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Financial Literacy and Business Growth among Women-Led Businesses in Uganda: Evidence from the Greater Kampala Metropolitan Area

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ABSTRACT

This study examined the effect of financial literacy on the growth of women-led businesses in the Greater Kampala Metropolitan Area (GKMA), Uganda. Financial literacy was conceptualized in terms of financial education and training, digital financial literacy, and awareness of financial products and services. The study was anchored on the Financial Literacy Theory of Financial Inclusion and the Resource-Based View (RBV) Theory, which posit that financial knowledge and skills constitute valuable resources that enhance business performance and growth. A cross-sectional survey design was adopted using a mixed-methods approach. Data were collected from 404 women-owned businesses through questionnaires, key informant interviews, and focus group discussions. Quantitative data were analyzed using descriptive statistics, Pearson correlation, and simple linear regression, while qualitative data were analyzed thematically to complement and explain the quantitative findings.

The descriptive findings revealed low to moderate levels of financial literacy among women entrepreneurs, with an aggregate mean score of 2.81 (SD = 1.59), although relatively higher scores were observed for digital literacy indicators such as mobile money usage and digital account security. The correlation analysis established a strong positive and statistically significant relationship between financial literacy and business growth ($r = 0.677$, $p < 0.01$). Regression results further revealed that financial literacy significantly influenced business growth ($\beta = 0.677$, $B = 0.700$, $t = 18.430$, $p < 0.01$), explaining 45.8% of the variation in business growth ($R^2 = 0.458$). Qualitative findings supported the quantitative results by indicating that financial education, digital skills, and awareness of financial services improve women's ability to make informed financial decisions, manage business finances, and effectively utilize financial products and services.

The study concludes that financial literacy is a significant predictor of business growth among women-led enterprises in GKMA. The study recommends strengthening financial literacy programs, expanding digital financial education, and enhancing awareness of financial products tailored to women entrepreneurs. These interventions are essential for promoting financial inclusion and accelerating the growth and sustainability of women-led businesses in Uganda.

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KEYWORDS: *Financial Literacy, Financial Education, Digital Literacy, Financial Inclusion, Women Entrepreneurs, Business Growth, Greater Kampala Metropolitan Area, Uganda.*

1. Background to the Study

Financial literacy has emerged as one of the most important determinants of business success, particularly among micro, small, and medium enterprises (MSMEs) led by women. Financial literacy refers to the knowledge, skills, attitudes, and behaviours that enable individuals and business owners to make informed financial decisions regarding budgeting, saving, borrowing, investing, and financial risk management (Lusardi & Mitchell, 2014). In today's increasingly competitive and digitized business environment, entrepreneurs require adequate financial literacy to effectively manage business finances, evaluate financial opportunities, access financial services, and sustain business growth.

Globally, financial literacy has been recognized as a key driver of entrepreneurship and economic development. According to the Organisation for Economic Co-operation and Development (OECD, 2023), financially literate entrepreneurs are more likely to maintain accurate financial records, make sound investment decisions, access formal financial services, and achieve sustainable business growth. Similarly, the World Bank (2022) emphasizes that financial literacy enhances entrepreneurs' ability to utilize financial products effectively, thereby improving enterprise performance and resilience. Studies conducted in developed economies indicate that entrepreneurs with higher levels of financial literacy demonstrate better financial planning, improved cash flow management, and higher business survival rates than their less financially literate counterparts (Lusardi & Mitchell, 2014).

In developing countries, financial literacy remains a major challenge, particularly among women entrepreneurs. Although governments and development agencies have increased efforts to promote financial inclusion, many women-owned businesses continue to experience difficulties in accessing and effectively utilizing financial services due to limited financial knowledge and skills (Ozili, 2020). Research conducted in Bangladesh by Andriamahery and Qamruzzaman (2022) found that financial literacy significantly improved the growth and performance of women-owned enterprises by enhancing financial decision-making and efficient utilization of financial resources. Similarly, Sherwani et al. (2024) established that digital financial literacy improves entrepreneurs' awareness and utilization of digital financial services, leading to improved business outcomes.

In Africa, financial literacy has become increasingly important due to the rapid expansion of digital financial services, mobile money platforms, and financial inclusion initiatives. However, many entrepreneurs, particularly women, still face challenges in understanding financial products, managing credit, and utilizing digital financial services effectively (African Development Bank, 2023). Studies across Sub-Saharan Africa indicate that limited financial literacy constrains business expansion, profitability, and sustainability among women-owned enterprises (UN Women, 2022). Consequently, financial literacy has become a central component of financial inclusion strategies aimed at promoting entrepreneurship and economic empowerment.

In Uganda, financial literacy remains relatively low despite considerable progress in financial inclusion. The Bank of Uganda's National Financial Literacy Strategy (2019–2024) was developed to improve financial knowledge, skills, attitudes, and behaviors among Ugandans. However, the Financial Capability Survey revealed that many Ugandans, particularly women, continue to exhibit low levels of financial knowledge relating to interest rates, inflation, savings, credit management, and digital financial services (Bank of Uganda, 2021). Women entrepreneurs often experience additional barriers including inadequate financial training, limited awareness of financial products, and insufficient digital literacy, which negatively affect their ability to access and utilize financial services for business growth.

Empirical evidence in Uganda further highlights the importance of financial literacy in enterprise development. Tumba et al. (2022) found that financial literacy dimensions such as financial education, bookkeeping, and cash forecasting significantly influenced the growth of women-owned businesses. Similarly, Bongomin et al. (2024) reported a positive relationship between digital literacy and digital financial inclusion among Ugandan entrepreneurs. Furthermore, Mpaata et al. (2025) established that financial literacy contributed significantly to improved savings behavior and business growth among enterprise owners. These findings suggest that financial literacy plays a critical role in enabling entrepreneurs to effectively manage financial resources and exploit growth opportunities.

The present study focuses on women-led businesses in the Greater Kampala Metropolitan Area (GKMA), where financial inclusion initiatives have expanded through mobile money services, digital banking platforms, government programs such as GROW, UWEP, and PDM, and increased participation of financial institutions. Despite these interventions, evidence from the study indicates that women entrepreneurs continue to exhibit low-to-moderate

levels of participation in financial literacy training, awareness of financial products, and understanding of financial services. The study findings revealed an aggregate mean score of 2.81, indicating generally low-to-moderate financial literacy levels among women entrepreneurs in GKMA. However, digital literacy indicators such as mobile money usage recorded relatively higher scores, suggesting uneven development across different dimensions of financial literacy.

Given the critical role of financial literacy in enhancing business growth, there is a need to examine how financial education, digital literacy, and awareness of financial products influence the growth of women-led businesses in the Greater Kampala Metropolitan Area. Understanding this relationship will provide evidence-based recommendations for policymakers, financial institutions, development partners, and entrepreneurship support programs aimed at strengthening women's economic empowerment and business growth.

1.1. Problem Statement

Women-led businesses play a significant role in employment creation, income generation, poverty reduction, and economic development in Uganda. Despite numerous government and private-sector initiatives aimed at promoting financial inclusion and supporting women entrepreneurship, many women-owned businesses continue to experience slow growth, low profitability, limited expansion, and high business failure rates. One of the factors frequently cited as constraining business growth is inadequate financial literacy, which limits entrepreneurs' ability to make informed financial decisions, manage business finances effectively, utilize financial products, and access growth opportunities (Lusardi & Mitchell, 2014; Ozili, 2020).

In Uganda, considerable efforts have been undertaken through programs such as the National Financial Literacy Strategy, the Generating Growth Opportunities and Productivity for Women Enterprises (GROW) Project, Uganda Women Entrepreneurship Programme (UWEP), and various financial institution training initiatives. However, evidence suggests that financial literacy levels among women entrepreneurs remain low. The Bank of Uganda (2021) reported persistent deficiencies in financial knowledge regarding interest rates, inflation, savings, and digital financial services, particularly among women. Similarly, findings from this study indicate that many women entrepreneurs had limited participation in financial literacy education programs, inadequate awareness of available financial products, and insufficient training on credit management and financial decision-making.

Although previous studies have established a positive relationship between financial literacy and business performance in different contexts (Andriamahery & Qamruzzaman, 2022; Tumba et al., 2022; Noor et al., 2024), limited empirical evidence exists regarding the specific effect of financial literacy on the growth of women-led businesses in the Greater Kampala Metropolitan Area. Most existing studies in Uganda have focused broadly on financial inclusion, access to finance, or savings behavior without adequately examining how financial education, digital literacy, and awareness of financial products collectively influence business growth among women entrepreneurs.

Furthermore, despite the increasing availability of digital financial services and financial literacy interventions, women-owned businesses in GKMA continue to report challenges related to financial knowledge, awareness, and utilization of financial services. This creates uncertainty regarding the extent to which financial literacy contributes to business growth within this context. Therefore, there is a need to empirically examine the effect of financial literacy on the growth of women-led businesses in the Greater Kampala Metropolitan Area. The findings of this study will contribute to the existing body of knowledge and provide practical insights for policymakers, financial institutions, and development agencies seeking to strengthen women's entrepreneurship and promote sustainable business growth.

1.2. Purpose

The purpose of this study was to examine the effect of financial literacy on the growth of women-led businesses in the Greater Kampala Metropolitan Area (GKMA), Uganda. Specifically, the study sought to determine how financial education and training, digital financial literacy, and awareness of financial products and services contribute to business growth among women entrepreneurs. The study was based on the premise that financial literacy enhances entrepreneurs' ability to make informed financial decisions, effectively manage business finances, access appropriate financial services, and utilize available financial opportunities for enterprise growth, thereby improving the performance and sustainability of women-led businesses.

2. Literature review

Financial literacy has emerged as a critical factor influencing the growth and sustainability of businesses, particularly among women-owned and small-scale enterprises. Financial literacy refers to the

knowledge, skills, attitudes, and competencies that enable individuals to make informed and effective decisions regarding the use and management of financial resources (Lusardi & Mitchell, 2014). Financially literate entrepreneurs are better equipped to prepare budgets, maintain financial records, evaluate investment opportunities, manage business risks, and access financial services necessary for enterprise growth. Consequently, financial literacy has increasingly been recognized as a strategic resource that contributes to improved business performance and competitiveness.

According to the Financial Literacy Theory of Financial Inclusion, financial knowledge enhances entrepreneurs' awareness, confidence, and willingness to participate in the formal financial sector, thereby improving access to financial products and services (Ozili, 2020). The theory argues that individuals with higher levels of financial literacy are more likely to utilize savings products, credit facilities, insurance services, and digital financial platforms effectively. In the context of women entrepreneurship, financial literacy empowers business owners to make informed financial decisions that support enterprise growth and long-term sustainability.

Financial education and training constitute one of the most important dimensions of financial literacy. Financial education equips entrepreneurs with knowledge in bookkeeping, budgeting, cash flow management, financial planning, and investment analysis. Lusardi and Mitchell (2014) contend that financial education improves individuals' capacity to make sound economic decisions and enhances their financial well-being. Similarly, Drexler, Fischer, and Schoar (2014) found that targeted financial training significantly improved financial management practices among microenterprise owners. Entrepreneurs who receive financial training are therefore more likely to allocate resources efficiently, manage debt responsibly, and improve business performance.

Several studies have demonstrated the positive contribution of financial literacy to enterprise growth. A systematic review conducted by Sharma and Singla (2022) revealed that financial literacy positively influences access to finance, financial management practices, and overall enterprise performance among micro, small, and medium enterprises (MSMEs). The review further established that entrepreneurs with higher financial literacy levels exhibit stronger business resilience and greater growth prospects compared to those with limited financial knowledge. Likewise, a comprehensive review of SME financial literacy literature identified financial knowledge, awareness, and financial skills as significant determinants of enterprise performance and growth. Financial literacy was found to influence financial attitudes, financial behavior, organizational capabilities, and business outcomes.

Digital financial literacy has become increasingly important in contemporary business environments characterized by rapid technological advancement and digital transformation. Digital financial literacy refers to the ability to understand and effectively use digital financial services such as mobile money, internet banking, agency banking, electronic payments, and other financial technologies. Women entrepreneurs with digital financial skills can access financial services more conveniently, reduce transaction costs, and expand their market opportunities. Recent studies indicate that digital literacy enhances financial inclusion and business performance by facilitating the effective utilization of technology-enabled financial services. Financial literacy has been shown to improve financial inclusion among women-led enterprises, while technology innovation further strengthens business performance and growth.

Awareness of financial products and services is another important aspect of financial literacy. Entrepreneurs who understand the characteristics, costs, benefits, and risks associated with financial products are more likely to select suitable financial services that meet their business needs. OECD (2023) argues that financial awareness enhances individuals' ability to compare financial products and make informed financial decisions. Similarly, Kuruvilla and Harikumar (2020) found that awareness of financial products significantly influenced financial decision-making and business growth among women entrepreneurs in India. Increased awareness of savings products, credit facilities, insurance services, and digital financial platforms enables entrepreneurs to access resources necessary for business expansion and sustainability.

The Resource-Based View (RBV) theory further provides a theoretical explanation for the relationship between financial literacy and business growth. The RBV posits that firms achieve superior performance when they possess valuable, rare, and difficult-to-imitate resources. Financial literacy represents an intangible strategic resource that enhances entrepreneurs' ability to manage financial resources effectively, identify growth opportunities, and respond to environmental challenges. Businesses with financially literate owners are therefore more likely to achieve competitive advantage and sustainable growth than those lacking such capabilities.

Empirical evidence from different countries consistently supports the positive relationship between financial literacy and business growth. In Uganda, Tumba et al. (2022) found that financial literacy, measured through financial education, bookkeeping practices, and cash forecasting, significantly influenced the growth of women-owned businesses. The study reported that financial literacy explained a substantial proportion of the variation in business growth. Similarly, Mpaata et al. (2025) established that financial literacy significantly improved savings behavior and financial management among business owners, resulting in enhanced business performance. Furthermore, Bongomin et al. (2024) reported a positive relationship between digital literacy and digital financial inclusion among entrepreneurs in Uganda.

Outside Uganda, several studies have reported similar findings. Andriamahery and Qamruzzaman (2022), in Bangladesh, found that financial literacy positively and significantly influenced the growth of women-owned enterprises through improved financial decision-making and access to financial resources. In Malaysia, Noor et al. (2024) established that financial literacy had a significant positive relationship with the growth of women-owned businesses. Similarly, a scoping review conducted in Nigeria concluded that financial literacy empowerment improves business management capabilities, facilitates access to finance, and enhances business growth among female entrepreneurs.

Recent studies have further emphasized the role of financial literacy in promoting women's economic empowerment and entrepreneurial success. Financial literacy has been found to enhance women's access to credit, improve savings behavior, increase entrepreneurial confidence, and support business growth in emerging economies. These benefits are particularly important for women entrepreneurs who often face structural barriers in accessing financial resources and business support services.

Despite the growing body of literature demonstrating the positive contribution of financial literacy to business growth, significant contextual gaps remain. Most previous studies have focused on general SME performance, financial inclusion, or access to finance, with limited attention given to women-led businesses operating within the Greater Kampala Metropolitan Area (GKMA). Furthermore, few studies have simultaneously examined financial literacy through the dimensions of financial education, digital literacy, and awareness of financial products within a single analytical framework. Therefore, there remains a need to empirically investigate the effect of financial literacy on the growth of women-led businesses in GKMA, Uganda, to provide context-specific evidence that can inform policy and practice.

3. Methodology

This study adopted a cross-sectional research design employing a mixed-methods approach to examine the effect of financial literacy on the growth of women-led businesses in the Greater Kampala Metropolitan Area (GKMA), Uganda. The mixed-methods approach was considered appropriate because it enabled the collection of both quantitative and qualitative data, thereby providing a comprehensive understanding of the relationship between financial literacy and business growth. Quantitative data were used to establish the magnitude and significance of the relationship, while qualitative data provided contextual explanations and insights into the experiences of women entrepreneurs regarding financial literacy and business growth.

The study targeted women-led businesses operating within the districts comprising the Greater Kampala Metropolitan Area, namely Kampala, Wakiso, Mukono, and Mpigi. The study focused on women entrepreneurs because they constitute a significant proportion of Uganda's micro, small, and medium enterprises and play a critical role in employment creation and economic development. A sample of 404 women-led businesses participated in the study. Respondents were selected using appropriate sampling procedures to ensure representation across the study area.

Primary data were collected using a structured questionnaire, key informant interviews (KIIs), and focus group discussions (FGDs). The questionnaire was designed using a six-point Likert scale ranging from 0 = Not Applicable, 1 = Strongly Disagree, 2 = Disagree, 3 = Not Sure, 4 = Agree, and 5 = Strongly Agree. Financial literacy was measured using indicators relating to financial education and training, digital financial literacy, and awareness of financial products and services. Business growth was measured using indicators reflecting improvements in business performance, expansion, profitability, and sustainability. Qualitative data were obtained from key stakeholders and women entrepreneurs to complement the quantitative findings.

To ensure validity and reliability, the research instrument was subjected to expert review and pilot testing before the main data collection exercise. Reliability of the financial literacy scale was assessed using Cronbach's Alpha coefficient, which yielded a value of 0.904, exceeding the minimum acceptable threshold of 0.70 recommended for social science

research, thereby confirming the internal consistency of the instrument.

Quantitative data were analyzed using the Statistical Package for Social Sciences (SPSS). Descriptive statistics, including frequencies, percentages, means, and standard deviations, were used to summarize respondents' perceptions regarding financial literacy and business growth. Pearson Product-Moment Correlation Analysis was employed to establish the nature and strength of the relationship between financial literacy and business growth. To determine the effect of financial literacy on business growth, a simple linear regression model was estimated. Statistical significance was tested at the 0.05 level. Qualitative data obtained from key informant interviews and focus group discussions were analyzed thematically and integrated with quantitative findings during interpretation to provide a richer understanding of the study results.

The regression model estimated in this study was specified as:

$$BG = \beta_0 + \beta_1 FL + \varepsilon$$

Where:
BG = Business Growth
FL = Financial Literacy
β_0 = Constant term
β_1 = Regression coefficient for Financial Literacy
ε = Error term

The model was used to determine the extent to which financial literacy predicts the growth of women-led businesses in the Greater Kampala Metropolitan Area, Uganda.

4. RESULTS AND DISCUSSION

Financial literacy was examined as the second dimension of financial inclusion. The respondents rated how financial literacy enhanced the growth of their businesses. The respondents indicated their agreement with a series of statements regarding their financial literacy levels using a standardized and reliable instrument (Cronbach's $\alpha = 0.904$), which exceeds the 0.7 threshold recommended by Taber (2018) and Hair et al., (2019). The assessment focused on whether the respondents had participated in some financial literacy education programmes /trainings, possessed digital literacy levels, as well as whether they were aware of financial services offered by the financial institutions.

The summarized results in Table 34 provide clear evidence of how financial literacy contributes to improving the growth of businesses led by women in the GKMA.

Table 1: ***Responses on Financial literacy of women led businesses the GKMA.***

Education programs, Digital Literacy, and Awareness	N	Mean	Std. Deviation
I attend financial education programs relevant to my business.	404	1.94	1.740
Education programs have improved my financial management and bookkeeping skills	404	2.13	1.844
We/ I receive training that enhances our/my ability to access and use credit.	404	1.91	1.692
Our bank offers trainings to women on business record keeping.	404	2.29	1.841
I have been trained and sensitized on how the interest rates and inflation affects credit offered to my business.	404	1.81	1.652
I am conversant with the use of internet banking and mobile banking applications	404	3.46	1.539
I am comfortable making online/ electronic business transactions without assistance	404	3.23	1.541
We/ I use mobile money services for business transactions.	404	4.33	1.025
Digital financial literacy has improved my ability to access and manage financial services	404	3.33	1.603
I am able to keep my digital financial accounts safe and secure.	404	4.03	1.322
Financial institutions do provide comprehensive information about their products and services	404	2.93	1.566
I am aware of the available financial products offered by financial institutions.	404	2.75	1.581
I understand the terms and conditions of the financial products available	404	2.69	1.628
I do seek information about any new financial services and products available to my business.	404	2.55	1.628

The awareness of financial products has improved my business decisions regarding uptake of financial products.	404	2.77	1.635
Aggregate Scores		**2.81**	**1.59**

Source: *Survey data (2026)*

Table 1 presents the descriptive statistics on Financial Literacy. The overall aggregate mean scores of 2.81 (SD = 1.59) indicate generally low to moderate perceptions among respondents on their financial literacy levels. However, the high standard deviation suggests substantial variability in responses, meaning that there were varying financial literacy levels among the respondents.

The highest to moderate scores were observed from items on digital literacy, with use of mobile money for business transactions (4.33), ability to keep digital account secure (4.03), conversant with the use of internet/mobile banking (3.46), Digital literacy has improved ability to access and manage finances (3.33) and Comfortable making online transaction without assistance (3.23). This suggests that the respondents possessed moderate levels of digital literacy. On the contrary qualitative findings from KII further underscore existing digital literacy gaps. KII UWEAL alludes that;

"There is therefore a need for continued investment in digital literacy training, affordable digital technologies, and simplified digital financial products tailored to women-led MSMEs."

Moderate scores were also observed for awareness of financial products ranging between (2.93 to 2.55) while this is slightly above the mid-point, the finding suggest that majority of the respondents were not aware of the financial products offered by the financial institutions.

The Focus groups further underscore this argument as they repeatedly emphasized that awareness does not translate into access:
"We only hear about them through TV and radio announcements, like PDM and others, but the information never reaches us at the grassroots level." (FGD-R5, Mukono)

This statement reflects a critical disconnect between policy communication channels and grassroots realities, suggesting that information dissemination mechanisms remain largely top-down and ineffective. Further reinforcing this, another participant noted:

"When the funds reach the district, I may never know the exact day they arrived or even the office responsible… that is where the problem is—the information does not reach us." (FGD-R7, Mukono)

This highlights temporal and procedural capacity, where timing and administrative processes act as hidden barriers to access.

However, a minority perspective introduced an element of agency:
"The offices are accessible… when you go there, the CDO cannot deny you information… sometimes you people also neglect yourselves." (FGD-R2, Mukono)

This counter-narrative suggests that financial exclusion is not solely structural but may also involve behavioral and informational inertia among beneficiaries, introducing an important dimension of self-exclusion.

The lowest mean scores were recorded for financial literacy education/ trainings programme ranging between (2.29 to 1.81). This means that majority of the respondents did not participate in any financial literacy education programme or training despite it being essential for enhancing the growth of businesses.

KII UWEAL Noted that there have been efforts to improve financial literacy through education and trainings as stated below.

Women entrepreneurs have participated in financial literacy trainings facilitated by various financial institutions, improving their understanding of financial products and services.

However, these interventions have so far reached only a fraction of women entrepreneurs due to limited Secretariat capacity and outreach coverage."

KII AMFIU stated it this way …. *what they are calling financial literacy training; they are simply marketing the products.*

Further AMIFU noted that, …*Loan officer gets incentives for every loan given out, but no incentive on offering financial literary training, so they will focus more on registering more loan, than training.*

In Mpigi FGD, Information asymmetry was also evident in line with government grants:

"We are never informed about when or where the money will be distributed… when you follow up, you are told the process already closed." (FGD-R5, Mpigi).

Both UWEP/ YLP and GROW emphasize financial literacy as a core component, though with different approaches.

UWEP:
- Training before and after disbursement
- Focus on bookkeeping and group management

"They are trained before accessing the money… and even after, we continue training." (UWEP KII)

GROW:
- More structured and intensive training
- Includes mindset change and business strategy

"After training, most women realize they don't even need the loan anymore." (GROW KII)

However, a key gap remains:
- Training is not always mandatory before loan access.

These findings support Lusardi & Mitchell (2014), who argue that: financial literacy is essential for effective financial decision-making and long-term economic outcomes.

While the GROW project finding where some women opt out of loans scheme after training aligns with Drexler et al. (2014), who found that targeted financial training improves decision-making more than access to finance alone, the inconsistency in training uptake reflects Karlan & Valdivia (2011), who noted that; financial education programs are often ineffective when not standardized or mandatory.

The overall aggregate mean scores of 2.81 (SD = 1.59) indicate general low to moderate perceptions among respondents on their financial literacy levels. This aligns with Financial Literacy Theory of financial inclusion (Ozili, 2020), that argues that the financial literacy level possessed by the business often determines their participation in the formal financial sector. This theory links education level to financial literacy levels, meaning that a person with a higher level of education will increase their probability to access and usage of finances,. This implies that once the women led business owners are educated, they will have a higher financial literacy level, they will be empowered to seek for financial services that meet their needs.

The finding are in agreement with Bongomin, et al., (2024) study findings that indicated a positive significant relationship between digital literacy and digital financial inclusion ($r= 0.202$; $p < 0.05$). Meaning that an increase in digital literacy results into increase in digital financial inclusion among the businesses sampled. In Uganda, Mpaata et al., (2025) found that Financial literacy contributed to 20.47%, variance in savings behaviors of business owners, which translates into business growth.

Table 2: ***Correlation Results of Financial Literacy on Businesses growth.***

		Business Growth	Financial Literacy
Business Growth	Pearson Correlation	1	.677**
	Sig. (2-tailed)		.000
	N	404	404
Financial Literacy	Pearson Correlation	.677**	1
	Sig. (2-tailed)	.000	
	N	404	404
**. Correlation is significant at the 0.01 level (2-tailed).			

Source: *Survey data(2026)*

The correlation results in Table 35 indicates a strong and statistically significant positive relationship between financial literacy and the growth of businesses led by women in GKMA ($r = 0.677$, $p < 0.01$). This means that high levels of financial literacy, are associated with improved business growth. This finding shows that financial literacy contributes meaningfully to women led businesses' ability to grow. The magnitude of the coefficient (0.677) indicates a strong association, confirming that financial literacy is an important dimension of financial inclusion that meaningfully contributes to improving access, usage and quality of finances among women led

businesses. The significance level ($p < 0.01$) further confirms that this relationship is not due to chance, highlighting that financial literacy is credible and impactful in enhancing growth of businesses led by women.

From the theoretical perspective, the observed positive correlation aligns with the Financial Literacy Theory of financial inclusion (Ozili, 2020), that argues that the financial literacy level possesses by the business often determines their participation in the formal financial sector. The theory posits that focusing on financial literacy for all including women led businesses increases their knowledge, creates awareness, and willingness to seek for financial services and products that meet their business needs. The results therefore support the notion that financial literacy improve business performance and growth. Similarly, the Resource Based View Theory asserts that businesses that possess and deploy unique resources like financial literacy will be able to improve their performance. The significant correlation observed in this study confirms these theoretical expectations: Women led businesses that attain financial literacy training and education programmes will be willing to seek for financial services which results in the growth of their businesses.

The results of this study are consistent with previous researches across various contexts. For example, Kumari (2025) study found a significant positive correlation between business growth and financial literacy through defined financial goals and skills development. In India, (Kuruvilla & Harikumar, 2020) study showed that correlation coefficient of 0.452 implied that there existed a relationship between women's education level and financial product awareness that resulted into growth of businesses, while Mbabazi & Daniel (2017), found a positive correlation between higher financial literacy levels and the active participation in financial decision making.

Furthermore in India Sherwani et al., (2024) study revealed that digital literacy does empower and creates awareness of benefits of financial products which in turn results into growth of businesses led by women. While in Bangladesh Andriamahery & Qamruzzaman, (2022) study findings showed that financial literacy has a positively statistically significant association with growth of businesses led by women, with a coefficient of 0.159; $P < 0.01$.

4.1. Simple Linear Regression Analysis: On the Effect of Financial literacy.

To examine the effect of Financial literacy on the growth of businesses led by women in the GKMA, the following hypothesis was tested:

H_{02}: Financial Literacy does not have a significant effect on the growth of businesses led by women in the GKMA.

The regression results are presented in Table 36 (i-iii). Table 2(i) represents the results for the goodness-of-fit of the regression model for Financial Literacy and Business Growth.

Table 2 (i): ***Model Summary results: Effect of financial literacy on Business Growth.***

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.677[a]	0.458	0.457	0.79729
a. Predictors: (Constant), Financial Literacy				

Source: *Survey data (2026)*

The regression model examining the effect of Financial literacy on the growth of businesses led by women in the GKMA is presented in Table 2 (i). The model shows a correlation coefficient (R) of 0.677, indicating a moderate positive relationship between the observed and predicted values of business growth. The coefficient of determination (R^2) is 0.458, suggesting that approximately 45.8% of the variance in business growth is explained by financial literacy. The Adjusted R^2 of 0.457 accounts for the number of predictors and confirms that the explanatory power of the model remains reasonably stable after adjusting for degrees of freedom. The Standard Error of the Estimate (SEE) is 0.79729 indicating that, on average, the predicted business growth scores differ from the observed scores by about 0.797 units. Overall, the model demonstrates a moderate fit, suggesting that whereas financial literacy contributes positively to explaining the variation in business growth, there are other factors beyond financial literacy that influence the growth of businesses led by women.

The table 2 (ii) presents the overall significance of the regression model for Financial literacy on Business growth.

Table 2 (ii): ***ANOVA results: Effect of financial literacy on Business growth***

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	215.919	1	215.919	339.668	.000[b]
	Residual	255.542	402	0.636		
	Total	471.46	403			
a. Dependent Variable: Business Growth						
b. Predictors: (Constant), Financial Literacy						

Source: *Survey data (2026)*

The ANOVA results in Table 2 (ii) evaluate the overall significance of the regression model examining the effect of Financial literacy on the growth of businesses led by women in the GKMA. The model produced an F-statistic of 339.668 with a corresponding p-value of P< 0.01, indicating that the regression model is statistically significant. This result confirms that financial literacy significantly explains variation in business growth, meaning that at least one predictor within the model here, financial literacy has a meaningful effect on the growth of businesses led by women. Therefore, the model provides a valid basis for further interpretation of the regression coefficients to determine the strength and direction of the relationship between financial literacy and business growth.

The Table 2 (iii) below presents results of the significance of the regression of Financial Literacy and Business Growth.

Table 2 (iii): ***Regression Analysis for Effect of Financial Literacy on Business Growth***

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.786	0.114		6.897	0.000
	Financial Literacy	0.7	0.038	0.677	18.43	0.000
a. Dependent Variable: Business Growth						

Source: *Survey data (2026)*

Table 2 (iii) shows the regression coefficient value for Financial Literacy on Business growth. The unstandardized coefficient (B) for financial literacy is 0.700, indicating that a one-unit increase in financial literacy levels is associated with a 0.700-unit increase in growth of businesses led by women in GKMA. The standardized coefficient (Beta) is 0.677, demonstrating a moderate predictive strength for financial inclusion. The t-value of 18.430 with a p-value of P< 0.01 confirms that the relationship is statistically significant at the 0.01 level, suggesting that financial literacy positively influence the growth of businesses led by women.

Based on the regression results, the null hypothesis H_{02}, which states that Financial Literacy does not have a significant effect on the growth of businesses led by women in the GKMA is rejected and the alternative hypothesis H_{12} is accepted. The statistically significant p-value (0.000) provides strong evidence that financial literacy as a dimension of financial inclusion, contributes meaningfully to enhancing the growth of businesses led by women in GKMA.

The observed positive effect of financial literacy on business growth aligns with the financial literacy theory of financial inclusion (Ozili, 2020) and RBV (1965) that suggest that being financial literate is a resource to the business that can improve financial management, bookkeeping, and ensure ability and willingness to seek financial services to improve business growth.

The findings are in line with existing literature that underscores the relevance of financial literacy. For instance Tumba et al., (2022) study findings revealed that financial literacy measured on; financial education, book keeping and cash forecasting had a significant effect on growth of businesses led by women contributing to a 61.4% variance in growth of businesses led by women. Similarly in Malaysia Noor et al., (2024) study finding showed that financial literacy had a significant relationship with growth of businesses led by women (r=0.316, p< 0.001) implying that financial literacy is essential for growth of businesses led by women.

From the regression results in the Tables 36 (i - iii), the regression equation to estimate how financial literacy influences Business Growth was formulated as;

$BG = \beta_0+\beta_2 FL+\varepsilon$

$BG = 0.786 + 0.700\ FL + \varepsilon$..... (2)

Where:
BG = Business Growth
FL = Financial Literacy
ε = Error term
β_0 = 0.786 Constant
β_2 = 0.700 an estimate for the expected increase in **BG** in response to a unit increase on **FL**.

4.2. Summary of Objective Two Findings on the effect of Financial literacy

Objective two examined the effect of financial literacy on the growth of businesses led by women in the GKMA. The descriptive results showed an overall aggregate mean scores of 2.81 (SD = 1.59) indicating generally low to moderate perceptions among respondents on their participation in financial literacy education, digital literacy and awareness of financial services, despite their location in urban centers. However, the high standard deviation suggests substantial variability in responses, meaning that there were varying financial literacy levels among the respondents. The correlation analysis showed a moderative positive relationship between financial literacy and business growth ($r = 0.677$, $p < 0.01$)), while the regression results showed that financial literacy explain 45.8% of the variation in business growth and significantly predict business growth (B = 0.700, β = 0.677, t = 18.430, p <0.01). This implies that an increase in financial literacy significantly enhances the growth of women-led businesses. The high standardized coefficient further suggests that financial literacy is a key determinant of business growth. These findings are consistent with the RBV theory and financial literacy theory of financial inclusion that, emphasizes the importance of financial literacy of businesses in enhancing their growth. Uganda's Strategy for financial literacy (2019-2024) whose vision states "Ugandans have the knowledge, skills and confidence to manage money well". However, the financial capabilities survey revealed low financial knowledge levels among Ugandan, with females scoring lowest especially as regards to inflation and interest rate, as well as digital literacy (BOU, 2021).

Empirical studies in Uganda (Tumba et al., (2022)), Malaysia (Noor et al., (2024). , India (Kumari (2025)), Ethiopia Alene (2020), indicates that financial literacy has a positive and significant effect on growth of businesses.

4.3. Contribution to New Knowledge for Objective Two: Financial literacy.

Several financial inclusion studies have been conducted globally, although limited empirical research in Uganda has specifically examined the influence of financial literacy on the growth of women led businesses in the GKMA. This study therefore fills an important contextual gap by generating localized evidence from women entrepreneurs operating in the Greater Kampala Metropolitan Area. Most previous studies focused primarily on access to finance and availability of financial services. This study extends financial inclusion literature by demonstrating that financial literacy is equally critical in enabling women entrepreneurs to effectively utilize financial resources for business growth. The study findings from the survey, FGDs and KIIs further enriches literature on women entrepreneurship by highlighting how financial education programmes, digital literacy and awareness enhances women's capacity to make sound business decisions, manage finances, evaluate financial risks, and utilize financial products like mobile banking, internet banking, agent banking, mobile money effectively.

4.4. Enhancing Financial affordability

Although financial affordability did not have a significant effect on business growth, it remains very essential in increasing access to finance. This suggests that high transaction costs, interest rates, and collateral requirements may still limit the effective utilization of financial services. In Bangladesh since 2014 government established SME financing programs that provide subsidized credit to women entrepreneurs at lower interest rates through central bank support, UNESCAP (2021).

***Transaction Costs*:** Financial institutions and telecom companies should consider reducing on mobile transaction costs and hidden banking fees that discourage small businesses from using formal financial systems especially the loan processing fees.

***Interest rates*:** Government and financial regulators should promote affordable lending rates for women led businesses.

Collateral: Financial institutions could consider offering minimum loans that do not require collateral, similar to the case with the Grow Project.

Strengthen Inclusive Financing Policies: Policy makers should enforce regulations that encourage fair lending practices and offer realistic collateral requirements

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