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Influence Of Financial Literacy on Small Scale Enterprises Success: A Case Study of Selected Enterprises in Ho Municipal in The Volta Region

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Abstract: The study investigated how financial literacy impacts the success of small-scale enterprises (SSEs) in the Ho Municipal Assembly, emphasizing the unique economic and cultural context of Ghana, particularly the Volta Region. This focus addresses a gap in existing literature, which has predominantly examined other regions like Nigeria and Sri Lanka, neglecting the specific circumstances in Ghana The study employed a cross sectional research design, utilizing a sample of 173 small-scale enterprises selected through simple random sampling. This method ensures that each enterprise has an equal chance of being included, thereby enhancing the reliability of the findings.

The regression analysis reveals that financial literacy significantly influences the success of small-scale enterprises, explaining approximately 11.4% of the variance in their success. This suggests that while financial literacy is crucial, other factors also play a role in determining enterprise success The study highlighted several gaps in the existing literature, such as the lack of studies on the effectiveness of tailored financial literacy interventions in semi-urban settings like Ho Municipal. It also pointed out the need for more localized research to understand the impact of financial literacy on enterprise success in this specific context. The study findings underscored the importance of enhancing financial literacy among small-scale enterprises to improve their profitability and resilience, particularly in developing nations. This aligns with broader trends observed in other countries, where financial literacy has been linked to better business outcomes

Keywords: Financial Literacy, Small Scale Enterprises, Business Success and Ho Municipal

INTRODUCTION

Like little drops of water that forms a mighty ocean, the littleness of Small-Scale Enterprises, SSEs from the beginning has been the bedrock of industrialization in developing countries. Small Scale Enterprises (SSEs) play a crucial role in the industrialization of developing countries by contributing significantly to economic growth, employment generation, and income creation (Ayalu *et al.*, 2023). These enterprises, often micro-enterprises with fewer than 10 employees, are essential components of national and regional economic development, accounting for a large portion of overall employment and promoting productivity and employment while addressing poverty and social inequity (Vinberg, 2020). Das *et al.*, (2020) posited that SSEs are vital for reducing unemployment, promoting equitable development, and fostering industrial expansion, particularly in developing economies where a high proportion of workers are employed in SSEs and micro-enterprises.

Studies emphasized that financial literacy positively impacts the sustainability and viability of SMEs, leading to improved business continuity and performance (Adewumi & Cele, 2023). Furthermore, financial literacy is highlighted as a key factor influencing entrepreneurial decision-making, profitability, cash management, and investment knowledge among SMEs, ultimately contributing to their growth and development (Hammer & Siegfried, 2023). The significance of financial literacy is underscored in the context of promoting efficiency, production levels, financial management, and decision-making within SMEs, emphasizing the need for continuous efforts to enhance financial literacy skills and knowledge among SME owners and managers. However, financial literacy plays a crucial role in the profitability of Small-Scale Enterprises (SSEs) in Ghana. Research indicates that high levels of financial literacy among SSE owners/managers lead to sound judgment in financial decision-making, good financial behavior, and the ability to make rational choices regarding financial alternatives (Oppong, *et al.*, 2023). Additionally, financial literacy positively influences access to finance for SSEs, ultimately impacting their profitability (Addo & Asante, 2023). Moreover, the study emphasizes the importance of training and education for SSEs to enhance their financial knowledge, enabling them to make informed decisions that contribute to their financial inclusiveness and overall profitability (Ameyaw, 2022). Therefore, improving financial literacy levels among SSE owners in Ghana is essential for fostering profitable business practices and ensuring sustainable growth within the SSE sector.

Studies in Ghana have shown that financial literacy positively influences investment decisions, personal financial management, and access to finance for SMEs (Oppong, *et al.*, 2023). Additionally, research on

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small-scale aquaculture operations in Lake Volta revealed that profitability indicators such as benefit-cost ratio, return on investment, and net present value were favorable, indicating that financial knowledge contributes to the success of small businesses (Addo & Asante, 2023). Furthermore, a study in the Sunyani Municipality emphasized that owners/managers with higher financial knowledge exhibited better financial behavior and attitudes, leading to improved decision-making and financial outcomes for their enterprises (Nkansah-Sakyi, 2023). Therefore, enhancing financial literacy among small-scale enterprise owners in Ghana is essential for improving profitability and overall business success.

Demographic factors such as education level play a significant role in shaping financial literacy. Studies from South Africa (Ndou, 2023), India (Abdul Azeez *et al.*, 2022), Indonesia (Nggadas & Candraningrat, 2023), Malaysia (Ling, 2023), and Vietnam (Do & Pham, 2022) highlight the intricate relationship between these factors and financial literacy. For instance, in South Africa, adults with a matric education level were found to be better savers for retirement, while in Malaysia, individuals with advanced academic degrees exhibited a greater degree of financial literacy. Additionally, research in Vietnam emphasized that age, income, and education level positively impact financial literacy. These findings underscore the importance of considering demographic variables when designing financial training programs to enhance digital and traditional financial literacy among diverse populations.

Statement of The Problem

Financial literacy is essential for SSEs' financial inclusion, enabling them to access financial products and services, plan expenditures, and build financial safety nets, all of which are vital for business growth and development (Sah,2022). Moreover, the impact of financial institution systems on SSEs' access to finance in Ghana highlights the challenges SSEs face in securing funding due to factors like collateral requirements, high transaction costs, and inadequate information, underscoring the importance of financial literacy in navigating these obstacles for success (Mahama, & Dahlan, 2022).

Small-scale business (SSE) financial literacy conversation emphasises its relevance but identifies various deficiencies. The implementation and efficiency of financial literacy programs, as well as the cost, accessibility, and awareness problems that SSEs faced in obtaining financial literacy, remain unknown. The topic of tailoring these initiatives to industry-specific and urban/rural SSEs remains unexplored. They ignore the long-term effects of financial literacy on business growth and sustainability. There is no government policies and regulatory frameworks that support financial literacy or technological difficulties that SSEs may face in adopting digital finance instruments. The lack of quantitative data on financial literacy's effects on SSEs in Ghana and comparison analysis with other regions further hinders comprehension. Addressing these gaps would improve Ghanaian SSEs' understanding and financial literacy efforts. Thus, this study seek to examine the influence of Financial Literacy on Small Scale Enterprises Success in Ghana: A case study of enterprises in the Ho Municipal Assembly.

LITERATURE REVIEW

Theoretical Framework of the Study

Theory of Behavior Planned Behavior

The Theory of Planned Behavior (TPB) was proposed by Ajzen (1985) as a framework to understand the impact of financial knowledge, financial attitude, and locus of control on financial behavior Sam, *et al.* (2022). This theory emphasizes the significance of behavioral intentions in influencing actual behavior, particularly in the context of managing personal finances. Educational interventions, such as financial courses like the "Managing My Money" program, play a crucial role in promoting behavior change and enhancing financial capability (Nguyen, 2017).

The Theory focusesd on understanding how factors like financial knowledge, attitudes, locus of control, income, emotional, cultural, psychological, and social aspects influence financial behavior and decision-making (Sam *et al.*, 2022). Educational interventions play a crucial role in promoting behavior change and enhancing financial capability, although they may not always directly result in immediate changes in behavior (Nguyen.,2017). Financial education is essential in providing individuals with the necessary knowledge and skills to manage money effectively, as the lack of financial literacy can lead to economic problems in personal and social environments. Additionally, studies have shown that financial education within families, financial literacy, peer influence, and lifestyle choices all impact personal financial management, highlighting the importance of holistic approaches to financial education (Salsabilla, *et al.*, 2022).

Scholars have extensively discussed the impact of financial education on behavior change and financial well-being, highlighting the importance of promoting desirable financial behavior through tailored programs and incorporating behavioral change theories like social cognitive theory and positive psychology (Hashinaga, 2023). Additionally, studies have shown that financial knowledge, financial attitude, and locus of control significantly influence financial behavior intention, with income moderating the relationship between intention and actual financial behavior (Sam *et al.*, 2022). Furthermore, the evolution of modern behavioral finance theories has emphasized the role of behavioral biases in financial decision-making, bridging the gap between traditional finance theories and real market conditions by incorporating more realistic behavioral theories like prospect theory (Prosad *et al.*, 2015). This body of literature underscores the need for financial education to focus on developing positive financial attitudes and beliefs to facilitate behavioral change and enhance financial well-being (Hashinaga, 2023).

The Theory of Planned Behavior (TPB) is best suited for the study due to their relevance in understanding the relationship between financial literacy, financial behavior, and business outcomes. Studies in Ghana have shown that financial literacy positively impacts financial behavior, emphasizing the importance of education in fostering good financial attitudes and decision-making among individuals and business owners. Additionally, the TPB highlights how psychological factors influence investment decisions and behavior, which is crucial for small-scale enterprises aiming for success through effective financial management (Oppong *et al.*, 2023). By incorporating these theories and educational strategies, the study can provide valuable insights into enhancing financial literacy levels and improving the overall success of small businesses in the region.

Theory of Personal Finance Education

The Theory of Personal Finance Education was proposed by Dugan (2003), focusing on social representations This theory emphasizes the importance of providing individuals with knowledge and skills to effectively manage their money, highlighting the potential economic problems that can arise from the lack of financial education (Masnan & Curugan, 2016). Additionally, learning theories such as cognitive learning theory, discovery learning, and social learning theory have been suggested to promote financial education among students, preparing them to become competent consumers and managers of household wealth. Furthermore, research by Simone Galperti discusses the link between budgeting and self-control problems in consumption-saving decisions, emphasizing the use of personal budgets as a tool to manage self-control issues and make effective financial decisions (Galperti, 2019).

Scholars have emphasized the significance of financial education in enhancing personal finance management skills and overall financial well-being. They argue that a lack of financial literacy leads to difficulties in achieving financial health, resulting in low savings, absence of budget planning, and increased indebtedness among individuals (Masnan & Curugan, 2016). Educational interventions, such as financial courses like the "Managing My Money" program, have been shown to contribute to behavior change and strengthen financial capability, ultimately improving financial well-being (Tejeda-Hernández *et al.*, 2021). While some studies suggest that educational interventions may not always directly lead to behavior change, they do play a crucial role in preparing individuals to make positive financial decisions and changes (Nguyen, 2017).

The Theory of Personal Finance Education is suitable for the study because it emphasizes the importance of financial knowledge and skills in managing money, which is crucial for the success of small-scale enterprises (SSEs) (Diem *et al.*, 2023). Research shows that high financial literacy levels among managers lead to sound judgment, better decision-making, and improved personal finance practices, ultimately contributing to business success. Additionally, financial literacy is essential for financial inclusion, enabling SSEs to make informed financial decisions, plan expenditures, and build financial safety nets, all of which are vital for their success and growth (Ameyaw, 2022). By incorporating the Theory of Personal Finance Education, the study can highlight the significance of financial literacy in enhancing the success of SSEs in the Ho Municipal Assembly in Ghana.

Impact Of Financial Literacy On The Profitability Of Small Scale Enterprises

Dewa *et al.* (2024) explored how financial knowledge impacts the profitability of micro, small, and medium enterprises (MSMEs). The primary goal is to enhance the financial knowledge of MSMEs to improve their profitability. This is crucial as financial literacy can significantly affect business outcomes. The research employs a causal research design, utilizing primary data collected through interviews and questionnaires. The sampling method used is non-probability sampling, specifically purposive sampling, which targets specific participants relevant to the study. The study utilizes a multivariate structural equation model to analyze the data collected. This approach helps in understanding the relationships between different variables involved in the study. There is a notable correlation between financial attitude, financial conduct, financial knowledge, and profitability. Financial attitude has a significant influence on profitability; higher levels of financial attitude are associated with increased profitability. Improved financial behavior positively impacts profitability, indicating that better financial habits lead to higher profitability levels. Financial knowledge also significantly affects profitability; a better understanding of financial concepts correlates with increased profitability. The study concludes that enhancing financial attitude, behavior, and knowledge can lead to improved profitability for individuals and companies involved in MSMEs. This highlights the importance of financial literacy in achieving business success.

Kalapriya (2024) examined the challenges faced by the MSME sector in Sri Lanka, particularly during the ongoing economic crisis. The study aims to assess the level of financial literacy among MSME entrepreneurs and to analyze how the current economic crisis affects their financial decision-making processes. A questionnaire-based survey was conducted involving 150 MSMEs in the Northern Province of Sri Lanka. This approach allowed for a comprehensive understanding of the financial literacy levels and decision-making behaviors of the entrepreneurs. The results indicate that the financial literacy rate among MSME entrepreneurs in the Northern Province is alarmingly low, at below 35%. This lack of financial knowledge significantly hampers their financial decision-making and overall financial performance during the crisis. The study highlights that financial literacy serves as a crucial predictor of the financial behavior of MSMEs. Entrepreneurs with higher financial literacy are likely to make better financial decisions, which is particularly important in times of crisis. The research identifies that various factor, including business liquidity, debt levels, turnover, and profit margins, have been adversely affected due to insufficient financial knowledge, poor financial attitudes, and inadequate financial behaviors among MSMEs during the crisis. This study contributed to the existing literature on behavioral finance by linking financial literacy to Prospect Theory, specifically in the context of MSMEs. It emphasizes the importance of understanding financial literacy to improve decision-making processes in challenging economic conditions.

Azzuwut, Sabo and Bashir (2023) investigated on the challenges faced by small and medium-sized enterprises (SMEs) in Nigeria, particularly in Plateau State, regarding access to banking services and external financing. The research is set in Nigeria, a developing nation where SMEs struggle significantly to access financial services. This difficulty is attributed to a low level of financial literacy among SME owners and managers, which hampers their ability to secure external financing. The study targets SMEs in Plateau State, with an estimated 14,558 registered SMEs according to the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) in 2021. A survey research approach was employed, utilizing 316 questionnaires to gather primary data. The convenient sampling technique was used for data collection, and a multivariate regression model was applied for analysis. The research revealed a strong positive correlation between the profitability of SMEs and various financial factors, including loans, overdrafts, collateral requirements, and the size of the enterprises. This indicates that better financial accessibility can lead to improved profitability for SMEs. The study suggests that SME owners and managers in developing economies, particularly those with limited financial resources, should consider recapitalizing their businesses. This can be achieved by seeking more financial support from existing financial service providers, such as banks, and engaging in capacity-building initiatives to enhance their financial literacy and access to finance.

Ibitomi, *et al.*, (2024) investigated the relationship between financial literacy and the performance of SMEs in Abuja. Many SMEs fail due to a lack of financial knowledge, attitudes, and behaviors necessary for successful entrepreneurship. Successful SMEs often struggle with insufficient business acumen and basic accounting knowledge, which hinders their entrepreneurial activities. The study aims to examine how financial literacy impacts the performance of SMEs in Abuja, Nigeria. It seeks to understand the role of financial knowledge, behavior, attitudes, and influences on business success. A survey method was employed, collecting primary data through questionnaires administered to 550 respondents across the six area councils of Abuja. Out of these, 469 responses were usable for analysis. The data was analyzed using multiple regression techniques. Respondents demonstrated adequate financial knowledge, which positively influenced their business performance. The financial behavior of SME owners significantly impacted their business outcomes. Financial attitudes of business owners also contributed positively to performance. However, the financial influence of SME owners was found to contribute only minimally to business performance. The study concludes that financial literacy among SME owners in Abuja plays a crucial role in the growth and success of their businesses. It emphasized the need for enhanced financial education programs to address gaps in financial literacy. The study recommends that government agencies, microfinance institutions, and banks should organize financial education programs to improve awareness and growth in areas lacking financial literacy.

Summary of the Literature review gaps

The literature about the influence of financial literacy on the profitability of small firms underscores the essential importance of financial knowledge, attitudes, and behaviours in improving business performance. Dewa *et al.* (2024) illustrate that financial literacy markedly enhances the profitability of MSMEs by fostering improved financial attitudes and behaviours. Kalapriya (2024) correlates inadequate financial literacy among Sri Lankan MSMEs with suboptimal decision-making, particularly in economic crises, highlighting its significance in managing adverse circumstances. Azzuwut *et al.* (2023) and Ibitomi *et al.* (2024) underscore that SMEs in Nigeria have challenges in financial access and business sustainability owing to insufficient financial literacy. Both findings indicate that enhancing financial education and literacy is directly associated with improved business outcomes, especially in developing nations. In these research, financial literacy is identified as a vital element for enhancing profitability, resilience, and long-term success in small-scale firms.

The literature on the impact of financial literacy on the success of small-scale enterprises in Ghana's Volta Region revealed numerous gaps that are pertinent to the Ho Municipal Assembly (HMA). Most research focused on other regions like Nigeria and Sri Lanka, largely overlooking the unique economic and cultural context of Ghana, precisely Ho Municipal. Furthermore, there is a dearth of research on the impact of sector-specific factors, and the role of informal financial systems, such as savings organizations, in determining the success of enterprises in rural Ghana. The existing literature underscores the significance of financial literacy, but it lacks research on the effectiveness of customised financial literacy interventions for small-scale enterprises in semi-urban or rural environments, like HMA. These voids necessitate more localised research to gain a more comprehensive understanding of the impact of financial literacy on enterprise success in this particular context.

METHODOLOGY

The study employed a cross-sectional research design. A cross-sectional design in research is a type of observational study where data on exposure, outcome, and other variables are collected at a single point in time (Voleti, 2024). A cross-sectional design is suitable for this study because it allows for a comprehensive examination of various factors influencing small-scale enterprises (SSEs) success, such as financial literacy, access to credit, and growth indicators (Opoku-Afriyie, 2019). This design enables researchers to collect data at a single point in time from a diverse sample of SSEs in the Volta Region of Ghana, providing insights into the current status of financial literacy levels and their impact on SSEs' success. By utilizing a cross-sectional approach, the study can analyze the relationship between financial literacy and SSEs success, offering valuable recommendations for enhancing financial education programs and support mechanisms for SSEs in the region.

The target population of the study was three hundred (300) Small Scale Enterprises owned by some people in the Ho Municipal Assembly which includes agriculture, services and those in trade. The sample size for the study was one hundred and seventy-three (173) Small Scale Enterprises owned by some people in the Ho Municipal Assembly using Krejice and Morgan (1970) sample size calculator. Simple random sampling is the basic sampling technique where we select a group of subjects (a sample) for study from a larger group (a population). Each individual is chosen entirely by chance and each member of the population has an equal chance of being included in the sample. Therefore, one hundred and seventy-three (173) Small Scale Enterprises owned by some people in the Ho Municipal Assembly would be randomly selected for the study to find out their knowledge on the impact of financial literacy on the profitability of small-scale enterprises in Ghana.

The study used a self-constructed questionnaire. Questionnaires aid in evaluating items, products, and employee/customer satisfaction, as well as collecting data for research studies (Dorneles & Mathias, 2022).

The responses or results attained in the study was analyzed using Statistical Package for the Social Sciences (SPSS) version 26. This method would be used to indicate whether the data collected would represent the true issues prevailing or whether the figures could have been obtained by chance. Data was analyzed using descriptive statistics percentages and frequencies linear regression.

RESULTS

Regression Model summary

The fundamental nature of a regression model summary within the realm of regression analysis resides in its capacity to effectively articulate the correlation between dependent and independent variables, thereby offering insights into the model's efficacy and predictive capabilities. A meticulously organized summary encompasses essential statistics such as coefficients, R-squared values, and p-values, which facilitate comprehension regarding the strength and significance of predictors (Vach, 2012). Moreover, the interpretation of these summaries is of paramount importance, as it assists researchers in circumventing prevalent pitfalls and ensuring that accurate conclusions are derived from the data (Vach, 2012). Ultimately, a thorough regression model summary functions as a foundational instrument for both the analysis and communication of results across varied applications.

Table 1: Regression Model summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.338[a]	.114	.110	.75435

a. Predictor (Constant): Financial Literacy
b. Dependent Variable: Small Scale Success

Table 1 presents the summary of the regression model with focus on Square and Adjusted R square. The value of Square 0.114 and Adjusted Square 0.110 which also indicate that the interval between the R Square and Adjusted R Square is very small,. Additionally the value of the R square 0.114 which means the model formed can explain 11.4% variance of the dependent variable which is Small Scale Success. The relevance of a 11.4% R square in regression analysis indicates the proportion of the variance in the dependent variable that can be explained by the independent variables. In conclusion this suggest that the regression model is a good model .However, the small difference between R-squared and Adjusted R-squared implies that the model does not suffer significantly from overfitting, which is a common issue when adding predictors to a model (Healy, 1984). Therefore, while the model may not be strong, the close values of R-squared and Adjusted R-squared indicate that it is a reasonable model for the data at hand (Rawlings *et al.*, 1998).

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Table 2: ANOVA

Model	Sum of Square	df	Mean Square	F	Sig
Regression	28.303	2	14.151	24.869	.000[b]
Residual	219.079	385	.569		
Total	247.382	387			

a. Predictor (Constant): Financial Literacy
b. Dependent Variable: Small Scale Success

The essence of Analysis of Variance (ANOVA) in regression analysis lies in its ability to assess the differences among group means and their associated variances, thereby providing a framework for understanding the impact of independent variables on a dependent variable. ANOVA extends the capabilities of traditional t-tests by allowing for the comparison of more than two groups simultaneously, which is crucial in regression contexts where multiple predictors are involved (Lani,2021).

Table 2 presented result of ANOVA of dependent variable and independent variables (the analysis over variance explains how the independents variable jointly affects the dependent variable). As the p-value(sig)of the ANOVA is 0.000 which is less than 5% level of significance the null hypothesis is rejected which means that the independents variables Financial Literacy jointly predict the dependents variable(Small Scale Success).what this means is that Financial literacy influences Small Business Success.

Table 3: Coefficients

	Beta	t	Sig	Tolerance	VIF
(Constant)		25.969	.000		
Financial Literacy	-.144	-2.671	.008	.790	1.267

a. Predictor (Constant): Financial Literacy
b. Dependent Variable: Small Scale Success

In linear regression analysis, coefficients denote the link between predictor variables and the response variable, quantifying the impact of changes in predictors on the outcome. In normal linear regression, the coefficients are obtained from the predictor matrix and represent the anticipated change in the response variable for a one-unit alteration in the predictor, while controlling for other factors (Burnham *et al.*, 2001). The interpretation of these coefficients may differ, particularly in latent variable models where the direct relationship is concealed, requiring meticulous description and comprehension of their contextual significance (Burnham *et al.*, 2001). The coefficients are crucial for evaluating the regression model's fit, as they facilitate outcome prediction and elucidate variable significance) (Dielman, 2004). The estimate of these coefficients generally utilizes techniques such as ordinary least squares (OLS), which minimizes the sum of squared variances between observed and predicted values, hence providing robust model performance (Stapleton, 1995).

Table 3 presented coefficients and collinearity statistics of linear regression analysis . As the p-value of the independent variable (Financial Literacy) 0.008 is leass than 5% level of significant the null hypothesis is rejected which suggest that Financial literacy are influence Small Scale Success.

Multicollinearity must be evaluated in a regression model as it can significantly impair the accuracy of response estimations, resulting in incorrect outcomes and interpretations (Morrison, 2003). High multicollinearity across independent variables might exacerbate the standard errors of the coefficients, complicating the assessment of each predictor's unique effect (Miles, 2014). The tolerance value signifies the extent of variance in a predictor that remains unexplained by other predictors, with a value of .790 indicating that 79% of the variance is distinctive, which is typically deemed acceptable (Miles, 2005). The Variance Inflation Factor (VIF) measures the extent to which the variance of a regression coefficient is amplified by multicollinearity, with a VIF of 1.267 signifying modest multicollinearity, whilst values beyond 10 are often alarming (Miles, 2005). Consequently, these statistics indicate that although some multicollinearity is present, it is not sufficiently severe to necessitate immediate alarm. It can therefore be infer that there was not multi collinearity in the variables.

Table 4: Regression Model Equation

Model	Unstandardized Coefficients
Constant	3.860
Financial Literacy Small Scale Success	-.157

a. Predictor (Constant): Financial Literacy
b. Dependent Variable: Small Scale Success

Table 4 presents a regression model equation. The essence of a regression equation in a linear regression model lies in its ability to quantify the relationship between one or more predictor variables and a response variable. This relationship is typically expressed in the form of a linear equation, where the coefficients represent the slope and intercept, indicating how changes in the predictor(s) affect the response variable (Foster *et al.*, 1998).

The essence of unstandardized coefficients in a linear regression model lies in their direct interpretation as the change in the dependent variable for a one-unit change in the independent variable, holding all other variables constant. These coefficients reflect the actual units of measurement of the variables involved, making them particularly useful for practical applications and policy implications (Frazis & Loewenstein, 2012). However, when dealing with latent variable models, the interpretation becomes more complex, as the relationship between predictor and response variables is mediated by underlying latent constructs (Burnham *et al.*, 2001). Additionally, unstandardized coefficients can be influenced by measurement errors, which may lead to biased estimates if not properly accounted for (Murad & Freedman, 2007). Thus, while unstandardized coefficients provide valuable insights, careful consideration of the model's structure and potential biases is essential for accurate interpretation (Robinson, 1974).

The regression equation presented illustrates the correlation between financial Status and small scale business success. When all other variables are negative, the constant value of 3.860 indicates a small scale success. The negative coefficients for Financial literacy (-.157) suggest that the small scale success of business is lesser when they have access to higher levels financial literacy.

DISCUSSION

The regression analysis results both corroborate and challenge findings from the current literature about the impact of financial literacy on the success of small-scale enterprises. Research conducted by Dewa *et al.* (2024) and Ibitomi *et al.* (2024) highlights a significant positive correlation between financial literacy and profitability; however, the present model reveals a modest R-squared value of 11.4%, suggesting that financial literacy accounts for only a minor fraction of the variance in the success of small-scale enterprises. Analogous to Kalapriya (2024), the ANOVA findings indicate that financial literacy is a significant predictor of small business success, supporting the notion that financial acumen affects performance during economic adversities. The negative coefficient for financial literacy (-.157) contradicts previous studies that indicate financial literacy directly contributes to success, prompting enquiries into whether contextual factors in the Ho Municipal Assembly, such as access to financial services or cultural financial practices, may influence this relationship. Despite the regression model's modesty, it underscores the significance of financial literacy in impacting business success, but with subtleties that diverge from more extensive studies.

CONCLUSION AND RECOMMENDATIONS

The findings indicated that financial literacy has a substantial impact on the success of small-scale enterprises; however, its overall influence is restricted, accounting for only 11.4% of the variance. The negative coefficient implies that financial knowledge alone is insufficient to ensure success, suggesting that other factors, including practical skills, access to resources, and local economic conditions, are also essential. Consequently, it recommended that financial literacy programs be improved and supplemented with supplementary support, such as mentorship and access to financial services. In order to completely capitalize on the advantages of financial literacy for business success, it is imperative to adopt a more comprehensive approach that addresses the specific requirements of the Ho Municipal Assembly.

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