their savings in banks are as follows. They said

they faced frustrations when they wanted to withdraw part of the savings, power failure, system failure, network problems, delays and sometimes having problems with tellers in denominational values.

**Table 4.17: Have you had any challenges in savings?**

Respondent	Frequency	Percent
Yes	57	30.0
No	133	70.0
Total	190	100.0

**Source: field work, July 2015**

## CHAPTER FIVE

### SUMMARY OF FINDINGS, RECOMMENDATIONS AND CONCLUSION

#### 5.0 INTRODUCTION

In this chapter the researcher would bring to bear the summary of the findings made in chapter four. Furthermore, suggestions for further research into savings habit of the small business owners of the central business district of Kumasi and conclusion would be drawn by the researcher.

## 5.1 SUMMARY OF FINDINGS

In discussing the findings, the study took into consideration the results of the interview and questionnaires as discussed in chapter four of this study. With the awareness being created by Banks and other non-bank financial institutions, it appears that the savings habit of numerous small business owners has improved over the years even though there are still some small business owners who do not appreciate the benefits of savings in banks and non-bank financial institutions but will rather leave their savings in their rooms and shops and many still wonder what could be wrong. The following were the findings from the research work conducted between in July, 2015 at the Central Business District of Kumasi.

In the results of the demographic characteristics of respondents, it came to bear that most of respondents of the small business owners in the central business district of Kumasi are males, first degree holders constituted about 55% which is the majority of the respondents. This turned to have an impact on the knowledge of savings of the respondents. In terms of the age of the respondents, the majority of the respondents were in the youthful age brackets with about 69.5%. Even though the youth are prone to spending without saving, it was found that this was rather the opposite, thus the majority of the respondents did save.

It was also found in the results that knowledge on savings was quite high with about 80% of the respondents answering yes when asked if they had any knowledge on savings. The rest of the respondents representing 20% said no, this means that majority of the respondents have some level of knowledge on savings in the Central Business District of Kumasi.

These same respondents, who affirm that they have some level of knowledge on savings, were giving an opportunity to grade their level of knowledge. The results indicated that 46.4% being the majority said they had very high knowledge on savings, about 24% of the respondents indicated that their level of knowledge on savings was high, while some were indecisive about whether they have high or low knowledge on savings. Respondents representing a little higher than 11% had low level of knowledge on savings, and this may probably not be because they have not heard but because they are not much interested in saving at all.

The research results from the questionnaires and interviews used for the research did indicate that there are a number of factors that influence respondents when it comes to the operation of a savings account. The study results show that there is a correlation between respondents holding a savings account and the age of the respondents. It was realized that savings turn out to be high in the early and middle age and then falls at the old age. The results also acknowledge other factors that influence respondents' choice of maintaining a savings account. Thus people influence, marketing promotions by the banks, financial benefits, lower service charges of some banks, Professionalism of bank staff, Reputation of the bank, Flexible banking hours, Branch Location (proximity), Attractiveness & Interior decor of building and services provision which is the highest factor of influence.

The study also reveals that majority of the respondents usually save their money with either formal (registered banks, Susu companies, credit unions, mutual funds, insurance companies) institutions or informal institutions. The majority of small business owners will prefer to save with well-established institutions than any way side institution that stands the risk of collapse or folding up due to mismanagement. Apart from saving with



these institution, others still maintain their savings in their homes and farms with the believe that, their savings are secured with them in their homes and farms than any other formal or informal institution.

Furthermore, the study results shows that, the respondents who save in their houses and farms had so many challenges with having a savings account which includes not having enough time, they are busy all the time, they don't have shop attendants in their shops to take care of the business whiles they go to the bank and some also don't trust the bank that is why they save in their houses which they think is save anytime and any day. They also posited that it is easy to deposit money with the banks but it becomes difficult to withdraw as banks will give all manner of reasons why they cannot redraw their own money from the accounts. Others cannot just withstand the long queues in the banking halls and as such will prefer to keep the money at home, shop or farm.

The study result also revealed some benefits the respondents got as a result of saving or holding savings account with the formal institutions. Keeping savings accounts at financial institutions according to the respondents makes them better consumer. Respondents indicated that they are in a better position to take advantage of favorable policies and interest rates of the institutions they work with. Respondents who had savings did indicate they benefitted from savings because they could quickly resolve any unforeseen circumstances, respondents also reiterate that savings has benefitted them by equipping them with the needed funds to start their businesses and other ventures they thought it was going to be difficult to execute financially. Others have also received business advice from opening savings accounts in their respective banks, other respondents also benefitted from loans they acquired by virtue of the fact that they have some savings with the banks. These loans helped them embarks on various project in

their career.

Through savings other respondents have been able to advance their businesses. According to respondents, the biggest benefit for savings is how easy it makes financial management. At the end of every month, they know how much is to be used for a particular expenditure line and how much will be saved.

## **5.2RECOMMENDATION**

As an employee of a banking institution, I was not surprised at the results at all though some of the responds from the respondents were quite surprising, especially with the respondents saving their money at homes and shops and even farms. The findings of this study is a very important area that corporations, banks and non-bank financial institution and to a large extend, government should be interested in conducting such research work to have informed information on their strategies and policies formulation process.

The following recommendations are therefore made based on the findings of the study which the researcher believes if implemented could enhance the savings habit of the small business owners and all others involve in the running of businesses in general.

First Savings should be seen as a very important ingredient for economic development of the country from a developing economy to a developed economy. It worth noting that having a good savings habit propels investment in the economy. This must not be seen as consumption but putting your money into instrument that will work for you. Thus instrument that can earn some income for future needs. As individuals, we might be tempted to believe or think that the essence of money is for spending and as such when the topic about saving some of the money we make, we tend to procrastinate as to when to start holding a savings. But we must understand that savings helps in investment which

tend to secure our future financial freedom. The increase in savings habit will increase the mobilisation of money which will intend increase investments and trade activities in the economy.

Secondly, the ministry of education through the education minister must encourage the teaching of good savings habits at the first and second cycle institution in the country. This could be done through the formation of unions, groups, societies and organisations on good savings habit. This will help instill in the youth at their early ages good savings habits so that when they mature as citizens in the country, they will have an enhanced enthusiasm on savings whether in business or employment.

Again, Governmental agencies such as Social Security and National Insurance Trust (SSNIT), Ghana Investment Promotions and non-governmental organisations should take interest in whipping up good savings habit of the ordinary Ghanaian. This should be done through educational campaigns on good savings habit in the mass media and social media as well. These campaigns should enumerate the benefits of cultivating a good savings habit as a citizen whether in business or employment. The campaigns must also be carried in the various local Ghanaian languages so that the illiterates will understand the campaigns as well.

Another recommendation is that, the management of the various banks and nonbank financial institutions should draw up operational modalities that will eliminate the queues in their banking halls and at the Auto Teller Machines (ATMs). It is very important that banks invest in technologies that will increase effective and efficient service delivery. This is very important such that savers like the small business owners does not spent the whole day in the banking hall just to access a service. Management of the banks should establish

easy modalities for people who hold a savings account with the bank to deposit and withdraw cash without going through difficulties and frustrations. The banks should mount off site ATMs in the strategic locations in and out of the business district where the bank has no outlets or branches so as to service their customers in that catchment area.

Again, financial institutions should embark on special educational campaigns on proper saving habits and promotional activities to reach the un-banked population especially those who have been saving through informal means (houses, shops, farms etc.). These campaigns could be through the mass media and the use of sales agents who will reach out to the unbanked so as to enrol them into the financial cycle.

Furthermore, management of banks must create an array of savings products what are catchy and will be attractive to people. The institutions must also create personal relationships with their customers as most customers stay with their banks as a result of strong personal relationships with bank staff.

Last but not the least, there is the need for this study to be conducted using a larger and more representative sample in order for the findings to generalize the findings. This larger-scale replication could be used to produce even more specific strategies for Ghanaian Banks, businesses and Governmental Institutions. The study poses generalizability questions because the sample frame used is only small business owners in the Central Business District of Kumasi and thus the results do not represent the savings habit of the general public and or people of Kumasi. As the present study focused on generally small business owners, it would be interesting to examine the underlying factors influencing saving habits of the business organization such as Medium and Large enterprises owners.



### 5.3 CONCLUSION

In conclusion, policy makers would have to place greater emphasis on factors that influence respondents to operate savings account and work towards it to be able to be in business and even grow their profitability and expand the economy as a whole. From the study, it was assessed that most of the respondents who do business in the Central Business District of Kumasi were graduates and those who have had formal education to some level which belong to the elite class. Also the majority of respondents range between thirty six and forty five years. This demographic characterised of the respondents impacted on the savings habit of the respondents which was deemed good. The level of education made the respondent have a higher level of knowledge on savings which made them appreciate the importance of savings. In order to make a generalized statement about the savings habit of the people of Kumasi, future research could be replicated with a sampling frame composed of respondents with a different cultural background such as SMEs in the central market of Kumasi or expatriates carrying business activities in the Central Business District of Kumasi or the general public as a whole.

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## APPENDIX

### QUESTIONNAIRE

The purpose of this questionnaire is to gather data for the “**SAVINGS HABIT OF THE**

## **SMALL BUSINESS OWNER, CASE STUDY: CENTRAL BUSINESS DISTRICT**

**OF KUMASI**". Data collected would be used solely for academic purpose and respondents are assured of confidentiality of information provided.

### **Section A:BACKGROUND OF RESPONDENTS**

#### **(1) Gender**

Male ☐

Female ☐

#### **(2) Educational background**

Basic ☐

Technical/Vocational ☐

Diploma ☐

SHS/Commercial ☐

First Degree ☐

HND ☐

First Degree & Professional Qualification ☐

HND& Professional Qualification ☐

Master's Degree ☐

Others (specify) .....

#### **(3) Marital status**

Married ☐

Single ☐

(4) Job Type

.....

**Section B: KNOWLEDGE ON SAVINGS**

5. Do you have any knowledge on savings?

Yes ( ) No ( )

6. If yes, then what is your level of knowledge on savings.

Very high ( )

High ( )

Neutral ( )

Low ( )

Very low ( )

**Section C: FORMS AND PREFERENCES OF SAVINGS**

7. State in order, how much of your annual income do you spend on the following items.

NB: 1 is the highest and 7 the least.

Food ( )

Housing ( ) Education

of children ( )

Utilities ( )

Savings ( )

Invested in a business ( )

Clothing and household appliances ( )

8. Do you deliberately save part of what you earn?

Yes ( ) No ( )

9. About what percentage of your income/earning do you save?

Less than 5% ☐

Between 6% and 10% ☐

Between 11% and 15% ☐

Between 16% and 20% ☐

Over 20% ☐

10. Where do you usually save your money?

Home ☐

Bank ☐

Credit union ☐

Walking bank (Susu) ☐

With other peoples ☐

Others (Specify) -----

11. If you save with a bank, what is the name of the bank and what type of account do you operate with the bank?

Name of bank-----

Type of account operates-----

12. Approximately how much did you save?

a. Last month-----

b. Last two months-----

c. Last three months-----

d. Last year-----

13. What type savings do you engage in?

a. Formal ☐ b. Informal ☐

14. How often do you save money?



Daily ( )

Weekly ( )

Monthly ( )

Quarterly ( )

Others (Please specify) -----

15. Approximately how much do you save within the period indicated above?

-----

16. Which of the following places will you prefer to save your money? State in order of priority, 1 as the most preferred and 7 the least preferred.

Banks ( ) Credit union ( ) Welfare society ( ) Susu ( )

Walking bank ( )

Keeping the money home ( )

Keeping the money with trusted friend ( )

17. Give reasons your first two choices

**Section D: ASSESSMENT OF FACTORS THAT ENCOURAGE YOU TO OPEN BANK ACCOUNTS OR TO SAVE**

Kindly indicate on a scale of 1 to 5, in terms of how important to you reasons that may compelled you to employed two or more bankers to handle your personal financial affairs

Scale: 1-Not important 2-Somewhat important 3-Important 4-Fairly important 5-Very important.

Circle the number that shows your view.

DETAIL	SCORE
18. Attractiveness & Interior décor of building	1 2 3 4 5
19. People influences	1 2 3 4 5
20. Service provision	1 2 3 4 5
21. Branch location	1 2 3 4 5
22. Reputation of the bank	1 2 3 4 5
23. Marketing promotion	1 2 3 4 5
24. Professionalism of bank staff	1 2 3 4 5
25. Financial benefits	1 2 3 4 5
26. Flexible banking hours	1 2 3 4 5
27. Lower service charge	1 2 3 4 5

#### Section E: CHALLENGES OF SAVING AND INVESTING

28. Do you face any difficulty saving money?

Yes ( ) No ( )

29. If you face difficulties, what are the two main difficulties that you face?

a.....

b.....

30. Do you have challenges with your saving(s) in a bank? Yes ( ) No ( )
31. If yes, what kind of challenges did you encounter at your bank(s)? Unprofessional staff ( ) Delays ( ) Technology failure ( ) others please specify ( )
32. If yes, was there an avenue to complain? Yes ( ) No ( ) 33. If yes, was the solution satisfactory to you? Yes ( ) No ( )
34. How do you classify the staff of the bank(s)?
- Professionals ( ) Unprofessional ( ) Semi-professionals ( ) Rude ( )

#### **Section F: BENEFITS OF SAVINGS**

35. Generally, what are some of the things that encourage you to save? Rank them in order of importance from the most encouraging as 1 to the least as 4.

Helps to meet emergencies ( )

Help buy expensive items in the future ( )

To depend on when I can no longer work ( ) The

money increases in value ( )

36. Please state five (5) other benefits you derived from savings?

.....

.....

THANK YOU.