

UNIVERSITY OF ZIMBABWE



**TITLE: AN ASSESSMENT OF THE IMPACT OF FINANCIAL INCLUSION ON
THE BUSINESS PERFORMANCE OF SMES IN THE HARARE METROPOLITAN.**

KUDZAI MUCHEMWA (R062820C)

**A DISSERTATION SUBMITTED IN PARTIAL FULFILLMENT OF THE
REQUIREMENTS FOR THE MASTER DEGREE IN BUSINESS ADMINISTRATION**

GRADUATE SCHOOL OF MANAGEMENT

UNIVERSITY OF ZIMBABWE

Supervisor: Dr O MUVINGI

GSM MBA DISSERTATION

DISSERTATION TITLE				
AN ASSESSMENT OF THE IMPACT OF FINANCIAL INCLUSION ON THE BUSINESS PERFORMANCE OF SMES IN THE HARARE METROPOLITAN.				
DISSERTATION METHODOLOGY (please tick one)				
QUANTITATIVE	X	QUALITATIVE		MIXED METHODS
INTAKE (YEAR AND MONTH)				
AUGUST 2017				
Registration No.:		STUDENT NAME:		
R062820C		KUDZAI MUCHEMWA		
DISSERTATION SUBMISSION DEADLINE		SUBMISSION DATE		
28 FEBRUARY 2020		06 MARCH 2020		

This statement should be completed and signed by the student producing the dissertation.

Declaration and Statement of Authorship:

1. I hold a copy of this dissertation, which can be produced if the original is lost/damaged.
2. This work may be reproduced, communicated, compared and archived for the purpose of detecting plagiarism.
3. I give permission for a copy of my marked work to be retained by the Graduate School of Management for review and comparison,
4. Including review by external examiners.

I understand that:

5. Plagiarism is the presentation of the work, idea or creation of another person as though it is your own. It is considered cheating and is a very serious academic offence that may lead up to expulsion from the program. Plagiarised material can be drawn from, and presented in, written, graphic and visual form, including electronic data, and oral presentations. Plagiarism occurs when the origin of the material used is not appropriately cited.
6. Enabling plagiarism is the act of assisting or allowing another person to plagiarise or to copy your work.

Last Name	First Name	Signature
MUCHEMWA	KUDZAI	

DECLARATION

I, Kudzai Muchemwa, do hereby declare that this dissertation is the result of my personal individual effort, study and research, except to the extent indicated in the acknowledgements and references and this work has never been submitted in part or in full for any other degree to any other university.

Student's Signature.....Date.....

Supervisor's Signature.....Date.....

ACKNOWLEDGEMENTS

I express my sincere gratitude to my husband and my children who were my support system through the journey of this program.

Special mention goes to my supervisor who took her time to review and assist me with this study. I am also grateful for my lectures who took their time to lecture me throughout this MBA program.

ABSTRACT

SMEs are an essential engine to the development of the economy of the country. The leaders of economies across the globe have put in place strategies to ensure that the marginalised are financially included. The government of Zimbabwe has also considered financial inclusion as a top priority by putting mechanisms in place to ensure this goal is achieved.

The main objective of this research was to assess the impact of financial inclusion on performance of SMEs in Zimbabwe with the dependent variable being SMEs performance and independent variables being access to financial products, financial innovation, financial literacy and financial consumer protection. Theoretical and empirical literature attempted to explain the relationship between financial inclusion and SMEs performance. An explanatory research design and a survey strategy in SMEs were employed for this study. A sample of 250 SMEs were chosen randomly from Glen View 8 Furniture Complex and Mbare Siyaso Complex. To answer the research question of what is the impact of financial inclusion on SMEs' performance, a self-administered structured questionnaire was used to collect data and 205 questionnaires were successfully completed. The major observation was that there was a positive significant relationship between access to formal financial products, financial literacy, financial innovation and financial consumer protection and SMEs performance. A regression analysis showed that the four independent variables were predictors of SMEs performance. Financial inclusion is fundamental for SMEs' performance. The study recommended that mechanisms must be in place to ensure easy access of financial products to SMEs. Financial literacy is required in SMEs to ensure appreciation of the importance of financial inclusion and be able to make the right financial decision. Financial institutions must be continuously innovative and embrace emerging technologies and bench mark with other countries to ensure the under-privileged access competitive products which can improve their operations and competitiveness. SMEs consumer protection contributes to improved performance of SMEs. It is imperative that SMEs are aware of the financial risks associated with being financially included. The institutions in Zimbabwe need to be strengthened and capacitated to play their role of enabling SMES to grow their businesses. It is essential that the banking sector executives engage SMEs when developing products targeted for them. A further research may be conducted to identify other factors not studied which affect financial inclusion in Zimbabwe.

Table of Contents

GSM MBA DISSERTATION.....	ii
DECLARATION.....	iii
ACKNOWLEDGEMENTS	iv
ABSTRACT	v
LIST OF TABLES	1
LIST OF FIGURES	2
ABBREVIATIONS.....	3
CHAPTER ONE.....	4
1.1 INTRODUCTION	4
1.2 BACKGROUND OF THE STUDY	4
1.3 RESEARCH PROBLEM	6
1.4 RESEARCH OBJECTIVES.....	6
1.5 RESEARCH QUESTIONS.....	7
1.6 HYPOTHESES.....	7
1.7 RATIONALE OF THE STUDY	7
1.8 SCOPE OF THE STUDY	8
1.9 LIMITATIONS.....	8
1.10 DISSERTATION OUTLINE	8
1.11 CHAPTER SUMMARY	9
CHAPTER 2: LITERATURE REVIEW.....	10
2.1 INTRODUCTION	10
2.2 EXPLANATION OF THE RESEARCH STRATEGY.....	10
2.3 DEFINITION OF THE PHENOMENON.....	10
2.3.1 FINANCIAL INCLUSION.....	10
2.3.2 FORMAL FINANCIAL PRODUCTS.....	11
2.3.3 FINANCIAL INNOVATION	12

2.3.4	FINANCIAL LITERACY.....	13
2.3.5	FINANCIAL CONSUMER PROTECTION	13
2.3.6	SMALL TO MEDIUM ENTERPRISES (SMEs)	14
2.4	UNDERPINNING THEORIES	15
2.4.1	RESOURCE BASED THEORY	16
2.4.2	FINANCIAL INTERMEDIATION THEORY.....	17
2.4.3	CREDIT ACCESS THEORY	17
2.5	IMPORTANCE OF THE SUBJECT OF FINANCIAL INCLUSION	18
2.6	MODELS OF FINANCIAL INCLUSION	20
2.6.1	Microfinances.....	20
2.6.2	Savings and Credit Cooperative Society (SACCOS).....	21
2.6.3	Non- Governmental Organisations (NGOs).....	21
2.7	DISCUSSION OF THE KEY VARIABLES/DIMENSIONS	22
2.7.1	SME firm performance	22
2.7.2	Access to formal financial products and SMEs performance.....	23
2.7.3	Financial innovation and SMEs Performance.....	24
2.7.4	Financial Literacy and SME Firm Performance.....	25
2.7.5	Financial consumer protection and SME firm performance	27
2.8	LITERATURE SYNTHESIS & CONCEPTUAL FRAMEWORK/MODEL.....	29
2.9	RESEARCH GAP	32
2.10	CONCEPTUAL FRAMEWORK.....	33
2.11	CONCLUSION	33
	CHAPTER THREE	35
3.1	INTRODUCTION	35
3.2	RECAP OF THE RESEARCH OBJECTIVES, QUESTIONS AND HYPOTHESES.....	35
3.3	RESEARCH DESIGN.....	36
3.3.1	Research Philosophy.....	36

3.3.2	Research Approaches	37
3.3.3	RESEARCH STRATEGIES.....	38
3.3.4	RESEARCH PARADIGM.....	39
3.4	METHODOLOGY.....	40
3.4.1	Data Collection Instrument	40
3.4.2	Instrument Development	41
3.4.3	Population and Sampling.....	42
3.5	RESEARCH LIMITATIONS.....	43
3.6	DATA CREDIBILITY.....	44
3.7	RESEARCH ETHICS.....	44
3.8	CHAPTER SUMMARY	45
CHAPTER FOUR: RESULTS AND DISCUSSION		46
4.1	INTRODUCTION	46
4.2	RESPONSE RATE.....	46
4.3	DEMOGRAPHIC PROFILE OF THE RESPONDENTS	46
4.4	NORMALITY TESTS.....	49
4.5	VALIDITY AND RELIABILITY TESTS	50
4.6	DESCRIPTIVE STATISTICS.....	51
4.7	CORRELATION.....	58
4.8	REGRESSION ANALYSIS.....	60
4.9	MULTI-COLLINEARITY DIAGNOSTICS	63
4.10	TESTING OF THE HYPOTHESES.....	64
4.11	DISCUSSION OF FINDINGS	65
4.11.1	Access to formal financial product and SMEs Performance	65
4.11.2	Financial Innovation and SMEs Performance.....	65
4.11.3	Financial Literacy and SMEs Performance.....	65
4.11.4	Financial Consumer Protection and SMEs Performance.....	66

4.12	CONCLUSION	66
	CHAPTER FIVE.....	67
	RESEARCH RECOMMENDATIONS AND CONCLUSION	67
5.1	INTRODUCTION	67
5.2	ACHIEVEMENT OF RESEARCH AIM AND OBJECTIVES.....	67
5.3	CONCLUSION	68
5.3.1	Access to formal financial products	68
5.3.2	Financial innovation	68
5.3.3	Financial literacy.....	69
5.3.4	Financial consumer protection.....	69
5.4	THEORETICAL CONTRIBUTION	70
5.5	EMPIRICAL CONTRIBUTION.....	70
5.6	METHODOLOGICAL CONTRIBUTION	70
5.7	POLICY RECOMMENDATIONS.....	70
5.8	MANAGERIAL RECOMMENDATIONS.....	71
5.9	GENERALISATIONS.....	71
5.10	RESEARCH LIMITATIONS.....	72
5.11	Areas of further research	72

LIST OF TABLES

Table 1 SMEs Category	14
Table 2 : Descriptors of Research Strategy	38
Table 3 : Main differences between positivism and phenomenology	39
Table 4 : Position of the Respondent	46
Table 5 : Gender representation	47
Table 6 : Sub Sector of the Respondents.....	47
Table 7 : Number of employees	48
Table 8: Total Annual Turnover/ Revenue of the company.....	49
Table 9: Tests of Normality	49
Table 10 : Summary of Cronbach's Alpha for variables.....	51
Table 11 : Access to Formal Financial Products	51
Table 12 : Financial Innovation	53
Table 13 : Financial Literacy	55
Table 14 : Financial consumer protection	57
Table 15 : Correlation Analysis	59
Table 16 : Regression Analysis Model Summary	61
Table 17 : Statistical Significance of the Regression Model.....	61
Table 18 : Coefficients	62
Table 19 : Multi-collinearity	63
Table 20 : Hypothesis testing	64

LIST OF FIGURES

Figure 1: Conceptual framework.....	33
Figure 2 : Histogram: Access to Formal Financial Products.....	53
Figure 3 : Histogram: Financial Innovation	54
Figure 4 : Histogram: Financial Literacy	56
Figure 5: Histogram: Financial Consumer Protection.....	58

ABBREVIATIONS

ECB	European Central Bank
EU	European Union
GDP	Gross Domestic Products
IFI	Index of financial inclusion
NGO	Non- Governmental Organisation
NFIS	National Financial Inclusion Strategy
OECD	Organisation for Economic Co-operation and Development
SACCOS	Savings and Credit Cooperative Society
SDG	Sustainable Development Goals
SME	Small to Medium Enterprises
SMEAZ	SME Association of Zimbabwe
SMEDCO	Small and Medium Enterprises Development Corporation
RBZ	Reserve Bank of Zimbabwe
ROA	Return on Assets
ROE	Return on Equity
ROI	Return on Investment
UFA	Universal Financial Access
UNCDF	Unblocking Public and Private Finance for the Poor

CHAPTER ONE

1.1 INTRODUCTION

The study assessed the impact of financial inclusion on the performance of Small to Medium Enterprises (SMEs) in Zimbabwe. SMEs have emerged as the source of livelihood for many people through job creation and contribution to the development of the economy (Beck, 2007). The Financial Tribune, (2018) reported that, in Zimbabwe, SMEs contributed \$8.58 billion to the country's GDP in 2016 and employed more than 5.9 million people (over 75% of the total workforce of 7.8 million). SMEs face unique challenges which affect their performance. For SMEs to contribute effectively to sustainable development of the economy they need support in various areas. The major challenge which incapacitates SMEs is that of financial exclusion (Beyers and Maswanganyi, 2016.) SMES, being financially excluded find themselves in a situation where they have to deal solely in cash which makes it very difficult to manage cash flows when excluded from formal mainstream financial sector. Irregularities in cash flows create some challenges in the performance of the business. SMEs need access to credit to finance their business and this is only possible if they are included in the formal financing sector. The Reserve bank of Zimbabwe noted that only 3.78% of the total loans and advances by Zimbabwean banks go towards the SME sector. The Reserve Bank of Zimbabwe as a strategy to alleviate the financial exclusion challenge, established a number of empowerment facilities and other financial inclusion strategies to benefit various priority groups that are financially excluded including SMES through the National Financial Inclusion Strategy. This study seeks to investigate what impact financial inclusion has on the performance of SMEs.

This chapter introduces the research. The chapter provides the background information of the study and the problem setting that has motivated the need to carry out this study. The research objectives of the study will be focusing on the impact of financial inclusion and performance of SMEs. The chapter further provides the research question, and research hypothesis. The scope of the study, rationale for the study, and the dissertation outline also forms part of this chapter.

1.2 BACKGROUND OF THE STUDY

European Union (EU)'s wide survey (2016) reported that financial institutions historically are more concerned with offering support to big companies and access to finance is the most

important concern for 9% of EU SMEs (Ec.europa.eu, 2016). However efforts have been put in place to correct this challenge of limited and selected access to finance and the situation has considerably improved over the last few years, as the percentage of SMEs with this concern went down from 16% in 2009 to 9% in 2016. Wang (2016) in his investigation about the biggest obstacles to growth of SMEs in 119 developing countries found out that SMEs perceive access to finance as the most significant obstacle which hinders their growth.

In Africa, Beyers and Maswanganyi (2016) argue that besides their critical and positive role, many SMEs face numerous challenges ranging from power shortage, poor management skills and competencies, and inadequate information, corruption and lack of capital which is a result of being financially excluded.

On the other hand, Oji (2015) pointed out that many Africans are not part of a formal financial system and hence they operate in the informal economy where transactions take place without financial institutions being used as intermediaries. This then result in difficulties as local financial institutions cannot grant loans to SMEs hence lost opportunity for development and subsequently, economic growth.

Small to Medium enterprises in Zimbabwe are a vital key to the development of the economy. They contribute to employment creation, wealth creation and add value to gross domestic product (Beyers and Maswanganyi, 2016).

However, SMEs in Zimbabwe are not spared of the financial challenges which developing countries are facing. These challenges have been fuelled by the fact that most SMEs are financially excluded hence growth has been affected by lack of capital, accessibility of credit facilities and financial product awareness. Mashizha and Sibanda (2016) noted that although there were financial products which SMEs could utilize, the research findings showed product awareness was lacking. As a result most SMEs remain financially excluded which affects performance.

In an effort to deal with financial exclusion, the Minister of Finance and Economic Development launched the National Financial Inclusion Strategy (NFIS) on 11 March 2016 which is a five (5)-year road map of coordinated actions that will be followed to achieve the country's financial inclusion objectives during the period 2016 to 2020. This effort by the government seeks to address barriers to financial inclusion, prioritise and address the needs of special currently underserved target groups, through implementing key priority measures

which will facilitate the development of robust financial infrastructures which can help to reduce the level of financial exclusion in Zimbabwe (RBZ, 2016). It is in this vein that this study sought to investigate the impact of financial inclusion on performance of SMEs which is one of the currently underserved target groups.

1.3 RESEARCH PROBLEM

The Reserve bank of Zimbabwe Governor at a conference for SMEs themed 'RI-igniting SME Development in Zimbabwe' in 2017 explained that although SMEs were a key source of employment and economic development in Zimbabwe the level of financial exclusion in this sector was still high with only 14% banked and 43% did not have access to financial services. It is against this background that the government is embracing financial inclusion initiatives as most global policy makers are doing. SMEs have been targeted together with other marginalised groups to develop and promote innovative products for them and building capacity programs (rbz.co.zw: accessed 14/09/2019).

The financial inclusion initiative launched in Zimbabwe for purposes of eradicating financial exclusion is anchored on financial innovation, financial literacy, financial consumer protection and micro finance (Chipika, 2019). This is meant to promote development of affordable, innovative digital financial products and services for SMEs that reduce financial exclusion and also develop tailor made financial literacy programs to ensure the SMEs are protected. This study investigated the impact of financial inclusion on the performance of SMEs.

1.4 RESEARCH OBJECTIVES

The Main Objective of this study was to ascertain the impact of financial inclusion on business performance of SMEs in Zimbabwe.

Specific Objectives

- a. To ascertain the impact of access to formal financial products on performance of SMEs
- b. To establish the impact of financial innovation on performance of SMEs
- c. To determine the influence of financial literacy on business performance of SMEs
- d. To establish the effect of financial consumer protection on the performance of SMEs.

1.5 RESEARCH QUESTIONS

The main research question this study sought to answer was what is the impact of financial inclusion on SMEs performance?

Specific Questions:

- a. What is the impact of access to formal financial products on performance of SMEs?
- b. What is the impact of financial innovation on performance of SMEs?
- c. Does financial literacy has an influence on business performance of SMEs?
- d. What is the effect of financial consumer protection on the performance of SMEs?

1.6 HYPOTHESES

The main hypothesis which this study sought to approve or disapprove was there is a positive relationship between financial inclusion and performance of SMEs.

Specific Hypotheses

H1: Access to formal financial products positively impacts the SMEs firm performance.

H2: Financial innovation has a positive influence on SMEs firm performance.

H3: There is a positive impact between Financial Literacy and SMEs firm performance.

H4: Financial consumer protection has a positive influence on SMEs firm performance.

1.7 RATIONALE OF THE STUDY

SMEs are an essential engine for the development of the economy and for this to be achieved SMEs must grow sustainably. The government has made an effort to create an enabling environment for them through the financial inclusion strategy which seeks to create a platform for the SMEs to be able to finance their operations so that they can create employment and ultimately wealth for the nation.

This study will help to establish whether financial inclusion has an impact on the business performance of SMEs in the context of the Zimbabwean environment. The previous researches done on financial inclusion in Zimbabwe and SMEs have looked on the broader perspective of determinants of factors that influence financial inclusion, determinants of financial inclusion, financial knowledge and product awareness. This study will add to theory by examining the impact of financial inclusion on the performance of SMEs.

1.8 SCOPE OF THE STUDY

This study assessed the impact of financial inclusion on the performance of SMEs in Zimbabwe. The research was carried out in the Harare Metropolitan in the Glen View 8 Complex and the Mbare Siyaso Complex. A sample size of 250 respondents across all sectors who are owners and management of SMEs was chosen.

The selection of these areas allowed the researcher to have a sample that could be covered during the research short space of time. The research was completed within a period of 6months, that is August 2019 to February 2020 The researcher chose these areas because SMEs are highly concentrated in these areas.

1.9 LIMITATIONS

The study was limited by financial and time frame resources which could not allow a study on the whole population. Therefore the researcher conducted the research in Harare Metropolitan in the areas of Glen View 8 Complex and Mbare Siyaso Complex where most of the sectors of the SMEs are represented.

Due to the short period of time available, the researcher could not conduct a longitudinal study which could be comprehensive given the fact that due to the environment in the country business performance may fluctuate. The researcher hence resorted to cross sectional research.

1.10 DISSERTATION OUTLINE

Chapter I outlines the research with background information of the study, the problem statement, objectives, research questions and the dissertation outline.

Chapter 2 presents literature review on the impact of financial inclusion and performance. , identifies the gap from the literature review which increase the existing body of knowledge.

Chapter 3 presents the methodology by explaining the research design, research paradigm and philosophy of the researcher. These govern the research process and will set the basis for the research work to be conducted which includes data collection methods and analysis tools which in turn pave way for the data presentation and inference of findings.

Chapter 4 provides the research findings, outcomes from the study. .

Chapter 5 concludes the research. The researcher then draws conclusions and proffers solutions to the problem statement.

1.11 CHAPTER SUMMARY

The chapter introduced the research on the impact of financial inclusion on performance of SMEs. The chapter outlined the research problem, research hypotheses and research objectives, followed by the significance of the study. The dissertation outline was also provided. The following chapter provides the literature review.

CHAPTER 2: LITERATURE REVIEW

2.1 INTRODUCTION

This chapter reviews the literature pertaining to financial inclusion and performance of SMEs. The chapter offers a review of the theoretical and empirical literature that attempts to explain the relationship between the independent and the dependent variables of the study, the dependent variable being SMEs performance, independent variables being access to formal financial products, financial innovation, financial literacy and financial consumer protection. This chapter also presents studies conducted in various countries on financial inclusion and SMEs performance.

2.2 EXPLANATION OF THE RESEARCH STRATEGY

The researcher's literature search strategy involved accessing various journals articles from Emerald, Ebsco host, Springer, Elsevier and Google scholar. In addition to that the researcher accessed various reports from government ministries and commissions that are responsible for SMEs. The researcher reviewed data from surveys done by companies or international institutions on financial inclusion. The key words used under this study are financial inclusion, financial products, financial literacy, financial consumer protection, financial innovation and SMEs performance. Since the literature was dealing on secondary data, longer period was avoided to ensure that the search is not outdated. However, few textbooks and some journals above 10 years old were included to enrich and build the case on financial inclusion.

2.3 DEFINITION OF THE PHENOMENON

2.3.1 FINANCIAL INCLUSION

Financial inclusion has been defined differently by various institutions but in general it refers to a state in which all working-age adults have effective access to credit, savings, payments, and insurance from formal service providers (Mohseni-Cheraghloo, 2015); Demirgüç-Kunt and Klapper, 2012). World Bank (2018) believes that financial inclusion means individuals and businesses have access to useful and affordable financial products and services that meet

their needs; transactions, payments, savings, credit and insurance delivered in a responsible and sustainable way. The Reserve bank of Zimbabwe (rbz.co.zw accessed 14/10/2020) has also adopted the same explanation for Financial Inclusion. Allen *et al.* (2016) agree that financial inclusion is the use of formal financial services, without it, individuals and firms need to rely on their own resources to meet their financial needs such as saving for retirement, investing in their education, taking advantage of business opportunities, and confronting systemic or idiosyncratic shocks.

Sarma (2008) points out that financial inclusion entails ease of access, availability and usage of the formal financial system. It's interesting to note that Sarma (2008) believes that ease of access must be for all members of the economy not just individuals and businesses only. In the same vein, Cámara and Tuesta (2014) extend it by defining an inclusive financial system as one that maximizes usage and access, while minimizing involuntary financial exclusion. Gopalan and Kukichi (2016) in another angle terms financial inclusion a banking sector "outreach" i.e. the degree to which the banking sector is able to meet needs of a large segment of the population. Further, (Kim, 2016) explains that the drive for financial inclusion is to ensure all members of the society who are adults have access easily to a broad range of financial activities which meet their needs and they should be able to access these products.

To sum it all, effective access involves convenient and responsible service delivery, at a cost affordable to the customer and sustainable for the provider, with the result that financially excluded customers, such as those low-income groups and others who are financially disadvantaged use formal financial services rather than existing informal options.

2.3.2 FORMAL FINANCIAL PRODUCTS

Formal financial products refer to financial instruments used to invest, save, get a mortgage as well as insurance and these are issued by various financial intermediaries or institutions such as stock brokerages, financial institutions, insurance providers, government sponsored entities and credit card agencies (World Bank, 2014). Furthermore, these financial products are categorised in terms of their type or risk and return or underlying asset class and volatility. Wang (2016) also defined financial product as a product (typically in the form of a contract) offered to businesses, consumers and other organizations (municipalities or sovereigns) by financial institutions such as banks, brokerage firms, insurance companies, investment companies , consumer finance companies, all of which comprise the financial services

industry. Verma (2018) defined a financial product as an instrument in which a person can either:

- make a financial investment (such as a share);
- borrow money (for example loans or bonds ,credit cards,); or
- Save money (for example term deposits).

In agreement with other researchers he also states that financial products are issued by banks, financial institutions, governments or companies.

2.3.3 FINANCIAL INNOVATION

Frame and White (2012) assert that financial innovation represents something, (a product or service) which reduces risks, costs, or provides an improved product service/ instrument. According to Solans (2015) financial innovation refers both to technological advances which are able to facilitate the access to information, trading and means of which payment is made, and the emergence of new financial instruments and services, new forms of organization and more developed and complete financial markets. For financial innovation to be successful it must either reduce risks and costs or it must provide an improved service which meets the particular needs of the financial participants in the system (ECB, 2013).

Al-Kaber (2010) and Frame and White (2012) highlighted that the main features of the product financial innovations can be listed as follows:

- 1) they could be completely new solutions or just traditional instruments in which new elements of construction have been introduced to improve their liquidity and increasing the number of their potential applications as they are better suited to the circumstances of the time,
- 2) They could be used as substitutes to the traditional financial instruments which then improve the financial situation of the business entities which use them,
- 3) They cannot be easily assigned to one particular segment of the financial market,
- 4) They can be used to hedge against the intensive volatility of the market parameters,
- 5) They can be used in a form of complex instruments including several simple, traditional financial instruments,
- 6) They could be used in the form of new financial processes or techniques or new strategies that primarily use these new products.

Therefore primarily financial innovation can be termed as product and organizational innovation, which allows an improvement of the services for the financial system as a whole.

2.3.4 FINANCIAL LITERACY

Financial literacy is about discernment and making effective decisions on utilization of financial management (Gavigan, 2010). This is an area that requires skill, knowledge, attitude and experience to deal with goals such as profit maximization; the survival of the firm; capturing a particular market share; sales maximization; minimizing staff turnovers and internal conflicts; and wealth maximization (Jacobs, 2016). Further it is one of the essential strategic tools to organize allotments of financial resources.

Mutegi *et al.* (2015) agrees with Jacobs (2016) that financial literacy is a skills and knowledge that enables an individual to make decisions which are informed and effective with all of their financial resources. In addition, Salome (2012) and Hogarth (2013) explain that financial literacy provides an understanding and knowledge of different financial concepts, skills, confidence and motivation to apply such knowledge and understanding in order to make effective decisions across a range of financial contexts to improve the financial well-being of SMEs. Mutegi *et al.* (2015) affirm that financial literacy facilitates the decision making processes such as payment of bills on time, sound financial systems, proper debt management which then improves the credit worthiness of potential borrowers to support their livelihoods, poverty reduction and economic growth. It also provides greater control of one's financial future, more effective use of financial products, services and reduced vulnerability to overzealous institutions or fraudulent schemes.

2.3.5 FINANCIAL CONSUMER PROTECTION

Ahmed *et al.* (2015) defined financial consumer protection as the laws, regulations, and institutional arrangements that safeguard consumers in the financial marketplace. Mckee (2010) defined financial consumer protection as protecting financial consumers through responsible finance industry codes of conduct, standards consumer protection regulation and supervision consumer awareness and financial capability.

RBZ (2017) submitted that the diversity and increasing complexity of formal financial products offered through electronic and traditional channels, transactional and pricing risks to consumers now requires protection of consumers of financial products or services.

In the same vein, OECD (2019) notes that as the digital environment for financial products and services is in the increasing mode with an increasing potential to support greater financial inclusion and inclusive growth, financial consumer protection is now important more than ever before therefore authorities should adapt approaches and policies which protect financial consumers.

Melecky *et al.* (2011) explain that in the past decades financial institutions have passed on risks to consumers such as foreign currency risk and governments have also passed on risks related to pensions. This being motivated by the need to reduce their expenditure and this comes at a cost to customers and the society. Further, they explain that consumers suffer from power, information and resource imbalances which then create market failures. In the face of these ever increasing financial risks it is imperative that consumers have adequate laws, regulations and access to financial education which protect them.

2.3.6 SMALL TO MEDIUM ENTERPRISES (SMEs)

The definition of SMEs is not uniform across the globe it tends to vary from one county to another, classifications being according to turnover, revenues, number of employees and asset value (Beaver, 2002).

In Zimbabwe, Small and Medium Enterprises Act (Chapter24:12) defines SMEs as shown in in Table 1.

Table 1 SMEs Category

	Number of Permanent Workers	Annual Turnover	Value of Assets excluding Fixed Assets
Micro	Up to 5	Up to 30 000	Up to 10 000

Small	6-30 (except for those in mining, construction, energy and transport with up to 40)	500 000 (except those in mining - 1500000, construction-1 000 000,)	250 000 (except for mining- 1 000 000, manufacturing- 500 000, construction and energy-1 000 000,
Medium	31 – 75	1 000 000 (except those in mining - 3000 000 and construction-2 000 00)	500 000 (except for those in mining and construction 2 000 000, Manufacturing and energy -1 000 000

On the other hand SMEs association of Zimbabwe (SMEAZ) categorises SMEs as follows: small - Turnover less than \$240 000, Assets less than \$100 000 and medium - above SMEs threshold but less than \$1m (smeaz.org.zw).

Small Enterprises Development Corporation (**SEDCO**) (2010:26) defines small as a business registered with less or equal to 50 employees, medium as registered and employing 100 employees, micro as not registered and employing 5 or less employees.

SMEs in Zimbabwe have not been spared of the financial challenges which developing countries are facing fuelled by the fact that most SMEs are financially excluded hence business performance has been affected by lack of capital, accessibility of credit facilities and financial product awareness (Mashizha and Sibanda, 2016). Further they argue that although there were financial products which SMEs could utilize, their research findings showed product awareness was lacking.

2.4 UNDERPINNING THEORIES

This study is informed by the Resource based theory, Financial Intermediation theory and the Credit access theory. The theories give the foundation of the study by building from existing body of knowledge.

2.4.1 RESOURCE BASED THEORY

The study gets support from the Resource based theory by Barney *et al.* (2001) which explains that a firm should have explicit strategic resources as the defining attribute of assets that create sustainable competitive advantage.

Resources comprise tangible and intangible assets which might be thought of as a strength or weakness of a given firm. Tangible resources include financial capital such as equity capital, debt capital and physical capital such as machinery and buildings where as intangible resources compose of entrepreneurial knowledge, skills, experiences, organizational procedures and reputation among others (Eniola and Entebang, 2014).

Barney and Hesterly (2015) believe that human capital resources consist of the training, experience, intelligence, knowledge, relationships, attitude and insights of the individual managers in a firm. Financial literacy as a human capital aspect shows that an entrepreneur with higher general and specific human capital can be expected to show higher levels of performance than those with lower levels of general and specific human capital (Eniola and Entebang, 2014).

Ihua (2010) argues that financing is a vital strategic resource for firm performance and his study found out that SMEs business performance is positively influenced by financial facilities externally available to firms.

Knowledge and experience are vital for recognising opportunities, developing contacts and learning how to access and interact with bankers or other funders. Thus, entrepreneurial human capital is substantial and consequential to entrepreneurial growth. Matlay (2000) asserts that a small number of SMEs managers employ the resulting knowledge proactively to obtain a competitive advantage.

Proponents of the theory (Wernerfelt,1984); Barney, 1991; Hamel and Prahalad,1990); Teece et al.1997) believe that strategic resources (tangible and intangible) are the root from which a business can gain competitive advantage and ultimately successful performance.

Critics such as Kraaijenbrink *et al.* (2010) and Teece (2007) argue that the theory is limited and it applies mostly to big organisations and sustainable competitiveness is not is not achievable as the business environment is dynamic. The theory is relevant to the study in that SMEs need resources which can give them a competitive advantage for survival and growth.

2.4.2 FINANCIAL INTERMEDIATION THEORY

Saunders and Cornett (2011) outline financial intermediation as a process where those with surplus funds give their funds through deposits to financial institutions (banks; mutual funds; insurance companies), who then channel out the funds to those with deficit units i.e. the spenders and the borrowers.

Early proponents of the theory ((Allen and Santomero, 1997); Mises, 1912; Gurley and Show, 1955) are of the notion that financial intermediaries central role is to reduce frictions of transaction costs and asymmetries of information.

However, Scholtens and Wensveen (2000) a critique of the theory argues that this central role of the financial intermediaries shall become less relevant due to the continuous developments in information technology, deepening of financial markets and deregulation which tend to reduce transaction costs and informational asymmetries.

Allen and Santomero (1997) suggest that financial intermediaries allow the depositors' and the borrowers' transaction needs to be met through providing financial products and services. Scholtens (2003) argues that the central function of intermediaries is not just meeting needs of depositors and borrowers but risk absorption (market risk, maturity risk, counterparty risk, life expectancy, income expectancy risk).

The financial intermediation theory supports this study in that; SMEs, if financially included can be both depositors and borrowers as they participate in accessing financial products or services such as making payments; receiving payments; borrowing; financial consultancy; insurance services and assets evaluation (Andries, 2009).

Further as those with surplus funds entrust them with financial intermediaries, the SMEs will be able to access funds for investment projects and also keep savings which they can liquidate as the need arise.

2.4.3 CREDIT ACCESS THEORY

The theory was postulated by Stiglitz and Weiss (1981) who stated that asymmetry of information is the main reason for malfunctioning of the financial market in developing

countries. Further they noted that adverse selection problem and credit rationing occurs due to banks requiring collateral from those who want loans.

The theory supports the study in that in developing countries like Zimbabwe due to the problems of adverse selection and moral hazard, SMEs may be classified as high risk borrowers resulting in them being side lined or even excluded from the pool of potential borrowers. On the other hand frictions such as information asymmetries, transaction costs, profitability of the investment projects, presence of collateral security, credit history and network of relationships affects credit worthiness. This results in the SMEs, the talented poor, low income earners who usually may not have the necessary pre requisites failing to access some formal financial products (Torre *et al.*, (2017).

2.5 IMPORTANCE OF THE SUBJECT OF FINANCIAL INCLUSION

Financial inclusion has become an essential development priority for policy makers both globally and at national level. The World Bank prioritised this phenomenon by setting up the Universal Financial Access (UFA) 2020 goal, which seeks to have all adults banked by 2020. The bank committed itself to enable creation of new 1 billion account holders by 2020 through the help of some partners (Cull *et al.*, 2014).

Sarma and Pais (2011) note that many countries have made financial inclusion a policy priority, for example the United States in its Community Reinvestment Act (1997) made a requirement for all banks to offer credit in its operations and prohibited targeting of the rich neighbourhoods only, also in France they promulgated the law on Exclusion (1998) which emphasised an individual's right to have a bank account. The United Kingdom's government in 2005 created a financial inclusion task force for monitoring the development of financial inclusion. The Reserve Bank of India has come up with several measures to ensure they achieve greater financial inclusion. In Zimbabwe, the Women's bank was opened, the focus being on financially including women (www.womensbank.co.zw/ accessed 15/11/2019)

Financial inclusion has been positioned eminently as a promoter of other 2030 Sustainable Developmental Goals (SDGs) such as poverty eradication, food security and promotion of sustainable agriculture, health and people wellbeing, economic growth and jobs promotion, empowerment of women and gender equality, industry support, infrastructure and innovation (Neshovski, 2019). Financial inclusion plays a pivotal role in SDG 17 on building up the

means of implementation through greater savings and investment mobilization which can spur growth.

Demirguc-Kunt *et al.* (2017) points out that financial inclusion can be a tool for poverty and inequality reduction by enabling people to invest in the future as well as managing financial shocks or risks. Moreover, when people access financial services, they are able to make safe financial transactions more efficiently and as a result poor people will be able to come out of poverty as they invest in education and utilise business opportunities.

People receive or make payments for services rendered or for sales of agricultural produce, retail purchases and other goods. Remittances must be made to various institutions like tax department, insurance companies and payment of utility bills. Payments are increasingly being made digitally from one account to another. In 2014, virtually all account holders (95 percent) in high-income OECD economies transacted digitally when making payment from or into their account while in developing countries 62 percent of account holders did so. This includes payments made directly with a debit or credit card, using a phone and via the internet (Demirguc-Kunt *et al.*, 2017).

World Bank (2014) reported that shifting cash payments to accounts has potential benefits for senders and receivers in rural areas who normally travel long distance to receive or make a payment in cash. Some recipients in rural areas have to travel considerable distances to government office ,bank branch, money transfer operator in order to receive a remittance or government transfer payment, therefore it would benefit them if they are financial included.

Studies have also shown that mobile money services which store and transfer money through mobile phones have contributed to the improvement of people's potential for earning income. This is evidenced by a study in Kenya (Jacobs, 2016) which found out that mobile money services provided benefits especially to women who have managed to increase their savings by more than a fifth and 185 000 women left farming to develop business or engage in retail activities resulting in a 22% poverty reduction among women headed households thus contributing to the growth of the economy (World Bank, 2017).

Jack and Suri (2014) claim that in Kenya researchers found out that digital financial services can be a tool for managing potential financial risk by facilitating collection of money from relatives and friends who are far away when hit by tough times. They found that when hit with an unexpected drop in income mobile money users did not reduce household spending

whereas nonusers and users with poor access to the mobile money network reduced their purchases of food and other items by 7–10 percent.

Aker *et al.* (2016) concede that digital financial services can lower the cost of receiving payments as observed in a five-month relief program in Niger, switching the monthly payment of government social benefits from cash to mobile phones saved the recipients 20 hours on average in overall travel and wait time to obtain the payments.

2.6 MODELS OF FINANCIAL INCLUSION

2.6.1 Microfinances

Barman *et al.* (2009) argue that microfinance provides financial services especially in the form of loans to individuals and small scale target groups that are not financially included. They explain that in India, this can be done through Self Help group model and Grameen group model.

- Self Help groups are where microfinances initially provide a loan of the value of the group's savings multiplied by four but as time goes on as the group matures and has track records the value of the loan will be increased. These funds are then rotated in the group as the group lends its members under repayment and interest terms which are favourable and flexible to the group members.

- Grameen group model is said to have originated from Bangladesh where a group of 5 members guarantee each other's loans which are borrowed from microfinance institutions. This approach targets the poor entrepreneurial investors who have SMEs.

The Deputy RBZ governor, J Chipika in her address at the awards of Excellence and Appreciation of microfinances in Zimbabwe noted that microfinances are holders of the keys to the empowerment of the marginalised people in Zimbabwe who are living below the poverty datum line and she further explained that microfinances in Zimbabwe should adopt innovative ICT driven solutions of microfinance which can catapult the microfinance sector to the financial inclusion agenda's next level (theindependent.co.zw).

The government of Zimbabwe has made microfinances one of the pillars for the national financial inclusion strategy by virtue of its ability to reach a large number of marginalised people.

2.6.2 Savings and Credit Cooperative Society (SACCOS)

The United Nations has defined a co-operative as an independent association of persons who are voluntarily united to meet their common cultural, social, economic needs and aspirations through an enterprise which they own jointly and control democratically (www.un.org accessed 16/11/2019).

Tache (2016) in their study of the role of SACCOs in deepening financial inclusion and inclusive growth noted that SACCOs tailor make their products according to their client's needs (affordability, accessibility, appropriateness and relevance of the products). The SACCOs offer financial services such as savings products (compulsory and voluntary savings), credit products (business, agriculture and individual loans), micro-insurance services and usage (made to understand the products). The study concluded that if the challenges of the SACCO sector are addressed the low income people who are excluded can soon have full financial services and hence be included.

SACCOS in Zimbabwe were created as a solution to the challenges the marginalised like SMEs face when obtaining funding. They collect contributions and savings from the members which they issue as loans, guarantees or other services. In addition they assist the financially excluded by offering transaction based funding (discounting invoices and loans based on order) and they guarantee loans where a member has the capacity to meet successfully the requirements by any financial institutions there by providing a guarantee in place of collateral (smeaz.org.zw accessed 16/11/2019).

2.6.3 Non- Governmental Organisations (NGOs)

Hannig and Jansen (2010) assert that NGOs can enable financial inclusion through partnering with the private sector to educate the marginalised and improve financial literacy. Furthermore they explain that major foundations like the Bill and Melinda gates foundation and Mercy Corps have made very important contributions in the expansion of financial inclusion of the unbanked around the world. Some NGOs whilst having the nature of non-banking intermediaries are playing roles almost similar to banks like collecting deposits and offering financial services while maintaining their non-profit status.

Other NGOs like Unblocking Public and Private Finance for the Poor (UNCDF) are pursuing financial inclusion by providing opportunities for households, individuals and SMEs through

differentiated products and providing development finance which assist the marginalised groups.

Bara (2011) argues that Donors and NGOs facilitate the development of projects run by the poor through provision of training and funds. Additionally some educate the communities on financial literacy and financial independence to reduce financial exclusion and some make cash pay outs through mobile phones. They therefore enhance the financial inclusion of marginalised groups like women and the poor.

2.7 DISCUSSION OF THE KEY VARIABLES/DIMENSIONS

2.7.1 SME firm performance

Various authors define performance as a measure of how well a company can use its assets from its mode of business to generate revenue ((Özer, 2012); (Sacristán-Navarro *et al.*, 2011); (Selvarajan *et al.*, 2007); (Thrikawala, 2011);(Watson, 2012)).

On the other hand, Eniola and Entebang (2015) argue that performance encompasses success, survival, growth, competitiveness of the firm and its ability to create acceptable actions and outcomes.

Walker and Brown (2004) believe that firm performance refers to the success of the firm in the market and it can be expressed either non-financially through employee's growth, customer satisfaction, sales growth, market share, job satisfaction or financially through measures such as return on equity (ROE); return on assets (ROA), return on investment (ROI), turnover; net profit margin and return on sales. To better assess firm performance companies are now adopting approaches which combine both financial and non-financial measures (Rahman, 2014).

Tattichi *et al.* (2010) opined that there are quantitative measures and qualitative measures of performance. Quantitative performance measures are commonly used by large corporations such as financial outcomes (ROE, ROA, ROI), production (the amount of goods sold, operating expenses ratio), marketing (number of customers), and efficiency. Qualitative performance measures such as discipline level, achievement of goals, perceptions of leadership on organizational performance, individual behavior in the organization, and effectiveness. The use of qualitative performance assessment clearly has some advantages

compared to the performance indicators calculated from financial statements. For this study performance is measured by the profits of the SMEs.

2.7.2 Access to formal financial products and SMEs performance

Access to financial products by SMES is of vital importance for their survival. Triki and Faye (2013) explain that access is about access to formally regulated financial products, availability and proximity. World Bank (2018) explains that the first step to be financially included is to have access to a transaction account. RBZ (2016) in agreement with World Bank also notes that individuals and businesses should have access to useful and affordable financial products and services that meet their needs, these services include: transactions, payments, savings, credit and insurance – delivered in a responsible and sustainable way. The access strand to financial inclusion is defined as availability of financial services in the form of demand deposits, credit, payments or insurance (Massa, 2013). The availability of such services can be constrained by physical access, affordability and eligibility. Barriers such as transaction costs, distance and minimum requirements can be a limiting factor to SMEs. SMEs performance can be achieved by minimizing risks of their business by taking insurance.

Thrikawala (2011) believes that if SMEs are provided with loans at concessionary interest rate their access to finance will increase thereby boosting their performance. Sadly, Beck, (2007) argues that there are weaknesses in financial and legal systems which obstacles access to financial products in developing countries and it is up to the local government to build up institutions and allow market activities to take place in a friendly manner in order to reduce the financial constraints for SMEs. He further explains that factors such as; distortions of financial sectors, transaction costs, lack of knowhow by banks, information asymmetry – lack of access to information about the business and the high risk associated with lending to small businesses are the driving factors which limit the SMEs in accessing financial products. To add on, Nju and Mbogo (2017) assert that SMEs are hindered from access to financial products and services by lack of credit worthiness, information about SMES, lack of collateral, low net value of the entrepreneurs in terms of capital, lack of honesty and trustworthiness (character), lack of strong and transparent record-keeping systems. This leads to difficulty in assessing the client risk assessment basing on previous financial data.

2.7.3 Financial innovation and SMEs Performance

Solans (2015) argue that financial innovation is advances in technology that allows access to information, trading and means of payment or the emergence of new financial services, new instruments, new types of organisation, more developed and complete financial markets. In the same vein, Jack and Suri (2014) assert that financial innovation enables; creation of new products and services, development of effective models for data processing and storage, reach more customers, reduction in costs and improve the provision of services.

Ahmed *et al.* (2015) point out that technologies are potentially able to improve SME finance, even where there is a weak credit market infrastructure and in addition Fintech innovations such as online lending, platform lending and crowd funding are reaching business clients which banks were not able to serve.

Financial innovation can significantly improve financial inclusion as evidenced by mobile banking in Kenya and Philippines, and can also contribute towards mobilization of funds and strengthen overall financial regulation which results in balanced economic growth (Prior and Santomá, 2010). Asian development bank, (2016) note that digital finance is an adequate means of promoting financial inclusion through reduced costs of providing services to SMEs. This should however involve the inclusive participation of financial inclusion players such as agents, chains of retailers, banks, financial institutions, regulators and clients. The Reserve Bank of Zimbabwe has made financial technology innovation a key pillar in improving financial inclusion in Zimbabwe (Chipika, (2019).

Nemoto (2019) believes that digital innovation has potential to improve SMEs access to finance. He argues that financial institutions can take advantage of financial technology and innovations emerging to expand SMEs access to financial services for example traditional lending can be improved using emerging technology and big data.

Lee *et al.* (2015) examined the differential effect of the 2008 financial crises on UK innovative SMEs in accessing finance. The findings were that innovative SMEs have difficulties in accessing finance than other firms. However the scarce availability of credit specifically the available amounts were for all firms not just innovative SMEs. Innovative SMEs have high demand for external capital and were found to start at a disadvantage as compared to other non-innovative firms. Although financing had become worse for all firms, innovative SMEs faced absolute credit rationing. Lee *et al.* (2015) conclude that in the wake

of financial crisis innovative SMEs face challenges in accessing finance despite having a bank account and as a result access to credit may be restricting the growth of innovative firms.

On the other hand technological innovation by mobile service providers has proved to impact SMEs positively. Iravonga and Miroga (2013) in Kenya examined the effect of access to mobile banking on financial performance of SMEs. They found that there was a significant relationship between accessibility of mobile banking and financial performance of SMEs. Mobile banking services, convenience of mobile banking and service delivery efficiency had a significant positive impact on financial performance of SMEs. Mutsune (2015) also investigated 'Kenya's highly successful money transfer model, M-pesa, in an effort to explore the nature and role of financial inclusiveness in stimulating economic activity'. He notes that M-pesa is an important tool towards financial inclusivity for all in Kenya since it allows ordinary Kenyans to send money across the country cheaply and reliably using mobile devices. The then CEO of M-pesa at launch described it as the 'first product in the world that allows the unbanked, with no banking details, no registration, no bank account, no credit card, to do banking'. M-pesa took banking transactions out of bank branches into retail store, neighbourhoods and villages there by empowering the un-banked to contribute towards economic activity.

2.7.4 Financial Literacy and SME Firm Performance

Financial literacy was first championed by the Jumpstart coalition for personal financial literacy in its study of financial literacy among student in high school (Hastings *et al.*, 2013).

It has been variably defined as a specific form of knowledge, the ability or skills to apply that knowledge, perceived knowledge, good financial behavior, and even financial experiences (Hung *et al.*, 2009). Financial literacy is sufficient knowledge about facts on personal finances and is the key to personal financial management (Garman and Fogue, 2002). Their study likewise reviews the lack of knowledge in personal finance, intricate financial situations, in addition to a large range of choices for making decisions on financing, and time constraints on learning about personal finance which is a barrier to financial literacy.

Lusardi (2014) argues that financial literacy is a critical managerial competence in SMEs firm development and its components of financial literacy are; personal financial management; information about various financial products and services to choose from and operational knowledge.

Most scholars agree that entrepreneurs, regardless of their age, are consistently engaged in decision-making activities concerning resource procurement, allocation and utilization. Such activities almost always have financial consequences and thus, in order to be effective, entrepreneurs must be financially literate (Hastings, 2013).

Financial literacy is one of the critical factors that explain the low demand for financial products as individuals will not demand the products they do not know or are not familiar with (Cole *et al.*, 2011). It is therefore important in explaining utilization of financial products. Moreover, financial deepening is possible when businesses and individuals are financially literate to make informed choices about how they borrow, save and invest. In addition Lusardi and Mitchell (2014) and Houston (2010) agree that financial literacy is vital as it contributes to a firm's knowledge base, which helps firms to adapt to changes and uncertainties in today's complicated business environment and to seize opportunities as they appear.

Eniola and Entebang (2015) and Wise (2013) affirm that financial literacy is an area that requires skill, attitude, knowledge and experience with goals to deal with the firm survival, maximisation of sales, minimizing staff turnover and maximising wealth. In achieving these goals, entrepreneurs constantly engage in decision making activities and these decisions have financial consequences hence the need for being financially literate.

If the SMEs business leadership is financially literate this can increase access to finance and effective decisions can be made which help in avoiding financial losses and distress (Ye and Kulatunga, 2019). Further financially literate SMEs can improve their eligibility to access financial resources through properly prepared financial documents and information which helps in accessing loans. To add on Lusardi and Mitchell (2014) argue that financially literate SMEs are able to face the challenges that come with changes in the financial markets. Further they explained that financial literacy is needed in order to be knowledgeable about financial

matters, literate people participate more in financial matters because they know financial matters.

Lusardi *et al.* (2013) in their study of the impact of financial literacy and high cost of the borrowers found out that there is a positive relationship between financial literacy and low-cost borrowers and most high-cost borrowers show very low levels of financial literacy as they lack basic knowledge financial concepts which affect their business performance level. The findings revealed a positive and significant moderating effect of financial literacy on the relationship between access to finance and growth of SMEs. The study concluded that financial literacy is a key ingredient to financial success of SMEs which helps in the fight to eradicate poverty and also it prepares SMEs owners for difficult times through strategies which mitigate risk like avoiding over indebtedness and making right decisions about complex financial products offered by the financial systems without being intimidated. The limitation of the study was that only data from Uganda was collected other developing nations can also be investigated.

Kalunda (2013) in her investigation on the impact of financial inclusion on financial literacy of the small scale tea farmers in Nyeri County, Kenya, found out that the level of financial inclusion basing on account ownership was high at 94%. The level of access to credit was 50.7%. However the farmers were finding difficulties in loan repayment. The reasons to this were not explored by the study. It seems among these farmers, although financial inclusion was high in terms of account ownership there is still more to be done as financial inclusion includes cheaper access to financial products. The study went on further to note that although the farmers had good management skills they still needed more financial education. The research notes that for effective financial inclusion more needs to be done on financial education for the success of these small to medium enterprise farmers.

2.7.5 Financial consumer protection and SME firm performance

Chakrabarty (2012) suggests that consumer protection is one of the foundations of financial inclusion. He further explains that consumer protection is in the interest of the service provider as he must ensure that his customers' businesses survive and they survive when they understand the financial products they are accessing, the pricing and the parameters should be easy to comprehend.

Moreover, regulation should ensure standardised products and services are in place as well as ensure that pricing is non-discriminatory, transparent; non-exploiting and affordable too to the most vulnerable in the society. In addition, Williams (2007) also explains that as supply of financial products increase, consumer markets widens and deepens and the wider range of financial offerings may create problems for the consumers since the market increases in complexity and risk of market infiltrated with poor-quality or unusable information emerges. Relying on such inadequate information threatens the interest of firms in long term contracts financial products.

To protect financial consumers in UK, the government formulated the Financial Services Authority as the only statutory regulator for financial services industry to govern business practices and a wide range of financial products and markets. Chakrabarty (2012) believes that for the financial system to be inclusive and efficient the participants must have confidence in it and this confidence stems from the presence of credible and effective regulatory regime which attracts participants to the financial market. The regulator supervises and gives the confidence that the financial market will operate with sound principles which are fair and ethical. The World Bank (2014) points out that the government as the main financial regulator has the mandate to make rules which protect consumers and regulate the financial sector effectively. However poor regulatory frameworks including poor consumer protection mechanisms which hinder the quality of financial services may act as a barrier for financial inclusion.

The Reserve Bank of Zimbabwe regulates the financial sector in terms of consumer protection under section 4C of the Banking Act [Chapter 24:20]. The framework sets out the rights of the consumers, ensures fair and equitable business practices and protecting the interests of consumers and regulated entities to foster confidence in the financial sector. RBZ (2016) through the national financial inclusion strategy has facilitated the designing of a sound framework for financial consumer protection. This ensures SMEs are protected in their dealings with financial products and services to avoid the risks which come with being financially included.

2.8 LITERATURE SYNTHESIS & CONCEPTUAL FRAMEWORK/MODEL

Yorulmaz (2012) examined the relationship between financial inclusion and economic development in Turkey. They measured financial inclusion using the multidimensional index of financial inclusion (IFI) for the years 2004–2010 and identified the macro level factors which are associated with financial inclusion. They wanted to find out the impact of 'improved' financial inclusion on Turkey. Further they studied the financial inclusion levels in European Union member countries. They found out financial inclusion has a positive significant correlation with income, inequality, human development and urbanization. Turkey was found to have a lower financial inclusion level as compared to several member countries of the EU. In their analysis they concluded that IFI tends to be high in areas with high levels of income per capita and higher human development index however the study does not show which direction the causation runs. Human development (comprising of financial literacy, standards of living) and income were the best fit or key 2 factors to explain financial inclusion. Unemployment had a significant negative relationship with financial inclusion meaning high unemployment levels result in high financial exclusion same with higher levels of inequality. From this study the researcher uses the variable of financial literacy to examine its impact on SMEs.

However other studies by Demircuc-Kunt and Levine (2004); Beck and de la Torre (2006), Levine (2005) examined the relationship between financial development and economic growth and found a causal impact of financial development on growth. They argue that access to finance for entrepreneurs is the most critical ingredient for growth. Hanning and Jansen, (2010) also found out that financial systems which are inclusive reduces income inequality and poverty whilst Gine and Townsend (2004) submit that financial systems which are broader result in growth of the economy at macroeconomic level.

Riwayati (2017) carried out a study on the impact of financial inclusion of business players and the role of financial inclusion on the successful performance of SMEs in Indonesia. Primary data was obtained through questionnaires from owners and managers of SMEs. The sample was 90 respondents. Data was processed using partial least square program.

The study found out that financial inclusion has a significant influence on the success of SMEs. They noted that internal and external factors have a positive influence on the financial

inclusion of SMEs. They concluded that the ability to access and use financial products and financial literacy of the managers positively and significantly influence the success of SMEs.

In addition they concluded that external factors like government regulation which protects financial consumers and the role of financial institutions positively influence significantly the success of SMEs. This study is related to the current study in that the researcher examines; how access to financial products impact the successful performance of SMEs and the influence of regulation which protects financial consumers on performance of SMEs.

Okello (2017) studied the relationship between access to finance and growth of SMEs in developing countries with the purpose of determining whether financial literacy moderates the relationship between access to finance and the growth of SMEs in developing economy like Uganda. Using cross sectional research design in the study, data were collected from a sample of 169 SMEs from a population of 300 located in Jinja and Iganga central markets using semi-structured questionnaires. Analysis of data was done quantitatively using SPSS, an excel programme.

The results showed a positive significant relationship between access to finance and growth of SMEs in developing countries ($r= 0.199$, $p\#0.01$). Beck *et al.* (2007) also affirm that access to finance helps SMEs to realize their growth in output, efficiency and profitability goals.

Also the study revealed a positive and significant moderating effect of financial literacy on the relationship between access to finance and growth of SMEs. The study concluded that financial literacy is a key ingredient to financial success of SMEs which helps in the fight to eradicate poverty and also it prepares SMEs owners for difficult times through strategies which mitigate risk like avoiding over indebtedness and making right decisions about complex financial products offered by the financial systems without being intimidated. The limitation of the study was that only data from Uganda was collected other developing nations can also be investigated.

Mwangi and Chegulet (2018) carried out a study to determine the role of financial literacy and financial innovation on the SMEs access to finance in Kenya. The objectives of the study were to determine the effect of financial innovation and financial literacy on the SMEs access to finance. The study adopted descriptive research design with a population of 385 members of Kumisa SACCO and a sample of 320 respondents. Primary data was collected using questionnaires and secondary data from desk reviews. Data was analyzed using SPSS version

Descriptive and inferential analysis was employed. The study found that financial inclusion has positive and significant effect on SMEs access to financial products. The study recommended that efforts should be made to promote financial literacy, trainings should be put in place as sound financial management is important for survival and management of SMEs and the financial services sector should develop products that respond to the real needs of the SMEs. They also concluded that financial innovation opens up doors for increased market players with new innovative processes and products.

Mdasha et al. (2018) examined the effect of financial inclusion strategy on performance of SMEs in Tanzania using the descriptive design with a population of 93 430 and a sample of 240 SMEs. Questionnaires were administered for data collection. The objective was to establish the effect of the financial inclusion strategy on performance of SMEs using access to financial product, infrastructure and store of information. They found out that the benefits of access and use of financial services allows SMEs to invest in business planning which results in efficient utilisation of resources hence business growth and leads to increased profitability through investments. They further assert that there are many benefits of financial inclusion for SMEs such as investment in business planning, profitability, growth of the business and the market and use of financial inclusion strategy results in competition through the adoption new skills and technology resulting in profitability. They recommended that SMEs seems to be ignorant of government policies and hence they should be sensitised and be incorporated when formulating strategies.

Chitokwind *et al.* (2014) conducted a study on an overview of financial inclusion in Zimbabwe focusing on rural banking for local resource mobilization and business development. Evidence showed that rural communities were excluded due to bank specific causes. These include poor credit policy, weak credit analysis, and poor credit monitoring and inadequate risk management. In their study they suggested that the use of alternative forms of banking like mobile banking implemented by telecommunication mobile operators were closing the gap and promoting access to financial products. They recommended the development of rural banks to develop rural businesses.

However there are also contradictions emerging in the research area. There is a rapid growth in literature on financial inclusion across the globe. The researchers are united by the conviction that extending financial products and services to the unbanked is beneficial, possible and should be prioritized in order to foster development and alleviate poverty.

There is no single definition of financial inclusion that is universally accepted globally. The Centre for Financial inclusion views the concept of financial inclusion as a *state* where all people (poor, disabled, youth, women etc.) who can use financial products have access to quality affordable financial products. However, others like Sarma and Pais (2011) do not view it as a *state (being included)* but argue that it's a process of *becoming included* (a process which ensures access, usage and availability of the financial system to all members of the economy). Moreover, others like Ledgerwood and Gibson (2013) view the concept of financial inclusion as a conceptual innovation that is connected to microfinances and a range of broad ideas and actors.

2.9 RESEARCH GAP

Various researches have been carried out in Zimbabwe with much attention given to the determinants of financial inclusion and impact of financial inclusion on banking stability, quality of livelihood ((Chitokwindo, 2014); (Ngoma, 2019); (Abel, 2018); (Noor, 2017); Sakarombe, 2018) Masiyandima, 2017)).

The researcher realized that studies that were carried on financial inclusion were limited and did not focus on the relationship between access to financial products, financial literacy, financial innovation and financial consumer protection on one of the marginalized groups which are SMEs.

This study therefore seeks to examine the impact of financial inclusion (access to financial products, financial literacy, financial innovation and financial consumer protection) on the performance of SMEs in the Zimbabwe context.

These variables have also been recognized in the national's financial inclusion strategy as key pillars. This research sought to close this gap by carrying out a quantitative study focusing on the following conceptual model.

2.10 CONCEPTUAL FRAMEWORK

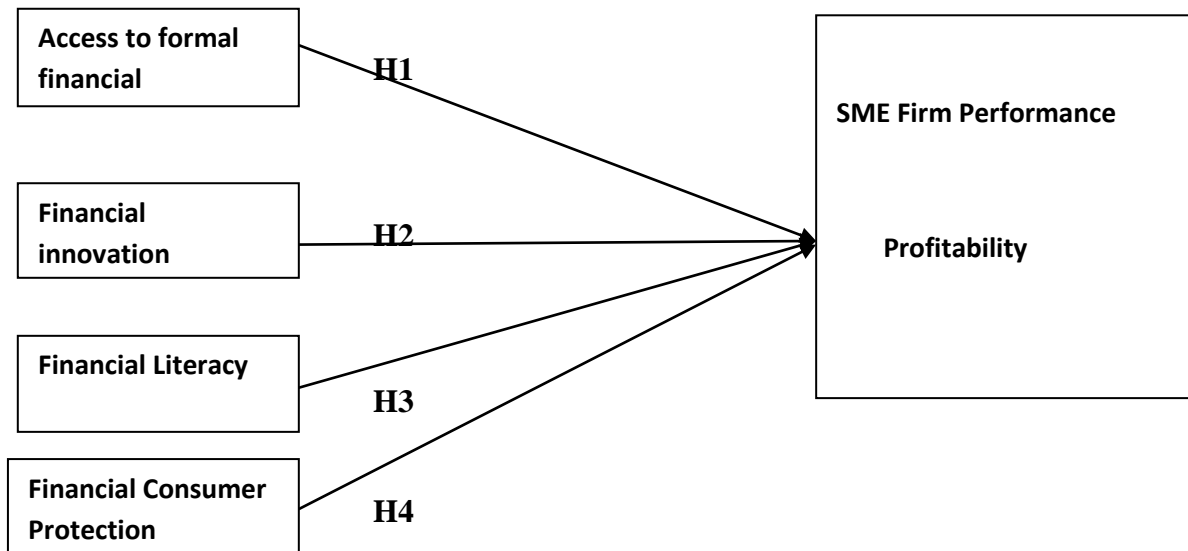


Figure 1: Conceptual framework

The conceptual framework shows the relationship between the independent and dependent variable. The independent variables of the study are financial products, financial literacy, financial innovation and financial consumer protection and the dependent variable is SMEs performance. The research therefore provides the following hypotheses;

The main hypothesis of the study is, there is a positive impact between financial inclusion and SMEs firm performance

Sub-hypotheses

H1: Access to formal financial products positively impacts the SMEs firm performance.

H2: Financial innovation has a positive influence on SMEs firm performance.

H3: There is a positive impact between Financial Literacy and SMEs firm performance.

H4: There is a positive impact between financial consumer protection SMEs firm performance

2.11 CONCLUSION

This chapter has presented theoretical and empirical literature evidence of studies conducted across various countries on the impact of financial inclusion on SMEs performance. The chapter also facilitated the research in the formulation of hypothesis which will be tested in

preceding chapters. The key factors that determine financial inclusion were access to financial products, financial literacy, financial innovation, and financial consumer protection.

The identified literature was diverse and with a wide in-depth viewpoint of SMEs financial inclusion and its impact on SMEs performance in various countries, either developed, emerging and/or developing, enabling provision of policy recommendations suitable to the Zimbabwean economic situation.

CHAPTER THREE

3.1 INTRODUCTION

In the foregoing chapter the existing literature was reviewed on the impact of financial inclusion on the business performance of Small to Medium enterprises. A conceptual framework was developed and the relationship of variables reviewed. The aspects covered in this chapter are the research methodology ,philosophy, research paradigms, research, approaches, research strategy, data collection instrument, instrument development, population and sampling techniques. It also highlights the limitations of the research and the ethics considered to ensure credibility and results that are trustworthy.

3.2 RECAP OF THE RESEARCH OBJECTIVES, QUESTIONS AND HYPOTHESES

The **main Objective** of this study is to ascertain the impact of financial inclusion on business performance of SMEs in Zimbabwe.

Specific Objectives

- a. To ascertain the impact of access to formal financial products on performance of SMEs.
- b. To establish the impact of financial innovation on performance of SMEs.
- c. To determine the influence of financial literacy on business performance of SMEs.
- d. To quantify the effect of financial consumer protection on the performance of SMEs.

The methodology seeks to answer the research questions which are; what is the impact of financial inclusion on SMEs performance?

Specific Questions:

- a. What is the impact of access to formal financial products on performance of SMEs?
- b. What is the impact of financial innovation on performance of SMEs?
- c. Does financial literacy has an influence on business performance of SMEs?
- d. What is the effect of consumer protection on the performance of SMEs?

The hypotheses to be tested are; there is a positive impact between financial inclusion and SMEs firm performance (**main hypothesis**).

Sub-hypotheses

H1: Access to formal financial products positively impacts the SMEs firm performance.

H2: Financial innovation has a positive influence on SMEs firm performance.

H3: There is a positive impact between Financial Literacy and SMEs firm performance.

H4: There is a positive impact between financial consumer protection SMEs firm performance

3.3 RESEARCH DESIGN

According to Cooper and Schindler (2014), the research design serves as the blue print for carrying out the research, the collection, measurement, analysis and presentation of research data so as to meet the research objectives and answer the research questions. On the other hand, Burns and Grove (2010) explain it as a blue print for carrying out study with maximum control over factors which may obstruct sound findings. The research design process involves interrelated decisions such as choice of research strategy, approach and philosophy.

In their study on Financial inclusion and SMEs, Mdasha et al. (2018) adopted the descriptive research design. Ademola (2017) employed the descriptive survey research design to examine the influence of financial inclusion on the performance of MSMEs owned by women in Nigeria.

In this study the researcher employs the explanatory research which seeks to measure and establish the relationship between independent variables and the dependent variable.

3.3.1 Research Philosophy

Saunders *et al.* (2009) believe that research philosophy relates to the development of knowledge and the nature of that knowledge. The positivist believes that certainty can be established from an objective opinion. In carrying out this research the researcher followed the objective approach which assumes the position that in reality social entities exist external

to social actors concerned with their existence (Saunders *et al.*, 2009). The researcher believes that there is only one true objective knowledge which goes beyond time.

The research seeks to objectively establish law-like generalisations which can be applicable to the same phenomenon in different contexts. In disagreement with positivism, interpretivism is subjective as it is centred on many realities based upon experiences, expectations and memories and meaning is established over time resulting in different interpretations (Saunders *et al.*, 2009).

Epistemologically, the researcher maintained a distance from the respondents by utilizing a structured questionnaire as a data collection instrument. This will help the researcher to maintain a balance to avoid influencing the outcome of the research.

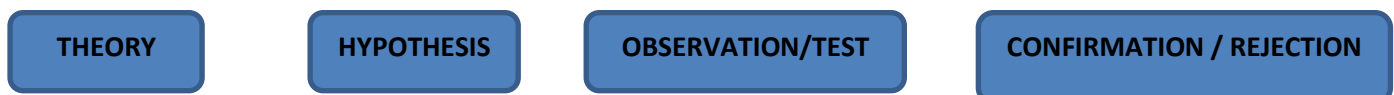
3.3.2 Research Approaches

Dudovskiy (2016) outlines deductive and inductive, as the two main research approaches. The distinctive factor between the two approaches is the relevance of the hypothesis to the study.

Deductive approach

Saunders *et al.* (2009) argue that in the deductive approach the researcher develops a theory and hypothesis (or hypotheses) and then designs a research strategy which tests the hypothesis.

The path followed in this study is as follows:



In carrying out this research, the researcher generated theory from literature search and formulated a testable proposition about the causal relationship between the variables in the study.

The researcher was also motivated to employ the deductive approach because the variables of the study were already known and the hypothesised relationships were developed from the review of previously done researches. It is also favourable as it is appropriate for a large sample size and supports quantitative data. Generalisations and inferences can be made to the results.

Inductive Approach

This is another approach which can be used when carrying research. The researcher disregarded it in this study because as outlined by Dudovski (2016) it does not involve any formulation of hypotheses rather it starts with research questions, aims and objectives to be achieved during the research process. It follows the path below:



Thus for this study it would not be appropriate because a theory or hypotheses has been already formulated from existing literature and has to be tested and results generalised.

3.3.3 RESEARCH STRATEGIES

Saunders *et al.* (2009) outlines surveys, case studies, experiments, grounded theory, ethnography and action research as commonly used research strategies.

Cooper and Schindler (2001) note that choice of strategy is guided by the relevance of each of the possible strategy to the objectives of the study together with the setting in which the study is conducted. The table shows possible strategies suggested by Cooper and Schindler (2001).

Table 2 : Descriptors of Research Strategy

Category	Options
The degree to which the research question has been crystallized	<input type="checkbox"/> Exploratory <input type="checkbox"/> Formal study
The method of data collection	<input type="checkbox"/> Monitoring <input type="checkbox"/> Interrogation/communication
The power of researcher to produce effects in the variables under study	<input type="checkbox"/> Experimental <input type="checkbox"/> Ex post facto
The purpose of the study	<input type="checkbox"/> Descriptive <input type="checkbox"/> Causal
The time dimension	<input type="checkbox"/> Cross sectional <input type="checkbox"/> Longitudinal
The Topical scope-breadth and depth of the study	<input type="checkbox"/> Case Study <input type="checkbox"/> Survey <input type="checkbox"/> Statistical study
The research environment	<input type="checkbox"/> Field setting <input type="checkbox"/> Laboratory research <input type="checkbox"/> Simulation
The subjects perception of research Activity	<input type="checkbox"/> Actual routine <input type="checkbox"/> Modified routine

Source: Cooper and Shindler, 2001:135

Saunders *et al.* (2009) describe the Survey research strategy, chosen for this study as popular for business and management researches and it seeks to answer questions of the who, what, where and how much type. The survey enabled the researcher to collect data which can be used to answer the 'what' type of research in this study and data can be analysed quantitatively using descriptive and inferential statistics to explain variable relationships. The disadvantage is that of a response rate, some respondents may choose to ignore some questions or not respond at all.

Other researchers who carried out similar research studies employed the survey research strategy ((Ibor *et al.*, (2017), (Mdasha *et al.*, (2018); etc...).

3.3.4 RESEARCH PARADIGM

According to Easterby-Smith *et al.* (2008), two main paradigms exist which are positivist and phenomenological. These can also be identified as quantitative and qualitative respectively.

The differences between the two are outlined in the table below.

Table 3 : Main differences between positivism and phenomenology

	Positivist Paradigm	Phenomenology paradigm
Basic notions	The world is perceived as external and objective Independency of the observer Value-free approach to science	The world is perceived to be socially constructed and subjective Observer is considered a part of the object of observation Human interests drives science
Responsibilities of researcher	Focusing on facts Causalities and fundamental laws are searched Phenomenon are reduced to the simplest elements Hypotheses formulation and testing them	To be focusing on meanings Aiming to understand the meaning of events Exploring the totality of each individual case Ideas are developed by induction from data
Most suitable research methods	Concepts have to be operationalized	Using several methods in order to different aspects of phenomena

	Samples have to be large	Small samples are analyzed in a greater depth or over longer period of time
--	--------------------------	---

Source: Easterby-Smith et al. (2008)

The study follows a positivist paradigm as the researcher sought to be objective and independent from the research and focus on facts gathered from the research. The researcher agrees with Easterby-Smith *et al.* (2008)'s view that reality is independent of social actors and that valid knowledge is based on observations of this external reality. The researcher intended the study to be conclusive and obtain objective results which can be generalised.

3.4 RESEARCH METHODOLOGY

In carrying out research, the quantitative or qualitative research and mixed methods can be used. Since the study's philosophy is positivist the quantitative method was used in order to answer the research questions. The quantitative method is appropriate because we seek to quantify and test the strength of the relationships between the independent variables and the dependent variable. The variables are then subjected to statistical manipulation through descriptive statistics, analysis of variance and inferential analysis as we test the hypothesis. Quantitative research methodology, unlike qualitative research methodology, is suitable for large sample sizes and it quantifies relationships and test hypothesis. The clear independent and dependent variables justifies a quantitative research methodology.

3.4.1 Data Collection Instrument

The study made use of both primary and secondary sources of data. Cooper and Schindler (2014) assert that secondary sources of data exist from previous work relevant to the research problem at hand but not collected for the purposes of the current study, they are used to interpret primary data.

For the purposes of this study, collection of primary data was done using a questionnaire that was administered to the directors, owners and management of the SMEs.

Cooper and Schindler (2014) assert that a questionnaire is a tool used to obtain information on participant social characteristics, past and present behaviour, standards of behaviour, attitudes, beliefs and reasons for action with respect to the topic under investigation. The questionnaire

can be classified into three categories which are structured questionnaire, unstructured questionnaire and semi-structured questionnaire. Questions can either be close-ended or open-ended.

Previous similar studies made use of the questionnaire in carrying out their studies ((Ibor et., 2017; Mdasha et al., 2018)(Onyiego et al., 2017)(Mashizha and Sibanda, 2017).

Questionnaires were used because of cost and time constraints. Dudovskiy (2016) affirms that questionnaire advantages include increased speedy data collection, lower or no cost requirements, and higher levels of objectivity compared to other alternative methods of primary data collection. The researcher considered also the questionnaire because it allows collection of unbiased data. The structured questionnaire consisted of closed ended questions in five sections and use of a Likert scale was made as follows;

(1=strongly disagree, 2 = disagree, 3 = uncertain, 4 = agree and 5 = strongly agree). The Likert scale was chosen as it is easy to administer respondents. The standard responses will be appropriate for quantitative data which is objective and reliable.

However, disadvantages of a questionnaire maybe random selection of answers by respondents without properly reading the question and the respondent is not able to express his in-depth responses which he might have. Some respondents needed explanation due to their low level of education.

Some participants responded whilst the researcher waited whilst some had to drop and collect at a later date.

3.4.2 Instrument Development

A structured questionnaire was employed with 26 questions covering the demographics and the four independent variables (access to formal financial products; financial innovation; financial literacy and financial consumer protection) and the dependent variable (SMEs' performance).

The items measuring the independent variables were adapted from sets of questions from past research studies by Lusardi (2011) and OECD/INFE toolkit (2018). The researcher had to customize the research questions to ensure they suit our environment.

The researcher adapted the instrument as tried and tested instruments are robust and faster to develop and can be customized to suit current research needs as compared to developing a new instrument altogether.

3.4.3 Population and Sampling

Population

Cooper and Schindler (2014) describe a population as the entire elements from which the researcher aspires to draw conclusions from. The census for this research is MSMEs in Zimbabwe. Dudovskiy (2016) describes a target population as a particular segment within a wider population that is best positioned to serve as a source for primary data for the research.

In their study of financial inclusion and performance of SMEs in Nigeria, Ibor *et al.*(2017)'s population of study consisted of MSME operators from three senatorial districts of River State and a sample size of 400 was used selecting respondents through random sampling technique.

Mdasha *et al.* (2018), in their study of the effect of financial products on the performance of MSMEs, had a population comprising of SMEs in three districts of Dar es Salaam. The researcher sampled 10% which consisted of 240 SMEs.

For this study, the target population composes of MSMEs in Harare Metropolitan. Due to economic and feasibility limitations the researcher chose the Harare Metropolitan MSMEs.

Sampling

Saunders *et al.* (2009) note that where there are time and budget strains and where surveying the whole population is not possible, a sample will be most appropriate. It has been suggested (Mugenda and Mugenda, 2003) that a 10% of the targeted population, as a sample is large enough as long as it allows for a reliable data analysis and testing for significance of differences between estimates.

As the researcher is faced with economic and feasibility challenges, a representative population of Glen View 8 Furniture Complex and Mbare Siyaso Complex is chosen as a

sample from which the researcher can draw conclusions about the whole population. Also this sample cut costs and enables the researcher to obtain information with less difficulty.

Leedy and Omron (2001) suggest the following guidelines for sample selection:

- For populations less than one hundred ($N \leq 100$), the population is small and so there is little point in sampling. Take the whole population to be the sample (that is, population size equals sample size).
- For a population size of approximately 500, sample 50% of the population.
- For a population size of around 1500, sample 20% of the population.
- For a population that is approximately $N=5000$, the population size is almost irrelevant, and a sample size of 400 will be adequate.

Out of a total of registered operational 1520 SMEs $n = 279$ however the researcher due to financial constraints chose a sample of 250 MSMEs randomly from Glen View 8 Furniture Complex and Mbare Siyaso Complex. Respondents will compose of owners or the management of the enterprise.

3.5 RESEARCH LIMITATIONS

Creswell (2002) argues that stating the research limitations is important as it allows other researchers to replicate or expand on the study and to judge the extent to which generalisations can be made to other situations.

This study was limited with financial resources which resulted in limited area coverage for the study. Although SMEs are located in different areas of the country this research focussed on the SMEs in the Harare Metropolitan and in areas where they are highly concentrated. The sample was limited due to the time and logistics constraints. It was also challenging to get the information at once because at times the owners would not be available or they would be busy however the researcher would leave the questionnaire or come another day favourable to the respondents.

The time frame would not allow for a comprehensive longitudinal study which made the researcher resort to cross sectional design. Business performance may fluctuate in response to

the environment in the country. Thus relationships among the variable in the study should be interpreted with caution as better causal inferences can be drawn using longitudinal data.

3.6 DATA CREDIBILITY

Reliability is explained by Dudovski (2015) as the ability of the instrument to be tested repeatedly in a different setting and still obtain same answers meaning other researchers can use the same instrument and still come up with the same results as previously obtained. Tavakol and Dennick (2011) point out that reliability is about the ability of the instrument to measure consistently and the instrument can only be valid if it is reliable. The Cronbach's alpha is one of the most widely used measures of reliability. This study will also use the Cronbach's alpha as an index to measure the internal consistency of the instrument. The SPSS will be used to generate Cronbach's alpha index and results of 0.7 or greater will be deemed reliable.

Validity

Cooper and Schindler (2014) explain that validity measures the extent to which the study succeeds in addressing the research questions. Validity asks the question: are we measuring what we want to measure?

To ensure validity a pilot study to pre-test the questionnaire was conducted with 10 respondents from SMEs in Chitungwiza, Chikwanha complex before actual research to ensure the instrument is cleaned of bugs, suitable, clear and valid.

Consultations on the structure and content were sought from the expertise of the supervisor and necessary amendments were made prior to pre testing the research instrument to ensure content validity.

3.7 RESEARCH ETHICS

In line with the researcher's axiological belief that ethics are of great importance, the researcher informed the participants on the purpose of the research and ensured they participate voluntarily. Participants were not forced to participate in the survey. They were at liberty to withdraw from the research at any time without giving any explanation.

The researcher also ensured the questionnaire contained no offensive, discriminatory or unacceptable language. The privacy of respondents was maintained as there were no names written on the questionnaire.

Furthermore a cover note from the University of Zimbabwe accompanied the questionnaire which indicated the purpose of the study and the name of the researcher and a commitment that all the information will be kept in strict confidence and analysis done on aggregate values.

3.8 CHAPTER SUMMARY

This chapter discussed the methodology underpinning the study. The nature of the study was quantitative. The research philosophy, strategy and approach were outlined and the data collection tools and development were detailed in this chapter. Issues of validity and credibility of the research instrument were also discussed.

The following chapter will now focus on analysis, presentation and discussion of the findings of the study.

CHAPTER FOUR: RESULTS AND DISCUSSION

4.1 INTRODUCTION

This chapter presents the analysis and discussions of the study findings. The analysis was carried out in accordance with what was explained in the previous methodology chapter. The discussions of the findings will be done per objectives stated in chapter one and in connections with the literature review provided in chapter two of this dissertation and the presentations were in the form of graphs and tables.

4.2 RESPONSE RATE

The researcher administered 250 questionnaires to staff and management of the SMEs operating in the Harare Metropolitan and 2 areas where various SMEs are concentrated were chosen .i.e. Glen View Area 8 Complex and Mbare Siyaso Complex. Among these 250, 205 were successfully completed and returned back to the researcher for an analysis. This represents a response rate of 82% which is good enough to warrant proper analysis of these results.

4.3 DEMOGRAPHIC PROFILE OF THE RESPONDENTS

The following tables provide the frequency analysis of the demographic data which was collected during the data collection.

Table 4 : Position of the Respondent

	Percent	Valid Percent	Cumulative Percent
Valid employee	31.0	31.0	31.0
manager	41.0	41.0	72.0
owner	26.0	26.0	98.0
partner	1.0	1.0	99.0
sales person	1.0	1.0	100.0
Total	100.0	100.0	

The table shows that 41% of the respondents were managers, 31% were employees, 26% were owners, 1% was partners and another 1% was sales persons. The pattern generally shows that the researcher targeted to collect data from the different levels of positions in the SMEs sector. However, more of the respondents (62%) were owners and managers of the business.

The table below provides an analysis of the gender of the respondents.

Table 5 : Gender representation

		Perc ent	Valid Percent	Cumulative Percent
Valid	female	59.0	59.0	59.0
	male	41.0	41.0	100.0
	Total	100. 0	100.0	

The table above revealed that 59% of the SMEs were female owned whilst 41% were male owned. This might explain the fact that women are now being empowered to start their own businesses through for example the women’s bank support.

Table 6 : Sub Sector of the Respondents

The table above shows an analysis of the sub sectors of the respondents.

		Percent	Valid Percent	Cumulative Percent
Valid	agriculture	5.0	5.0	5.0
	chemical or petroleum products	12.0	12.0	17.0
	clothing and footwear	9.0	9.0	26.0
	construction	5.0	5.0	31.0
	Drinks, tobacco,	10.0	10.0	41.0

	beverages			
	electrical	8.0	8.0	49.0
	food stuffs	11.0	11.0	60.0
	metals and metal products	2.0	2.0	62.0
	paper printing	19.0	19.0	81.0
	power and ancillary products	4.0	4.0	85.0
	textiles	3.0	3.0	88.0
	Transport equipment	2.0	2.0	90.0
	wood and furniture	10.0	10.0	100.0
	Total	100.0	100.0	

The table shows that the data was actually collected from all subsectors with 19% from paper printing, 12% from chemical or petroleum products, 11% from food stuffs and 10% from drinks, tobacco and beverages and 10% from wood and furniture, agriculture 5%, transport equipment 2%, textiles 3%, power and ancillary products 4%, electrical 8%, clothing and footwear 9% and construction 5%.

Total Number of employees

Table 7 : Number of employees

	Percent	Valid Percent	Cumulative Percent
Valid 1-5	40.0	40.0	40.0
Valid 31-75	17.0	17.0	57.0
Valid 6-30	43.0	43.0	100.0
Total	100.0	100.0	

The table shows that 40% of the respondents employed between 1 to 5 employees, 17% 31-75 employees and 43% 6-30 employees. This trend indicates that most SMEs operating in the target area have less than 30 employees.

Table 8: Total Annual Turnover/ Revenue of the company

	Percent	Valid Percent	Cumulative Percent
\$31k-\$500k	32.0	32.0	32.0
\$501k-\$1m	12.0	12.0	44.0
Valid 0-\$30k	56.0	56.0	100.0
Total	100.0	100.0	

The table shows that the majority of the SMEs had a turnover between 0 and \$30000. The turnover between \$31000 and \$500000 was also significant with 32% of the respondents.

4.4 NORMALITY TESTS

In order to undertake an assessment if the variables follow a normal distribution, the Kolmogorov-Smirnov test and the Shapiro-Wilk test were executed. The determination of whether they are or not normally distributed was based on the significant statistic values. The study has 205 respondents. The Shapiro-Wilk is used to look at the variables and their corresponding outcomes as shown:

Table 9: Tests of Normality

Tests of Normality						
	Kolmogorov-Smirnov ^a			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Access to Financial Products	.206	205	.000	.926	100	.000
Financial Innovation	.141	205	.000	.941	100	.000
Financial Literacy	.181	205	.000	.888	100	.000

Financial Consumer Protection	.187	205	.000	.917	100	.000
Performance	.300	205	.000	.835	100	.000
a. Lilliefors Significance Correction						

According to the table above

- 'Access to financial products' with a statistic of 0.926, $p=0.000 < 0.05$;
- 'Financial Innovation' with a statistic of 0.941, $p=0.000 < 0.05$;
- 'Financial Literacy' with a statistic of 0.888, $p=0.000 < 0.05$;
- 'Financial Consumer Protection' with a statistic of 0.917, $p=0.000 < 0.05$ and
- 'Financial Consumer Protection' with a statistic of 0.835, $p=0.000 < 0.05$

From the findings above it was therefore concluded that all variables under study are violating the normality assumption. Therefore, it can be concluded that the variables do not follow a normal distribution hence non-parametric methods will be used.

4.5 VALIDITY AND RELIABILITY TESTS

Prior the distribution of the questionnaires among the respondents, the Cronbach Alpha test was done to evaluate the reliability of the questionnaire. The questionnaire was found to be reliable with a Cronbach alpha score of 0.718. The table below shows the reliability of each variable and the number of questions within each variable.

Table 10 : Summary of Cronbach’s Alpha for variables

Variable	Cronbach’s Alpha	Quest items on the variable
Access to Financial Products	0.712	7
Financial Innovation	0.700	5
Financial Literacy	0.749	7
Financial Consumer Protection	0.701	4
Performance	0.717	1
Total		24

4.6 DESCRIPTIVE STATISTICS

4.6.1 Access to Formal Financial Products

Table 11 : Access to Formal Financial Products

ACCESS TO FORMAL FINANCIAL PRODUCTS		Minimum	Maximum	Mean	Std. Deviation
B1	The bank is important for the successful	1	5	3.55	1.132

	performance				
B2	Saving is important	1	5	3.47	.969
B3	Having an insurance cover	1	5	3.49	1.000
B4	Use of the bank	1	5	3.54	.904
B5	A bank loan in microfinance	1	5	3.42	.945
B6	Loans with terms tailor made	1	5	3.42	.768
B7	Access to formal regulated products	1	5	3.34	.901

The table shows that; on average respondents agreed that access to formal financial products influence the performance of SMEs. The mean response ranges from 3.34 to 3.55. However this range shows that respondents were also uncertain on other aspects which were raised in the research instrument.

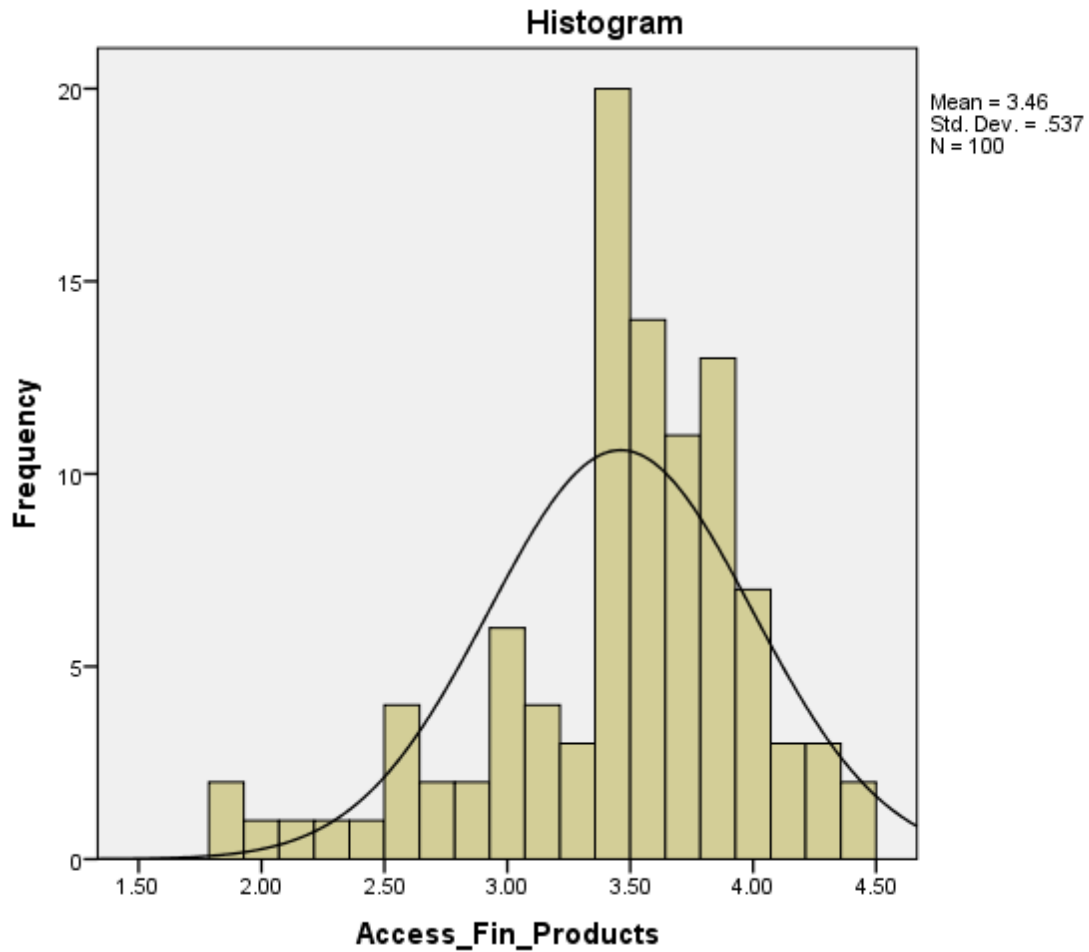


Figure 2 : Histogram: Access to Formal Financial Products

Figure 2 shows a histogram with a normal curve with the mean and the standard deviation statistics. The overall mean was 3.46 and standard deviation was 0.537. This justifies the findings above that generally respondents agreed to the components which were raised under the access to formal financial products.

4.6.2 Financial Innovation

Table 12 : Financial Innovation

		Minimu m	Maxim um	Mean	Std. Deviation
C1	Insuring assets	2	5	3.46	.771

C2	These emerges technologies	1	5	3.88	.946
C3	Mobile service like Eco cash	2	5	3.68	.815
C4	Linking the mobile service with the bank	1	5	3.80	.910
C5	A special desk for SME	1	5	3.71	.957
	Valid N (list wise)				

The table above shows that, on average respondents agreed to the financial innovation and their impact on the performance of SMEs. The mean response ranges from 3.46 to 3.88. This range according to the instrument Likert scale implies that respondents agreed.

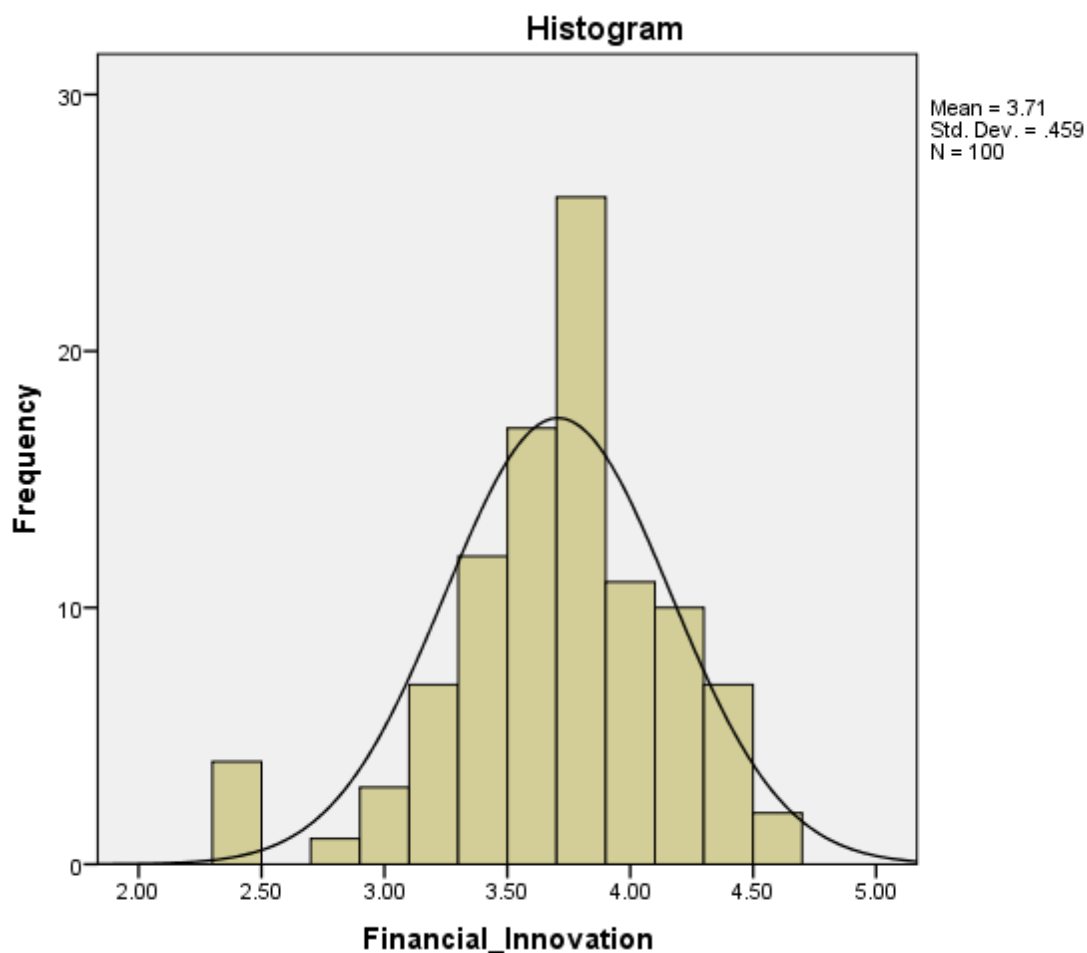


Figure 3 : Histogram: Financial Innovation

Figure 3 shows a histogram with a normal curve with the mean and the standard deviation statistics. The overall mean was 3.71 and standard deviation was 0.537. This justifies the

findings above that generally respondents agreed to the components which were raised under the financial innovation of SMEs.

4.6.3 Financial Literacy

Table 13 : Financial Literacy

Descriptive Statistics					
		Minimum	Maximum	Mean	Std. Deviation
D1	Regular training on how to manage	1	5	3.67	.888
D2	Specialised training on area of business	1	5	3.65	.957
D3	Keeping financial business records	1	5	3.69	.940
D4	Financial management training	2	5	3.82	.744
D5	Knowledge of financial matters	1	5	3.72	.900
D6	Financial planning for both short and long term	2	5	3.68	.815
D7	Financial Knowledge for innovation	1	5	3.92	.981

The table shows that, on average respondents agreed to the financial literacy components and that they have an impact on the performance of SMEs. The mean responses from the table above range from 3.65 to 3.92. This according to the Likert scale implies that respondents agreed to the effect of financial literacy on performance of SMEs.

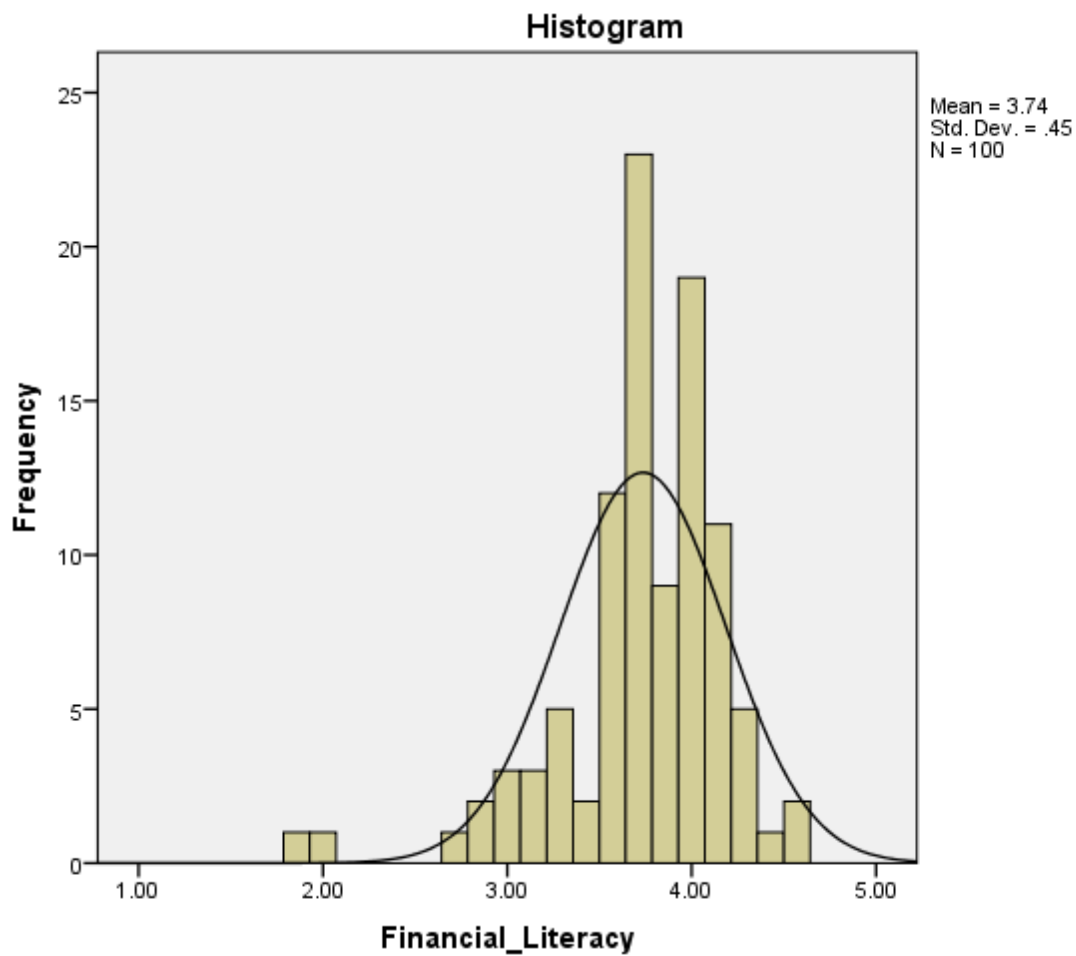


Figure 4 : Histogram: Financial Literacy

Figure 4 shows a histogram with a normal curve with the mean and the standard deviation statistics. The overall mean was 3.74 and standard deviation was 0.45. This justifies the findings above that generally respondents agreed to the components which were raised under the financial literacy impact on SMEs.

4.6.4 Financial Consumer Protection

Table 14 : Financial consumer protection

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
E1	Access to formally regulated products.	1	5	3.54	.979
E2	Protective laws and regulations.	1	5	3.88	.977
E3	Financial education material.	1	5	3.47	.979
E4	Financial awareness programs.	1	5	3.38	.885
Valid N (listwise)	100				

The table shows that; on average respondents agreed that financial consumer protection impact on the performance of SMEs. The table revealed that the mean responses ranges from 3.38 to 3.88 which imply that they agreed that financial consumer protection have an impact on the performance of SMEs.

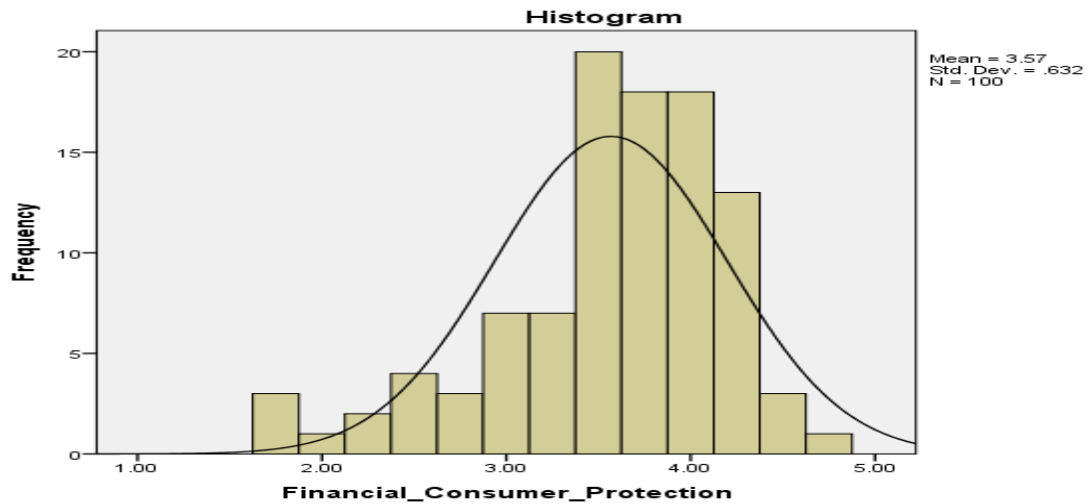


Figure 5: Histogram: Financial Consumer Protection

Figure 5 shows a histogram with a normal curve with the mean and the standard deviation statistics. The overall mean was 3.57 and standard deviation was 0.632. This justifies the findings above that generally respondents agreed to the components which were raised under the financial consumer protection.

4.7 CORRELATION

Correlation analysis shows the direction, magnitude of relationships and statistical significance. The sign of the correlation coefficient indicates the direction of the relationship whilst the direction itself describes whether there is a positive or negative relationship between the variables. The correlations range from -1.0 for a perfect negative relationship to +1.0 for a perfect positive relationship (Welman *et al.*, 2005).

Table 15 illustrates the correlation analysis between the four variables

Table 15 : Correlation Analysis

Since the data is not normally distributed the Spearman Correlation Coefficient was used to test the degree of association between the variables.

Spearman's rho		Performance	Access	Innovation	literacy	protection
Performance	Correlation Coefficient	1.000				
	Sig. (2-tailed)	.				
Access	Correlation Coefficient	.349	1.000			
	Sig. (2-tailed)	.000	.			
Innovation	Correlation Coefficient	.410	.255	1.000		
	Sig. (2-tailed)	.000	.507	.		
literacy	Correlation Coefficient	.429*	.226*	.017	1.000	
	Sig. (2-tailed)	.000	.024	.964	.	
Consumer protection	Correlation Coefficient	.348	.212*	.	.395**	1.000
	Sig. (2-tailed)	.000	.047	.	.000	.
*. Correlation is significant at the 0.05 level (2-tailed).						
**. Correlation is significant at the 0.01 level (2-tailed).						

Access to formal financial product and SMEs Performance

The table shows that there was a positive, weak and statistically significant relationship between access to formal financial products and performance of SMEs results [(r=0.349), p<0.05 (p=0.000)].

Financial Innovation and SMEs Performance

The table shows that there was a weak, positive, and statistically significant relationship between financial innovation and performance of SMEs results [(r=0.410), p<0.05 (p=0.000)].

Financial Literacy and SMEs Performance

The table shows that there was a weak, positive, and statistically significant relationship between financial literacy and performance of SMEs results [(r=0.429), p<0.05 (p=0.000)].

Financial Consumer Protection and SMEs Performance

The table shows that there was a weak, positive, and statistically significant relationship between financial consumer protection and performance of SMEs results [(r=0.348), p<0.05 (p=0.000)].

4.8 REGRESSION ANALYSIS

In order to assess the impact of financial inclusion on performance of SMEs, the dependent variable was the performance of SMEs. Regression is a refined addition of correlation analysis used to determine the predictive capability of independent variables to the dependent variable (Green and Salkind, 2010). Regression is ordinarily used to help management to make decisions. The table shows the regressions summary tables for each of the model.

Table 16 : Regression Analysis Model Summary

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.868 ^a	.753	.744	.27263

a. Predictors: (Constant), Financial Consumer Protection, Financial Innovation, Financial Literacy, Access Financial Products

When performance was regressed against the predictors (financial inclusion) variables combined the R^2 which shows the impact of independent variables on performance of SMEs is 0.753 and the adjusted R^2 is 0.744. The Adjusted R-squared provides an adjustment to the R-squared statistic based on the number of independent variables in the model such that an independent variable that has a correlation to financial inclusion adjusted R-squared and any variable without a strong correlation will make adjusted R-squared decrease. The adjusted R^2 of 0.744 shows that financial inclusion variables explain 74.4% of the variation of SMEs performance. Failure to have the 100% adjusted R^2 implies that there are other variables that may explain SMEs performance explained by the remaining 25.6%. The model has a high predictive power.

Table 17 : Statistical Significance of the Regression Model

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	24.065	4	6.016	80.943	.000 ^b
	Residual	7.879	106	.074		
	Total	31.944	110			

a. Dependent Variable: Performance

b. Predictors: (Constant), Financial Consumer Protection, Financial Innovation, Financial Literacy, Access Financial Products

The F Value shows the suitability of the model. In this instance the F value is 80.943 and p-value of 0.00 shown in the ANOVA result table above shows that the relationship between the financial inclusion and SMEs performance is statistically significant as the p-value is less than 0.05 [$F(4, 106) = 80.943, p < .05 (p=0.000)$]. The model can be used to predict the level of SME Performance, as it is a good fit. The model coefficients are shown in the table below:

Regression coefficient

A regression coefficient was used to conclude on the regression equation. The regression equation of this study was stated as follows;

$$Y = f(x) \quad (1)$$

$$Y_i = B_0 + B_1X_1 + B_2X_2 + B_3X_3 + B_4X_4 + \varepsilon \quad (2)$$

Where; Y = Dependent Variable (performance of SMEs)

X = Independent Variables X1-X4 (access to financial products, financial innovation, financial literacy and financial consumer protection) ε = Standard of error (0.05)

Table 18 : Coefficients

Coefficients^a						
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	
	B	Std. Error	Beta			
	(Constant)	-.144	.241		-.598	.551
1	Access Financial Products	.326	.103	.292	3.184	.002
	Financial Innovation	.242	.105	.210	2.301	.023
	Financial Literacy	.241	.093	.232	2.589	.011
	Financial Consumer Protection	.237	.092	.217	2.584	.011

a. Dependent Variable: Performance

Access to financial products makes the most significant contribution to performance [$\beta = 0.292, p < 0.05$ ($p = 0.002$)].

Financial literacy make the second significant contribution to performance [$\beta = 0.232 p < 0.05$ ($p = 0.011$)].

Financial consumer protection make the third significant contribution to performance [$\beta = 0.217, p < 0.05$ ($p = 0.011$)].

Financial innovation make the fourth significant contribution to performance [$\beta = 0.210, p < 0.05$ ($p = 0.023$)].

Basing on the outcomes of the regression coefficient analysis, the regression equation of the study is as follows;

$$\text{SMEs Performance} = 0.292\text{AFFP} + 0.232\text{FL} + 0.217\text{FCP} + 0.210\text{FI}$$

In the model above the constant was dropped since it proved not to be significant using the sig column of the table. All other variables were significant since p values were less than 0.05.

4.9 MULTI-COLLINEARITY DIAGNOSTICS

Table 19 : Multi-collinearity

Coefficients^a

Model	Collinearity Statistics	
	Tolerance	VIF
performances	.878	3.591
Access	.830	3.029

innovation	.608	4.802
literacy	.617	1.620
Consumer protection	.840	1.191

a. Dependent Variable: performance

Table above shows that there is no problem at all with multi-collinearity. All the values of the partial and part correlations do not drop sharply from the zero-order correlation. The computed tolerance is the relative percentage of the variance in a dimension that cannot be explained by the other dimensions. When the tolerances tend towards 0 than to 1, there is high multi-collinearity amongst the variables and the standard error of the regression coefficients will be inflated, but in this study, all the tolerances tended towards 1 than to 0.

4.10 TESTING OF THE HYPOTHESES

Hypothesis for this study is as follows:

The hypothesis was tested using the overall regression technique. The model shows that the model has a predictive power. Therefore the researcher rejected the null hypothesis and accepted the null hypothesis.

Table 20 : Hypothesis testing

Hypothesis	Outcome
H0: Access to formal financial products positively impacts the SMEs firm performance.	Accepted [($\beta=-0.292$), $p<0.05$ ($p=0.002$)].
H1: Financial innovation has a positive influence on SMEs firm performance.	Accepted [($\beta=-0.210$), $p<0.05$ ($p=0.023$)].
H2: There is a positive impact of Financial Literacy on SMEs firm performance.	Accepted [($\beta=-0.232$), $p<0.05$ ($p=0.011$)].

H3: Financial consumer protection impacts positively the relationship between financial inclusion and SMEs firm performance	Accepted [$\beta=-0.217$], $p<0.05$ ($p=0.011$).
---	--

4.11 DISCUSSION OF FINDINGS

4.11.1 Access to formal financial product and SMEs Performance

The finding that there was a weak positive statistically significant relationship between access to formal financial products and performance of SMEs is in line with Riyawati (2017); Thrikawala (2011) and Okello (2017) who explains that access and use of financial products influence the success of SMEs and boost their performance. RBZ (2018) in agreement also notes that businesses should have access to useful and affordable financial products such as savings, insurance, credit and transactions which meet their needs.

4.11.2 Financial Innovation and SMEs Performance

The positive, weak and statistically significant relationship between financial innovation and performance of SMEs is supported by Kack and Suri (2014); Mwangi and Chegulet (2018) and Solans (2003) who argue that financial innovation which is advances in technology allows access to information, trading and means of payment can improve the operations of SMEs and improve their profitable performance. Furthermore, the emergence of new financial services, new instruments, new types of organisation help to better the operations of SMEs in creating new processes and products which will have an impact on their bottom line.

Ahmed *et al.* (2015) also supports the results as he points out that technologies are potentially able to improve SME finance, even where there is a weak credit market infrastructure. On the other hand, Fintech innovations such as online lending, platform lending and crowd funding are reaching business clients which banks were not able to serve and ultimately improve the profitable performance of SMEs.

4.11.3 Financial Literacy and SMEs Performance

The positive statistically significant relationship between financial literacy and performance of SMEs was supported by Hung *et al.* (2009) who is of the notion that financial literacy

entails sufficient knowledge about financial matters which is key to making decisions which have an impact on the survival of businesses whether small or big.

Financial literacy has been noted as one of the critical factors that explain the low demand for financial products as individuals cannot demand the products they do not know or are not familiar with (Cole et al., 2011).

Eniola and Entebang (2015) and Wise (2013) also explain that financial literate business managers who have the required skills, attitude, knowledge and experience are able to achieve goals such as firm survival, maximisation of sales, minimization of staff turnover and wealth maximisation.

4.11.4 Financial Consumer Protection and SMEs Performance

The finding that there was a weak positive, and statistically significant relationship between financial consumer protection and performance of SMEs is in sync with Chakrabarty (2012) who explains that consumer protection ensures that the SMEs' business survive when dealing with financial intermediaries with an understanding of the pricing, parameters and the financial products they are accessing together with the associated risks. Riyawati (2017) also argue that protection of financial consumers significantly influence the profitable success of SMEs.

Word Bank (2014) also noted that poor regulatory frameworks including poor consumer protection mechanisms have an impact on the SMEs' businesses as different financial risks can have a huge impact on their business performance and this will then and pose as a barrier for financial inclusion.

4.12 CONCLUSION

This current chapter provides an analysis and discussion of study findings. The discussions of the findings was done per objectives stated in chapter one and in connections with the literature review provided in chapter two of this dissertation.

CHAPTER FIVE

RESEARCH RECOMMENDATIONS AND CONCLUSION

5.1 INTRODUCTION

The objective of this study was to assess the impact of financial inclusion on the business performance of SMEs. This chapter presents conclusions which relate the findings to the main objectives of the study as well as recommendations grounded on extrapolations from principal outcomes of this investigation. This chapter wraps up the research and a conclusion is stated and recommendations provided as well limitations of the study and possible areas of further research are also highlighted.

5.2 ACHIEVEMENT OF RESEARCH AIM AND OBJECTIVES

The aim of the study was to assess the relationship between financial inclusion and business performance of SMEs. The main objective of the study was to assess the impact financial inclusion has on business performance. The sub-objectives were to analyse the impact of access to formal financial product on performance of SMEs, to determine the relationship between financial innovation and business performance, to assess the impact of financial literacy on business performance and to assess the relationship between financial consumer protection and business performance. In order to achieve the objectives of the study a number of descriptive statistics and inferential statistics were carried out. In addition also to achieve the objectives, relationship between the variables was tested using the correlations. The regression analysis, ANOVA and the coefficients were then used to test the significance of the relationship between the variables

5.3 CONCLUSION

5.3.1 Access to formal financial products

The research concludes that access to formal financial products is of utter most importance to SMEs as it has the most impact on the performance of the SMEs. SMEs require reliable banks so that they are able to save their monies in order to expand the business production and increasing profitability. The platforms provided by banks for SMEs to make and receive payments and also to purchase production materials have a positive impact on the operations of the SMEs.

The research concludes that insurance covers are essential for the smooth flow of profitable business for the SMEs in case an unforeseen activity, damage or accident happens. Insurance cover is important for SMEs to run their business without fear of anytime mishaps that may affect performance of their business.

The researcher also concludes that tailor made special loans for SMEs are essential to the profitable performance of SMEs thus it is imperative that SMEs who are not financial included should get included so that they can have access to these loans. Loans are very important for SMEs to capitalize and grow their business.

The research findings reveal that there is a positive, statistically significant relationship between access to formal financial products and performance of SMEs results as indicated by the correlation and regression results. Thus the research concludes access to formal financial products positively influence the performance of SMEs in Harare.

5.3.2 Financial innovation

The research concludes financial innovation of products and processes by the financial intermediaries plays an increasingly important role in helping SMES to improve their efficiencies in the way they operate their businesses. It is important for an SME firm to choose the most effective digital innovations which can assist them in their business profitable performance. Some technologies which SMEs can adopt in Zimbabwe include mobile banking services, ZIPIT, ZimSwitch, RTGS and mobile money. Linking the mobile service with the accounts improves transaction efficiency when doing business.

The research findings also confirm that there is a positive and statistically significant relationship between financial innovation and performance of SMEs as shown by the correlation and regression results in the preceding chapter.

5.3.3 Financial literacy

Based on the analysis, it can be concluded that financial literacy for SMEs has a strategic impact on improving the profitable business performance of SMEs. It can be concluded that SMEs that are more successful are run by entrepreneurs who are financially literate and understand key financial concepts that include, risk management, debt management, record keeping and budgetary skills. Financial literacy would assist SMEs in making the right decisions regarding budgeting, cost management, procurement and financing needs whilst aware of the risks involved.

If SMEs obtain financial literacy skills, this enhances their ability to do a self-internal audit that enables them to identify resource leakages and ensure proper channeling of resources. The research concludes that financial literacy facilitates the decision making processes such as payment of bills on time, proper debt management which improves the credit worthiness of potential borrowers to support livelihoods, economic growth, sound financial systems, and poverty reduction.

The research findings also conclude that there is a positive and statistically significant relationship between financial literacy and performance of SMEs as shown by the correlation and regression results in the preceding chapter.

5.3.4 Financial consumer protection

The research concludes that financial consumer protection is fundamental for the profitable performance of SMEs. For successful financial inclusion, SMEs require formally regulated financial products, laws which protect SMEs when borrowing and financial education material and financial awareness of the products available and the risks involved in dealing with financial intermediaries. The researcher concludes that if financial consumers are appropriately informed and protected they will be able to make the right decisions fully knowing the implications when dealing with financial institutions.

The research findings also conclude that there is a positive and statistically significant relationship between financial literacy and performance of SMEs as shown by the correlation and regression results in the preceding chapter

5.4 THEORETICAL CONTRIBUTION

This research adds to literature on impact of financial inclusion on the business performance of SMEs. All the financial inclusion variables were considered as having an impact on business performance of SMEs. The findings show that the factors in the model do not have the same impact on business performance thus enabling SMEs to know the areas which needs the most attention.

5.5 EMPIRICAL CONTRIBUTION

The research study endeavored to provide both academic and practical contributions to the existing body of literature on financial inclusion and business performance. On the academic side, the study contributed fundamental literature to the often neglected research area of financial inclusion amongst the SMEs in Zimbabwe yet they are driving the Zimbabwean economy. The study also seeks to provide empirical evidence to substantiate other researches that were conducted especially in Zimbabwe.

5.6 METHODOLOGICAL CONTRIBUTION

Finally, a methodological contribution relates researcher's ability to use the research design and survey method in this study. Furthermore, other research methods can be used in future studies to broaden the amount of data collection and accuracy of responses. Methods like focus groups, case studies as well can also be employed to gather research data. The methods yield valid, verifiable and reliable data. Qualitative methods can also be employed in future research since the current study used quantitative analysis. However, the draw backs of qualitative analysis should be taken into consideration particularly lack of objectivity and also failure to generalise findings.

5.7 POLICY RECOMMENDATIONS

The institutions in Zimbabwe need to be strengthened and capacitated to play their role of enabling SMES to grow their businesses. The perception that institutions in Zimbabwe are weak is a deterrent to potential investors and discourages capital flow into the country.

SMEDCO and the responsible Ministry must ensure that SMEs are properly registered so that they can be financially included. This can be achieved by making licence fees affordable, making the registration process convenient.

The financial system to be inclusive and efficient the participants must have confidence in it and this confidence stems from the presence of credible and effective regulatory regime which attracts participants to the financial market. RBZ must supervise and give the confidence that the financial market will operate with sound principles which are fair and ethical.

5.8 MANAGERIAL RECOMMENDATIONS

It is imperative that financial institutions' executives engage SMES when developing products targeted for them. This enables the SMEs to associate with the initiatives that would have been implemented. Planning for small to medium sized enterprises without involving the small to medium sized enterprise will not yield the intended results while the opposite is true.

The Banking sector executives have to engage the banking public and develop trust with the banking public. The banking public requires assurance that they will be able to access cash in their bank accounts when they require it. Without this trust being developed, financial inclusion will become a fallacy in SMEs. The banking sector should leverage the growth of mobile phone technology. Cellphone banking has provided an opportunity to improve financial inclusion as the mobile phone technology provides a platform that can interface with banking systems. This will help improve availability of banking services to SMEs.

The management of SMEs must be educated on finance issues in business so that they have an appreciation of the importance of being financially included and SME owners/manager must acquire financial literacy for them to manage money properly.

5.9 GENERALISATIONS

This research was limited to SMEs in Harare because of the time, cost and distance constraints. The main assumption of this study was that, the results of the study can be used as a benchmark by SMEs to determine the impact of financial inclusion on their business performance. Taking into account that this research was cross sectional and done in Harare Metropolitan concentrated areas, Glen View 8 and Mbare Siyaso, the research was limited

geographically but SMEs have the same characteristics and governed by the same regulations therefore results can be generalized to other cities in the country.

5.10 RESEARCH LIMITATIONS

Despite the useful insights from the findings of this research, the research only looked at SMEs in Harare due to time and financial constraints. Research can also be done in other cities of Zimbabwe using other methodologies.

Use of structured questionnaires in this research has a limitation that it lacks in depth information which could be obtained through interviews. In depth interviews and focus groups would reveal more for policy recommendations. This research was cross sectional because of the cost and time limitations.

5.11 Areas of further research

1. The study was limited to Harare. A comparable study can be carried out within the same controls to determine whether the results will be the same or in line with findings with that obtained by using a sample in the city of Harare. .
2. This research was purely quantitative and may not have exhausted on the impact of financial inclusion on performance of SMEs, hence another study can be carried out using qualitative methods or mixed methods to yield detailed results.
3. Since the variables in this study only explained 74% of the business performance of SMEs, there is also need to carry research which incorporates other variables outside this research.

REFERENCES

1. Ademola S, S. (2017) ‘Influence of Financial Inclusion and Social Inclusion on the Performance of Women - Owned Businesses in Lagos State, Nigeria’, *Scholedge International Journal of Management & Development* ISSN 2394-3378, 4(3), p. 18. doi: 10.19085/journal.sijmd040301.
2. Ahmed, U., Beck, T., McDaniel, C. and Schropp, S., (2015). Filling the Gap: How Technology Enables Access to Finance for Small-and Medium-Sized Enterprises. *Innovations: Technology, Governance, Globalization*, 10(3-4), pp.35-48.
3. Aker, J.C., Boumnijel, R., McClelland, A. and Tierney, N., (2016). Payment mechanisms and antipoverty programs: Evidence from a mobile money cash transfer experiment in Niger. *Economic Development and Cultural Change*, 65(1), pp.1-37.
4. Allen, F., A. Demirguc-Kunt, L. Klapper, M.S. Martinez-Peria, (2016). "The Foundations of Financial Inclusion." *Journal of Financial Intermediation*, forthcoming.
5. Allen, F. and Santomero, A.M., (1997). The theory of financial intermediation. *Journal of Banking & Finance*, 21(11-12), pp.1461-1485.
6. Al-Kaber, A. (2010) ‘The informal sector’, PIER Working Paper No. 07-033, viewed 2 January 2019, https://papers.ssrn.com/sol3/papers.cfm?abstract_id=1022956
7. Alliance for Financial Inclusion (AFI). (2010). “Policy Paper: Financial Inclusion Measurement for Regulators: Survey Design and Implementation.” Available at: <http://www.afi-global.org/news/2010/3/08/afi-policy-paper-financialinclusion-measurement-regulators-survey-design>.
8. Andrieş, A.M., (2009). Theories regarding financial intermediation and financial intermediaries—a survey. *The USV Annals of Economics and Public Administration*, 9(2), pp.254-261.
9. Bara, A., (2011) Zimbabwe Economic Policy Analysis and Research Unit: *Pursuing inclusive financial development for economic growth*
10. Barman, D., Mathur, H.P. and Kalra, V., (2009). Role of microfinance interventions in financial inclusion: A comparative study of microfinance models. *Vision*, 13(3), pp.51-59.
11. Barney, J.B., (2001). Resource-based theories of competitive advantage: A ten-year retrospective on the resource-based view. *Journal of management*, 27(6), pp.643-650.

12. Beaver, G. (2000). Editorial overview: Small business, entrepreneurship and enterprise development. *Strategic Change*, 9(7), p.397.
13. Beck, T., (2007), April. Financing constraints of SMEs in developing countries: Evidence, determinants and solutions. In *KDI 36th Anniversary International Conference* (pp. 26-27).
14. Beck T., Demirguc-Kunt, A. and Maksimovic, V. (2008),“Financing patterns around the world: are small firms different?“,*Journal of Financial Economics*, Vol. 89 No. 3, pp. 467-48
15. Beck, T., Demirguc-Kunt, A. and Martinez Peria, M.S., (2005). *Reaching out: Access to and use of banking services across countries*. The World Bank.
16. Beyers, L.J.E. and Maswanganyi, F.T., (2016). Growth Challenges Affecting Media Enterprises in the Polokwane Municipality, Limpopo Province, South Africa. *Journal of Communication*, 7(2), pp.337-343.
17. Burns, N. and Grove, S.K., (2010). *Understanding nursing research-eBook: Building an evidence-based practice*. Elsevier Health Sciences.
18. Camara, N. and Tuesta, D., (2014). Measuring financial inclusion: A multidimensional index. *BBVA Research Paper*, (14/26).
19. Chakrabarty, K.C., (2012). Financial Literacy and Consumer Protection–Necessary Foundation for Financial Inclusion. *RBI Bulletin*.
20. Chipika, J.T., (2019) Financial Inclusion in Zimbabwe, from policy to practice: lessons and way forward, Presentation at the financial inclusion forum.
21. Chitokwindo, S., Mago, S. and Hofisi, C., (2014). Financial inclusion in Zimbabwe: A contextual overview. *Mediterranean Journal of Social Sciences*, 5(20), p.415.
22. Cole, S., Sampson, T. and Zia, B., (2011). Prices or knowledge? What drives demand for financial services in emerging markets?. *The journal of finance*, 66(6), pp.1933-1967.
23. Cooper, D.R. and Schindler, P.S., (2014). *Business Research Methods*.© The McGraw– Hill Companies.
24. Creswell, J.W., (2002). *Educational research: Planning, conducting, and evaluating quantitative* (pp. 146-166). Upper Saddle River, NJ: Prentice Hall.
25. Cull, R., Ehrbeck, T. and Holle, N.,(2014) Financial inclusion and development: Recent impact evidence. *Consultative Group to Assist the Poor*.
26. De la Torre, A., Gozzi, J.C. and Schumukler, S.L., (2017). *Innovative Experiences in Access to Finance: Market-Friendly Roles for the Visible Hand?*. The World Bank.

27. Demirguc-Kunt, A., Klapper, L. and Peria, M.S.M., (2012). *The foundations of financial inclusion: Understanding ownership and use of formal accounts*. The World Bank.
28. Demirguc-Kunt, A.S.L.I., Laeven, L. and Levine, R., (2004). Finance, firm size, and growth. *Journal of Money, Credit and Banking*, 40(7), pp.1379-1405.
29. Demirguc-Kunt, A., Klapper, L. and Singer, D., (2017). *Financial inclusion and inclusive growth: A review of recent empirical evidence*. The World Bank.
30. Dudovskiy, J., (2016). The ultimate guide to writing a dissertation in business studies: A step-by-step assistance. *Pittsburgh, USA*.
31. Eniola, A.A. and Entebang, H., (2015). SME firm performance-financial innovation and challenges. *Procedia-Social and Behavioral Sciences*, 195, pp.334-342.
32. Easterby-Smith, M., Thorpe, R., Jackson, P. and Lowe, A., (2008). *Management research*, 3rd edn London.
33. Frame, S. and White, R. (2012). The restructuring of the UK financial services industry in the 1990s: A reversal of fortune? *Journal of Rural Studies*, 9 (3), 223–241.
34. Garman, E. T., and Fogue, R. E. (2000). Personal finance: the human resource manager: Caught in the middle. *CUPA Journal*, 45(1), 33-35.
35. Gavigan, R. (2010). ‘Informal firms and financial inclusion: Status and determinants. *Journal of International Commerce, Economics and Policy*’, 5(3), -1. Doi:10.1142/S1793993314400110
36. Gine, X. and Townsend, R.M., (2004). Evaluation of financial liberalization. *Macroeconomic Policies and Poverty Reduction*, p.188.
37. Gopalan, S. and Kikuchi, T. eds., (2016). *Financial Inclusion in Asia: Issues and Policy Concerns*. Springer.
38. Green, S. and Salkind, N.J., (2010), *Using SPSS for Windows and Macintosh: Analyzing and understanding data*, 6th edn, Prentice Hall, Upper Saddle River, NJ.
39. Hannig, A. and Jansen, S., (2010). Financial inclusion and financial stability: Current policy issues.
40. Harash, E., Al-Timimi, S. and Alsaadi, J., (2014). The influence of finance on performance of small and medium enterprises (SMES). *technology*, 4(3), pp.161-167.

41. Hogarth, J.M., (2013). A Cross-Country Analysis of Financial Inclusion within the OECD. *Consumer Interest Annual*, 59.
42. Hastings, J.S., Madrian, B.C. and Skimmyhorn, W.L., (2013). Financial literacy, financial education, and economic outcomes. *Annu. Rev. Econ.*, 5(1), pp.347-373.
43. Hung, A., Parker, A.M. and Yoong, J., (2009). Defining and measuring financial literacy.
44. Ibor, B.I., Offiong, A.I., Mendie, E.S., (2017). Financial Inclusion and Performance of Micro, Small and Medium Scale Enterprises in Nigeria. *International Journal of Research*. 2017;5(3).
45. Ihua, U.B., (2010). Local content policy and SMEs sector promotion: The Nigerian oil industry experience. *international Journal of Business and Management*, 5(5), p.3.
46. Iravonga, J.J and Miroga., (2018). Effect of Mobile Banking on Financial Performance of Small Scale and Medium Enterprises in Kakamega County. *International Journal of Management and Commerce Innovations*.
47. Jack, W. and Suri, T.,(2014). Risk sharing and transactions costs: Evidence from Kenya's mobile money revolution. *American Economic Review*, 104(1), pp.183-223.
48. Jacob, F., (2016). The role of m-pesa in Kenya's economic and political development. In *Kenya After 50* (pp. 89-100). Palgrave Macmillan, New York.
49. Kalunda, E., (2014). Financial inclusion impact on small-scale tea farmers in Nyeri county, Kenya. *World Journal of Social Sciences*, 4(1), pp.130-139.
50. Kraaijenbrink, J., Spender, J.C. and Groen, A.J., (2010). The resource-based view: A review and assessment of its critiques. *Journal of management*, 36(1), pp.349-372.
51. Kim, J.H., (2016) A Study on the Effect of Financial Inclusion on the Relationship Between Income Inequality and Economic Growth, *Emerging Markets Finance and Trade*, 52:2, 498-512,
52. Ledgerwood, J. and Gibson. A. (2013) 'The Evolving Financial Landscape', in J. Ledgerwood (ed.), *The New Microfinance Handbook: A Financial Market System Perspective*, Washington DC: World Bank
53. Lee, N., Sameen, H. and Martin, L., (2013). Credit and the crisis Access to finance for innovative small firms since the recession. *Lancaster, United Kingdom: Work Foundation*.

54. Levine, R., (2005). Finance and growth: theory and evidence. *Handbook of economic growth, 1*, pp.865-934.
55. Lusardi, A., (2011). *Americans' financial capability* (No. w17103). National Bureau of Economic Research.
56. Lusardi, A. and Mitchell, O.S., (2014). The economic importance of financial literacy: Theory and evidence. *Journal of economic literature*, 52(1), pp.5-44.
57. Massa, I (2013) DFLs support to financial inclusion in Africa. In Triki,T& Faye,I (Eds Financial inclusion in Arica (P.116-129) Tunis AFDB
58. Mdasha, Z., Irungu, D. and Wachira, M. (2018) 'Effect of financial inclusion strategy on performance of small and medium enterprises: A case of selected SMEs in Dar es Salam , Tanzania', *Journal of Strategic Management*, 2(1), pp. 50–70.
59. Mashizha, M. and Sibanda, M. (2017) 'The Link Between Financial Knowledge, Financial Product Awareness and Utilization: A Study among Small and Medium Enterprises in Zimbabwe', *International Journal of Economics and Financial Issues*, 7(6), pp. 97–103.
60. Matlay, H., (2000). Organisational learning in small learning organisations: an empirical overview. *Education+ Training*.
61. Mckee, S. (2010). Internal labor markets and manpower analysis. Lexington, Mass: Heath Lexington Books.
62. Melecky, Martin, and Sue Rutledge. "Financial consumer protection and the global financial crisis." (2011).
63. Mises, L., (1912). *Theorie des Geldes und der Umlaufsmittel*. Ludwig von Mises Institute.
64. Mohseni-Cheraghloou, A., (2015). Islamic finance, financial inclusion and poverty reduction in Mena. *The Routledge handbook of religions and global development*, pp.293-314.
65. Mugenda, O. and Mugenda, A.G., (2003). Research methods: Quantitative and Qualitative methods. *Revised in Nairobi*
66. Mutegi, H.K., Njeru, P.W. and Ongesa, N.T., (2015). Financial literacy and its impact on loan repayment by small and medium entrepreneurs.
67. Mutsune, T., (2015). No Kenyan left behind: The model of Financial Inclusion through Mobile banking. *Review of Business & Finance Studies*, 6(1), pp.35-42.

68. Mwangi, W.P. and Cheluget, J., (2018). Role of Financial Literacy, Financial Innovation, Financial Inclusion on SME Access to Credit in Kenya: A Case of Kumisa SACCO. *Journal of Finance and Accounting*, 2(2), pp.1-18.
69. Nemoto, N. and Koreen, M., (2019) Digital Innovation Can Improve Financial Access for SMEs.
70. Neshovski, R. (2019). *Home - 2019 - United Nations Sustainable Development*. [online] United Nations Sustainable Development. Available at: <https://www.un.org/sustainabledevelopment/> [Accessed 8 Oct. 2019].
71. Njue, M.N. and Mbogo, M., (2017). Factors hindering SMEs from accessing the financial product offered by banks. *International Journal of Finance*, 2(3), pp.67-85.
72. OECD (2019). OECD/INFE survey instrument to measure the financial literacy of MSMEs.
73. Okello C., and Ntayi, J., Munene, J.C. and Akol Malinga, C., (2017). The relationship between access to finance and growth of SMEs in developing economies: Financial literacy as a moderator. *Review of International Business and Strategy*, 27(4), pp.520-538.
74. Oji, C.K., (2015). Promoting financial inclusion for inclusive growth in Africa.
75. Onyiego, G. O., Namusonge, P. G. S. and Waiganjo, E. (2017) ‘The effect of access to finance on financial performance of SMEs in Mombasa county Kenya’, *The Strategic Journal of Business and Change Management*, 4(3), pp. 335–346. Available at: www.startegicjournals.com.
76. Özer, H.S., (2012). The role of family control on financial performance of family business in Gebze. *International Review of Management and Marketing*, 2(2), pp.75-82.
77. Prior, F. and Santomá, X., (2010). Banking the unbanked using prepaid platforms and mobile telephones in the United States.
78. Rahman, N.A., (2014). Entrepreneurship management, competitive advantage and firm performances in the craft industry: concepts and framework. *Procedia-Social and Behavioral Sciences*, 145, pp.129-137.
79. Riwayati, H.E., (2017). Financial Inclusion of Business Players in Mediating the Success of Small and Medium Enterprises in Indonesia. *International Journal of Economics and Financial Issues*, 7(4), pp.623-627.

80. Sacristán-Navarro, M., Gómez-Ansón, S. and Cabeza-García, L., (2011). Large shareholders' combinations in family firms: Prevalence and performance effects. *Journal of Family Business Strategy*, 2(2), pp.101-112.
81. Salome, M. (2012), Financial Inclusion in Africa: An Overview, World Bank Policy Research Working Paper 6088.
82. Sarma, M (2008). Index of financial inclusion. Working Paper No. 215, *Indian Council for Research on International Economic Relations*
83. Sarma, M. and Pais, J., (2011). Financial inclusion and development. *Journal of international development*, 23(5), pp.613-628.
84. Saunders, M., Lewis, P. and Thornhill, A. (2009) *for business students fifth edition*.
85. Saunders, A. and Cornett, M.M., (2011). *Financial institutions management: A risk management approach*. McGraw-Hill/Irwin.
86. Scholtens, B., (2003). *The theory of financial intermediation: an essay on what it does (not) explain* (No. 2003/1). SUEFR Studies.
87. Scholtens, B. and Van Wensveen, D., (2000). A critique on the theory of financial intermediation. *Journal of Banking & Finance*, 24(8), pp.1243-1251.
88. Selvarajan, T.T., Ramamoorthy, N., Flood, P.C., Guthrie, J.P., MacCurtain, S. and Liu, W., (2007). The role of human capital philosophy in promoting firm innovativeness and performance: Test of a causal model. *The International Journal of Human Resource Management*, 18(8), pp.1456-1470.
89. Stiglitz, J.E. and Weiss, A., (1981). *Informational imperfections in the capital market and macro-economic fluctuations* (No. w1335). National Bureau of Economic Research.
90. Solans, A. (2015). Inclusive growth: building up a concept. International Policy Centre for Inclusive Growth Working paper 104.
91. Tache, G., (2016) Role of Financial Cooperatives SACCOs in Deepening Financial Inclusion and Inclusive Growth the case of Embeba Haya Rural SACCO. [ebook] Available at: <https://www.academia.edu/32982087/> Role of Financial Cooperatives SACCOs in Deepening Financial Inclusion and Inclusive Growth the case of Embeba Haya Rural SACCO [Accessed 15 Feb. 2020].
92. Tavakol, M. and Dennick, R., (2011). Making sense of Cronbach's alpha. *International journal of medical education*, 2, p.53.

93. Taticchi, P., Tonelli, F. and Cagnazzo, L., (2010). Performance measurement and management: a literature review and a research agenda. *Measuring business excellence*.
94. Teece, D.J., (2007). Explicating dynamic capabilities: the nature and microfoundations of (sustainable) enterprise performance. *Strategic management journal*, 28(13), pp.1319-1350.
95. The Zimbabwe Independent. (2020). *RBZ remains committed to microfinance sector...* - *The Zimbabwe Independent*. [online] Available at: <https://www.theindependent.co.zw/2019/01/25/rbz-remains-committed-to-microfinance-sector/> [Accessed 15 Feb. 2020].
96. Thrikawala, S., (2011). Impact of strategic networks for the success of SMEs in Sri Lanka. *World Journal of Social Sciences*, 1(2), pp.108-119.
97. Triki, T. and Faye, I., (2013). Financial inclusion in Africa. *African Development Bank*.
98. Verma, P.M., (2018). "Two strategies for economic development: using ideas and producing ideas." Proceedings of the World Bank Annual Conference on Development Economics: 63.
99. Walker, E. and Brown, A., (2004). What success factors are important to small business owners?. *International small business journal*, 22(6), pp.577-594.
100. Wang, Y., (2016). What are the biggest obstacles to growth of SMEs in developing countries?—An empirical evidence from an enterprise survey. *Borsa Istanbul Review*, 16(3), pp.167-176.
101. Watson, J., (2012). Networking: Gender differences and the association with firm performance. *International Small Business Journal*, 30(5), pp.536-558.
102. Welman, G., Heldmann, M., Behm, W., Reddy, M.P., Bozeman, C., Abreo, F. and Minagar, A., (2005). Pseudotumoral renal sarcoid: MRI, PET, and MDCT appearance with pathologic correlation. *American Journal of Roentgenology*, 185(3), pp.697-699.
103. Wernerfelt, B., (1984). A resource-based view of the firm. *Strategic management journal*, 5(2), pp.171-180.
104. Williams, T., (2007). Empowerment of whom and for what? Financial literacy education and the new regulation of consumer financial services. *Law & Policy*, 29(2), pp.226-256.

105. Wise, S., (2013). The impact of financial literacy on new venture survival. *International Journal of Business and Management*, 8(23), p.30.
106. Ye, J. and Kulathunga, K.M.M.C.B., (2019). How Does Financial Literacy Promote Sustainability in SMEs? A Developing Country Perspective. *Sustainability*, 11(10), p.2990.
107. Yorulmaz, R., (2012). Financial inclusion & economic development: A case study of Turkey and a cross-country analysis of European Union.
108. World Bank (2014), "Global Financial Development Report 2014: Financial Inclusion", Washington, DC: World Bank.
109. World Bank Group (2018), Global Financial Inclusion and Consumer Protection Survey, 2018 Report



GRADUATE SCHOOL OF MANAGEMENT

UNIVERSITY OF ZIMBABWE

Ground Floor TREP Building
UZ Main Campus

Mt Pleasant
Harare, Zimbabwe
Email: info.uzgsa@uz.ac.zw

Tel: 0241-333522

23 January 2020

TO WHOM IT MAY CONCERN

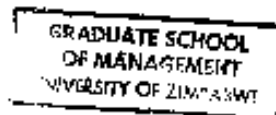
RE: ACADEMIC RESEARCH LETTER FOR MS KUDZAI MUCHEMWA (R062820G)

This letter serves to confirm that Ms Muchemwa is a bona fide Master of Business Administration (MBA) student at the Graduate School of Management, University of Zimbabwe. She is carrying out a research in partial fulfillment of the requirements of the MBA degree programme.

We kindly request you to provide her with the information she needs, and only aggregated data will be used in the final analysis. Please note that the Graduate School of Management upholds high levels of confidentiality and ethical standards in conducting research, therefore, the information you provide will be used for academic purposes only and will not be disclosed to third parties.

Thank you.

A handwritten signature in black ink, appearing to be 'W. Mkumbuzi'.



DR W. MKUMBUZI
DIRECTOR, GRADUATE SCHOOL OF MANAGEMENT

tg

6 Number of years in Operation: (tick)

- a. Less than 1 year b. 1 to - <2 years c. 2 to - <4 years
d. 4 to - <5 years e. 5 to - <10 years f. more than 10 years

7 The sales or revenues of the company have been increasing in the previous year [or over the past 6 months if the business existed for less than 12 months]?

5. Strongly agree 4. Agree 3. Uncertain 2. Disagree 1.Strongly Disagree

8 Your business has introduced new products or services on the market in the previous year [or over the past 6 months if the business existed for less than 12 months]?

5. Strongly agree 4. Agree 3. Uncertain 2. Disagree 1.Strongly Disagree

SECTION B: ACCESS TO FORMAL FINANCIAL PRODUCTS

9 The bank is important for the successful performance of your business?

5. Strongly agree 4. Agree 3. Uncertain 2. Disagree 1.Strongly Disagree

10 Saving in the bank is important for expanding the business production and increasing profitability.

5. Strongly agree 4. Agree 3. Uncertain 2. Disagree 1.Strongly Disagree

11 Having an insurance cover is very important for the smooth flow of your business production and sales operations?

5. Strongly agree 4. Agree 3. Uncertain 2. Disagree 1.Strongly Disagree

12 Use of the bank to make and receive payments is important for buying production materials and receiving payments for sales?

5. Strongly agree 4. Agree 3. Uncertain 2. Disagree 1.Strongly Disagree

13 Loans with special terms made for Small to Medium enterprises are very important for increasing production and improving sales?

Strongly agree 4. Agree 3. Uncertain 2. Disagree 1.Strongly Disagree

SECTION C: FINANCIAL INNOVATION /OTHER FINANCIAL PRODUCTS

14 Insuring assets (property, vehicles, products, employees) of your business helps your business to perform better if a disaster occurs?

Strongly agree 4. Agree 3. Uncertain 2. Disagree 1.Strongly Disagree

15 These emerging technologies (Internet, ATM Cards, ZIPIT) are important for the profitable performance of the business?

5. Strongly agree 4. Agree 3. Uncertain 2. Disagree 1.Strongly Disagree

16 Mobile services like eco cash, tele cash are important for the successful performance of the business in producing products and selling them?

5. Strongly agree 4. Agree 3. Uncertain 2. Disagree 1.Strongly Disagree

17 Linking the mobile services with the bank account helps the business to perform better in buying production materials and selling products?
5. Strongly agree 4. Agree 3. Uncertain 2. Disagree 1. Strongly Disagree

SECTION D: FINANCIAL LITERACY

18 Regular training on how to manage the business is important for the business to boost production and sales.
5. Strongly agree 4. Agree 3. Uncertain 2. Disagree 1. Strongly Disagree

19 Being trained on your specific area of business can improve your Sales & increase your market?
5. Strongly agree 4. Agree 3. Uncertain 2. Disagree 1. Strongly Disagree

20 Keeping your business finance records is important for making decisions which increase production capacity and sales volumes.
Strongly agree 4. Agree 3. Uncertain 2. Disagree 1. Strongly Disagree

21 Financial planning for both short and long term is important for the business to increase production and sales?
Strongly agree 4. Agree 3. Uncertain 2. Disagree 1. Strongly Disagree

22 Knowing financial matters helps the business to be creative and produce new lines of products which increase profitability.
Strongly agree 4. Agree 3. Uncertain 2. Disagree 1. Strongly Disagree

FINANCIAL CONSUMER PROTECTION

23 Access to formally regulated financial products influence positively the profitability of the business?
Strongly agree 4. Agree 3. Uncertain 2. Disagree 1. Strongly Disagree

24 Laws which protect the SMEs when borrowing are important for the business profitable performance ?
Strongly agree 4. Agree 3. Uncertain 2. Disagree 1. Strongly Disagree

25 Financial Education material is important for educating SMEs on how to access financial products which increase the profits of the business.
Strongly agree 4. Agree 3. Uncertain 2. Disagree 1. Strongly Disagree

26 Financial awareness programs by the government are important for the SMES to be able to make important financial decisions which increase sales..
Strongly agree 4. Agree 3. Uncertain 2. Disagree 1. Strongly Disagree