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Examining the Effect of Financial Literacy on Indigenous Business Growth in the Hospitality Sector: A Case Study of Selected Lodges in Kamwala South

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Abstract

Small and medium-sized enterprises (SMEs) in the hospitality sector are vital drivers of employment, local economic activity, and cultural tourism in Zambia's urban centres, particularly in Lusaka. Examining the effect of financial literacy on indigenous business growth remains a major socio-economic concern in Zambia, particularly in urban areas such as Kamwala south. Small and Medium Scale Enterprises (SMEs) in hospitality sector are recognized as key contributors to job creation, especially for youth and women. Yet despite their importance, many indigenous hospitality operators face persistent constraints to growth, including irregular cash flows, weak financial recordkeeping, limited access to formal finance, and low uptake of basic financial management tools such as cash-flow forecasts, budgeting, and profit analysis. Financial literacy has therefore emerged as a critical determinant of SME sustainability. This study was motivated by the need to examine the effect of financial literacy on indigenous business growth.

The general objective of this study was to examine the effect of financial literacy on the growth of indigenous businesses in the hospitality sector, focusing on a comparative analysis of Maria dams Lodge, Shamrock Lodge, and Mwayose Lodge in Kamwala South. Specifically to assess the levels of financial literacy among owners and managers of

indigenous lodges operating in Lusaka's hospitality sector, to investigate the relationship between financial literacy components, such as budgeting, recordkeeping, and credit management, and business growth indicators, including profitability, customer base expansion, and reinvestment capacity and to analyze the financial performance and growth patterns of Mariadams Lodge, Shamrock Lodge, and Mwayose Lodge in relation to the financial literacy of their owners or managers. A comparative, mixed-methods case study design was adopted for this research to provide a comprehensive understanding of financial literacy practices and their influence on business performance among indigenous lodges. This design allows the study to delve deeply into the experiences and strategies of lodge owners and managers while simultaneously capturing measurable outcomes such as profitability, cash flow management, and operational efficiency. By combining qualitative and quantitative approaches, the study goes beyond superficial observations to examine both the behavioral and numerical dimensions of financial decision-making.

The findings offers practical recommendations to strengthen SME support mechanisms and guide policy interventions aimed at promoting inclusive job growth through retail trade enterprises.

Keywords: Financial Literacy, Employment, Economic Activity, Indigeous Lodges, Kamwala South, Zambia

1. Introduction

Small and medium-sized enterprises (SMEs) in the hospitality sector are vital drivers of employment, local economic activity, and cultural tourism in Zambia's urban centres, particularly Lusaka. According to the Zambia Statistics Agency (ZamStats, 2023), the tourism and hospitality industry contributes significantly to national GDP and job creation, especially among youths and women. Indigenous lodges, small, locally owned accommodation businesses such as Maria dams Lodge, Shamrock Lodge, and Mwayose Lodge, play a distinctive role by providing livelihood opportunities, supporting domestic supply chains, and preserving cultural hospitality practices that reflect Zambian traditions and community values (Chewe, 2025). These businesses form the backbone of Lusaka's urban tourism ecosystem, offering affordable accommodation and personalised services that large hotels often overlook. However, despite their contribution to socio-economic development, indigenous

hospitality enterprises frequently struggle to maintain profitability, resilience, and growth due to weak financial management systems, limited access to formal credit, and insufficient managerial training (Siwale, Hapompwe, & Kukano, 2021).

This study therefore seeks to bridge that knowledge gap.

1.1 Background of the Study

Lusaka's hospitality subsector comprises an intricate mix of large hotels, franchised chains, boutique lodges, and numerous indigenous guesthouses that serve both domestic and international travelers. Indigenous lodges typically operate with limited start-up capital, rely on family labour, and source inputs such as food, furniture, and maintenance services locally. Their revenues are often volatile and tightly linked to event tourism, seasonality, and fluctuations in local demand (Mwanza, 2018). According to the Zambia Tourism Agency (ZTA, 2023), the majority of registered accommodation providers in Lusaka fall within the small and medium enterprise (SME) category, underscoring their importance to the city's service economy. However, empirical research in Zambia's urban hospitality sector highlights chronic financial and managerial challenges, chief among them cash-flow constraints, poor recordkeeping, and limited capacity for reinvestment (Chewe, 2025; Siwale, Hapompwe, & Kukano, 2021). These weaknesses impede scalability and innovation, leaving many enterprises trapped at micro-enterprise level.

Because many indigenous lodge owners lack formal training in financial management, decisions regarding pricing, payroll, procurement, and reinvestment are frequently intuitive rather than data-driven. This ad-hoc decision-making exposes firms to solvency risk, restricts their ability to professionalise, and discourages long-term planning (Siwale *et al.*, 2021). Studies conducted in Lusaka's central business district and other urban centres such as Ndola and Kitwe reveal that financial illiteracy correlates with suboptimal debt usage, mispricing of services, and missed cost-saving opportunities (Bule, 2021; Sakala, 2024). Labour-intensive sectors such as hospitality are particularly vulnerable because small cash-flow miscalculations can quickly lead to wage arrears or service deterioration, damaging brand reputation and customer loyalty. Moreover, the prevalence of informal transactions, especially cash-based bookings and supplier payments, limits the traceability of revenue streams and obstructs access to credit from formal institutions that require reliable records (Damane, 2025).

1.2 Statement of the Problem

Despite the rapid growth of Zambia's hospitality industry, indigenous-owned lodges continue to face significant challenges in achieving sustainability and competitive performance. While foreign-owned and franchise establishments benefit from structured management systems, established financial practices, and access to capital, many locally owned lodges in Lusaka, such as Mariadams, Shamrock, and Mwayose, struggle to maintain operational efficiency and financial stability. These challenges manifest in low revenue growth, inconsistent service quality, and limited capacity for reinvestment in infrastructure, staff development, or technology. The persistent underperformance of indigenous lodges raises

concerns about equity in the sector and the long-term viability of locally owned enterprises, particularly in an urban market that is increasingly competitive and service-driven.

Empirical evidence from Zambia and other comparable African economies suggests that one of the central causes of these challenges is low financial literacy among lodge entrepreneurs (Bule, 2021; Siwale *et al.*, 2021). Many indigenous lodge owners lack essential financial management skills, including knowledge of basic accounting principles, cost control techniques, budgeting, and credit management. This deficiency often results in ad hoc decision-making, poor recordkeeping, and insufficient strategic planning. For instance, decisions related to pricing, procurement, or staff remuneration are frequently made without adequate analysis of financial implications, exposing lodges to liquidity constraints, revenue leakage, and missed investment opportunities. These operational weaknesses hinder the lodges' ability to expand services, enhance customer experiences, and compete effectively with better-capitalized establishments.

1.3 Objectives of the Study

1.3.1 Main Objective

The general objective of this study is to examine the effect of financial literacy on the growth of indigenous businesses in the hospitality sector, focusing on a comparative analysis of Maria dams Lodge, Shamrock Lodge, and Mwayose Lodge in Lusaka.

1.3.2 Specific Objectives

The study is guided by the following specific objectives:

1. To assess the levels of financial literacy among owners and managers of indigenous lodges operating in Lusaka's hospitality sector.
2. To identify the relationship between financial literacy components, such as budgeting, recordkeeping, and credit management, and business growth indicators, including profitability, customer base expansion, and reinvestment capacity.
3. To analyze the financial performance and growth patterns of Mariadams Lodge, Shamrock Lodge, and Mwayose Lodge in relation to the financial literacy of their owners or managers.

1.4 Research Questions

To guide the study in achieving its stated objectives, the following research questions were formulated:

1. What is the level of financial literacy among owners and managers of indigenous lodges in Lusaka's hospitality sector?
2. How does financial literacy influence the growth and financial performance of indigenous lodges such as Mariadams Lodge, Shamrock Lodge, and Mwayose Lodge?
3. In what ways do variations in financial literacy levels account for differences in business growth and sustainability among the three selected lodges in Lusaka?

1.5 Theoretical Framework

The methodology outlines the approach and procedures employed to examine the effect of financial literacy on indigenous lodge growth in Lusaka. It combines qualitative

and quantitative methods to provide a comprehensive understanding of both owner financial competencies and observable business outcomes.

1.6 Significance of the Study

This study holds substantial significance for multiple stakeholders within Zambia's hospitality and broader SME ecosystem. For policymakers and government agencies, including the Ministry of Small and Medium Enterprise Development and the Zambia Development Agency (ZDA), the findings provide evidence-based insights to guide the design of targeted financial literacy initiatives. By understanding the specific financial challenges and literacy gaps faced by indigenous lodge owners, these stakeholders can develop training programs, capacity-building workshops, and policy frameworks that directly enhance the sustainability and growth of locally owned hospitality enterprises. Furthermore, the study highlights the need for supportive regulatory and institutional mechanisms, such as streamlined access to credit, mentorship programs, and sector-specific advisory services, which can help small-scale lodge operators navigate financial management complexities and improve their competitiveness in an increasingly dynamic market.

Financial institutions, microfinance providers, and industry associations also benefit from this research by gaining a clearer picture of the financial capabilities and constraints of indigenous entrepreneurs. The results can inform the design of tailored credit products, risk-assessment frameworks, and advisory services that align with the operational realities and financial knowledge of small-scale hospitality businesses. For lodge owners and managers, the study provides practical recommendations on improving recordkeeping, budgeting, cash-flow management, and adoption of digital financial tools, thereby enhancing profitability and operational efficiency. Additionally, the academic community gains from the place-based, comparative evidence, which addresses a notable literature gap regarding the effects of financial literacy on urban Zambian hospitality enterprises. This foundation supports future research on SME growth, financial inclusion, and targeted entrepreneurship development, offering insights applicable not only in Zambia but also in comparable emerging-market contexts across Africa.

1.7 Scope of the Study

This study is geographically limited to Lusaka, Zambia, focusing specifically on three indigenous lodges: Mariadams Lodge, Shamrock Lodge, and Mwayose Lodge. These lodges were selected because they represent locally owned enterprises operating within similar urban market conditions, yet they differ in ownership structure, clientele, and managerial experience. By concentrating on these three case-study lodges, the research ensures an in-depth, place-based analysis of financial literacy and its effect on business growth, while controlling for broader macroeconomic and city-level institutional factors that could otherwise confound comparisons across diverse urban environments.

2. Literature Review

2.1 Understanding Financial Literacy Among Indigenous Entrepreneurs

Financial literacy is broadly defined as the ability to understand and effectively apply various financial skills,

including budgeting, saving, debt management, and investing (Lusardi & Mitchell, 2014). Among indigenous entrepreneurs, particularly in developing countries like Zambia, financial literacy is not merely a personal competency but a crucial business asset. Entrepreneurs operating small and medium enterprises (SMEs) such as Mariadams Lodge, Shamrock Lodge, and Mwayose Lodge often rely on limited resources, informal management systems, and inconsistent cash flows, which demand sound financial decision-making. Atkinson and Messy (2012) note that in environments where formal financial education is lacking, entrepreneurs tend to rely on trial-and-error financial practices, increasing the likelihood of misallocating resources and exposing the business to risks. Cole, Sampson, and Zia (2011) further argue that financial literacy enhances participation in formal financial systems, which is essential for accessing credit, managing business expenses, and planning for future investments.

2.2 The Relationship Between Financial Literacy and Business Performance

Several empirical studies have consistently affirmed a strong positive correlation between financial literacy and business performance. Financial literacy enhances an entrepreneur's capability to make informed, data-driven financial decisions in areas such as pricing, cost control, investment, and capital management (Fatoki, 2014). These decisions directly influence profitability, operational efficiency, and business sustainability. Entrepreneurs who are financially literate are more confident in interpreting financial statements, evaluating investment options, and projecting future cash flows, which translates into strategic decision-making and optimal resource utilization. Adomako and Danso (2014) [3] argue that financial literacy significantly affects an entrepreneur's ability to obtain and manage external financing, control debt levels, and ensure long-term business viability.

Studies in African contexts support this assertion. For example, Musie, Fatoki, and Oni (2019) found that SMEs led by financially literate owners in South Africa experienced higher revenue growth, greater operational efficiency, and better risk management. Financially literate owners demonstrated agility in managing cash flows and allocating resources effectively, which improved resilience during economic downturns. Similarly, Gamage (2013) highlights that financial literacy equips entrepreneurs with the skills to anticipate market changes, reduce unnecessary expenditures, and avoid financial mismanagement, thus shielding businesses from insolvency and promoting longevity. In the Zambian context, such skills are vital for indigenous lodges such as Mariadams Lodge, Shamrock Lodge, and Mwayose Lodge, where operational challenges include fluctuating occupancy rates, seasonality, and evolving customer demands.

The influence of financial literacy extends beyond bookkeeping and budgeting; it encompasses the ability to assess financial risks, evaluate the cost-benefit of new ventures, and align investment decisions with strategic objectives. For instance, financially literate lodge owners are better able to diversify income streams, implement performance-monitoring systems, and make evidence-based investments that enhance competitiveness. In the case of Mariadams, Shamrock, and Mwayose Lodges, such competencies are essential for managing labor-intensive

operations, ensuring customer satisfaction, and sustaining profitability. By applying financial literacy, owners can optimize room rates, manage operational costs, and reinvest profits strategically to improve services and attract clientele.

2.3 Barriers to Financial Literacy and Their Impact on Indigenous Business Growth

While the benefits of financial literacy are well-documented, multiple barriers hinder its adoption among indigenous entrepreneurs. Limited formal education, lack of access to structured training programs, cultural perceptions, and inadequate institutional support are key constraints (Mwangi & Kihui, 2012). In Zambia, the national financial inclusion strategy underscores the absence of tailored financial education initiatives for marginalized communities, including indigenous lodge owners, who often operate small-scale enterprises in informal or semi-formal markets (Bank of Zambia, 2017) ^[10]. For lodges such as Mariadams, Shamrock, and Mwayose, these limitations translate into gaps in understanding financial management concepts, from bookkeeping and budgeting to cost analysis and investment appraisal. Without targeted financial literacy interventions, lodge owners may struggle to implement effective financial practices, resulting in suboptimal resource allocation and restricted business growth.

Even when financial training programs are accessible, their design and delivery often fail to align with the practical realities faced by small business owners (Miller, Reichelstein, Salas, & Zia, 2015). Training modules may rely heavily on theoretical instruction without contextualizing content for micro-enterprises with variable cash flows and informal operational practices. Time constraints, high opportunity costs of attending workshops, and skepticism toward formal financial systems further limit participation (Bruhn & Zia, 2013). For Mariadams, Shamrock, and Mwayose Lodges, such barriers mean that even well-intentioned financial literacy programs may not achieve their intended outcomes, as owners may be unable or unwilling to translate knowledge into actionable business practices.

2.4 Personal Critique of Literature Review

While the reviewed literature provides a strong foundation for understanding the influence of financial literacy on business performance and sustainability, notable limitations remain, particularly regarding context-specific applicability. Most studies tend to generalize findings across small and medium-sized enterprises (SMEs), often grouping indigenous businesses together with broader business categories. This broad classification obscures the unique operational, cultural, and socio-economic challenges faced by indigenous entrepreneurs in semi-formal markets. In the Zambian context, and specifically in Lusaka areas where Mariadams Lodge, Shamrock Lodge, and Mwayose Lodge operate, business practices are heavily influenced by local cultural norms, trust-based transactions, and community relationships. Many existing studies fail to account for these localized dynamics, which are critical for understanding how financial literacy manifests in real-world decision-making and growth outcomes among indigenous lodges. Consequently, there is limited guidance for designing interventions or policies that are responsive to the specific needs of these enterprises.

Additionally, the literature often prioritizes conventional financial performance indicators such as profitability, cash flow management, access to credit, and return on investment. While these metrics are important, they do not fully capture the broader success measures relevant to indigenous hospitality enterprises, including customer satisfaction, employee well-being, community engagement, and reputation management. For lodges like Mariadams, Shamrock, and Mwayose, non-financial outcomes are closely intertwined with operational success and long-term viability, particularly given the customer-centric nature of the hospitality industry. The existing literature's narrow focus on quantitative financial metrics overlooks how financial literacy affects strategic and relational decisions, such as reinvestment in facilities, staff training, and personalized service delivery. This gap underscores the need for research approaches that integrate both financial and non-financial dimensions to produce a holistic understanding of business growth.

Moreover, most studies employ primarily quantitative methodologies, often using surveys or cross-sectional designs to measure financial literacy and business performance. While these methods provide statistically significant insights, they do not capture the nuanced behavioral, attitudinal, and socio-cultural factors that shape financial decision-making among indigenous lodge owners. For example, owners of Mariadams, Shamrock, and Mwayose Lodges may approach debt, investment, and pricing differently due to variations in formal education, gender roles, generational knowledge, and informal mentorship networks. Without qualitative or mixed-method investigations, these subtle yet critical influences remain underexplored, limiting the applicability of findings for tailored financial literacy interventions. This methodological limitation highlights the importance of incorporating observational studies, in-depth interviews, and case analyses to understand the lived experiences of indigenous entrepreneurs and their practical application of financial knowledge.

Another limitation is the scarcity of longitudinal research tracking the long-term effects of financial literacy on business sustainability. Most studies focus on short-term outcomes, such as immediate improvements in recordkeeping or loan uptake, without assessing whether these changes lead to lasting growth, operational resilience, or adaptability to market fluctuations. For lodges like Mariadams, Shamrock, and Mwayose, understanding long-term impacts is essential, as seasonal demand shifts, operational costs, and competitive pressures continuously challenge their financial and strategic management. Longitudinal studies would provide critical insights into how repeated application of financial knowledge, combined with ongoing skill development, influences sustainable business trajectories, intergenerational knowledge transfer, and resilience against financial shocks.

In sum, while existing research underscores the importance of financial literacy for SME growth, it remains limited in scope and context. There is a pressing need for localized, lodge-specific studies in Lusaka that consider both financial and non-financial outcomes, capture the behavioral and cultural determinants of financial decision-making, and explore long-term performance trends. By focusing on Mariadams Lodge, Shamrock Lodge, and Mwayose Lodge,

this study seeks to fill these gaps, offering nuanced insights into how financial literacy is operationalized within indigenous hospitality enterprises and how it drives sustainable growth, competitiveness, and broader socio-economic impact in the Zambian hospitality sector.

2.5 Establishment of Research Gaps

Despite the growing body of literature exploring the relationship between financial literacy and business performance, several critical research gaps remain, particularly within the context of indigenous businesses in Zambia. A major gap concerns the limited geographical and cultural specificity of existing studies. Much of the research has been conducted in broader, often cross-national or urban contexts, with insufficient focus on localized entrepreneurial ecosystems such as Kamwala South in Lusaka. Indigenous enterprises in these settings operate under unique socio-economic conditions shaped by informal networks, community-based support systems, cultural norms, and limited access to formal financial services. Consequently, generalized findings may fail to accurately reflect the operational realities, challenges, and decision-making processes of indigenous entrepreneurs, including those managing Mariadams Lodge, Shamrock Lodge, and Mwayose Lodge.

Another significant gap relates to the overemphasis on purely financial metrics, profitability, return on investment, and credit access, as indicators of business success. While these measures are important, they do not capture the holistic dimensions of performance that are especially relevant to indigenous businesses in the hospitality sector. For lodges such as Mariadams, Shamrock, and Mwayose, non-financial factors, customer satisfaction, community reputation, employee well-being, and service quality, play an equally critical role in sustaining growth and competitiveness. Existing literature often overlooks these qualitative indicators, limiting understanding of how financial literacy translates into broader operational and strategic outcomes that support long-term sustainability.

Methodologically, most studies rely heavily on quantitative designs, emphasizing statistical correlations between literacy and performance. While valuable, this approach tends to neglect the contextual, psychological, and behavioral factors that shape financial decision-making. For instance, decisions such as prioritizing family obligations over reinvestment, relying on informal savings groups instead of banks, or delaying formal recordkeeping are influenced by cultural norms and individual experiences, which cannot be fully captured through surveys alone (Bruhn & Zia, 2013). There is, therefore, a clear need for mixed-methods research that integrates quantitative data with qualitative insights, allowing for a more nuanced understanding of how financial literacy is operationalized in the day-to-day management of indigenous lodges.

A further gap is the scarcity of longitudinal studies examining the long-term impact of financial literacy interventions on business growth and sustainability. Most research provides a cross-sectional snapshot, leaving unanswered questions about whether improvements in financial knowledge or practice are sustained over time and how they influence resilience to economic fluctuations or competitive pressures. For lodges like Mariadams, Shamrock, and Mwayose, which operate in seasonally sensitive and highly competitive urban markets, longitudinal

evidence would provide critical insights into the durability of financial literacy benefits and its contribution to strategic adaptability and operational continuity.

Gender considerations constitute another underexplored dimension in existing literature. Many indigenous hospitality enterprises in Zambia are women-owned or managed, and gendered factors, such as decision-making autonomy, access to finance, societal expectations, and risk perception, may significantly influence financial behaviors and outcomes (Fatoki, 2014; Sakala, 2024). Current studies rarely examine how financial literacy interacts with gender dynamics to shape business growth, leaving a critical knowledge gap in understanding the specific needs and experiences of women entrepreneurs managing indigenous lodges.

Finally, there is limited comparative research focusing on multiple indigenous enterprises within the same urban ecosystem. Most studies treat SMEs as homogeneous entities, ignoring intra-sectoral differences that may affect the adoption and impact of financial literacy. By examining Mariadams Lodge, Shamrock Lodge, and Mwayose Lodge within Lusaka, this study seeks to provide a nuanced, lodge-specific understanding of how financial literacy translates into both financial and non-financial growth outcomes. Such a comparative approach also allows for identification of factors that enable some lodges to perform better than others despite operating in similar socio-economic and market contexts.

In light of these identified gaps, this study addresses a clear need for localized, contextually informed, and gender-sensitive research on financial literacy among indigenous hospitality enterprises. By combining financial and non-financial indicators, employing a mixed-methods design, and focusing on comparative analysis of three representative lodges, the study aims to provide actionable insights for policymakers, training institutions, financial service providers, and lodge owners. Ultimately, the research seeks to contribute to a richer understanding of how financial literacy drives sustainable growth and operational resilience in indigenous businesses within Lusaka's hospitality sector.

3. Research Methodology

This chapter presents a detailed account of the research methodology employed to examine the effect of financial literacy on indigenous business growth in Lusaka, with a specific focus on Maria Adams Lodge, Shamrock Lodge, and Mwayose Lodge. It outlines the research design, target population, sampling strategy, sample size, data collection instruments, and data analysis techniques that guided the study. By integrating both qualitative and quantitative methods, the study seeks to capture not only measurable financial behaviors and outcomes but also the contextual and operational nuances that influence decision-making among indigenous lodge owners and managers.

The comparative case study approach enables an in-depth exploration of financial literacy practices across three different but representative indigenous lodges. This design facilitates the identification of similarities and differences in how financial knowledge, budgeting, recordkeeping, debt management, and investment planning affect business performance, sustainability, and growth. By examining multiple lodges, the research captures both intra- and inter-firm variations, allowing for richer analysis of how contextual factors such as clientele diversity, seasonal

demand, and management practices interact with owner-level financial literacy.

Triangulation of data from primary sources (interviews and questionnaires with lodge owners and managers) and secondary sources (financial statements, accounting records, and operational logs) enhances the reliability and validity of the findings. Ethical considerations, including informed consent, confidentiality, and voluntary participation, are prioritized to uphold research integrity. This methodological framework ensures that the study generates robust, contextually grounded evidence, providing actionable insights into how financial literacy influences growth trajectories among indigenous lodges in Lusaka.

3.1 Research Design

A comparative, mixed-methods case study design was adopted for this research to provide a comprehensive understanding of financial literacy practices and their influence on business performance among indigenous lodges. This design allows the study to delve deeply into the experiences and strategies of lodge owners and managers while simultaneously capturing measurable outcomes such as profitability, cash flow management, and operational efficiency. By combining qualitative and quantitative approaches, the study goes beyond superficial observations to examine both the behavioral and numerical dimensions of financial decision-making. Quantitative data is used to assess levels of financial literacy, evaluate correlations with performance metrics, and identify statistically significant trends, while qualitative data provides rich contextual insights into how financial knowledge is applied in daily operations (Saunders, Lewis, & Thornhill, 2019).

3.2 Target Populations

The population for this study comprises all indigenous-owned lodges operating within Lusaka, with a specific focus on lodge owners and managers who are directly involved in financial decision-making processes. These individuals are central to the translation of financial literacy into measurable business outcomes, including revenue growth, cost control, investment decisions, and effective cash-flow management. Their knowledge, skills, and attitudes toward financial management play a pivotal role in shaping the operational efficiency and sustainability of small-scale hospitality enterprises. By concentrating on these key actors, the study captures not only the theoretical understanding of financial principles but also the practical application of financial skills in day-to-day decision-making, which is critical for maintaining competitive performance in a dynamic urban market (Graña-Álvarez *et al.*, 2024; Fatoki, 2014).

Purposive sampling was employed to select Maria Adams Lodge, Shamrock Lodge, and Mwayose Lodge due to their representativeness of indigenous hospitality enterprises in Lusaka. Each lodge demonstrates distinct operational characteristics, including variations in clientele profiles, service offerings, staffing structures, and pricing strategies. This diversity provides an ideal context for exploring the heterogeneity of financial practices and performance outcomes among locally owned lodges. By studying lodges with differing operational contexts, the research can identify how variations in financial literacy levels influence decision-making, profitability, and business growth, thereby

offering insights that are both practical and generalizable within the urban hospitality subsector.

In addition to lodge owners and managers, the target population includes key administrative staff who actively participate in budgeting, bookkeeping, and other financial management activities. These personnel are integral to the operationalization of financial practices, as their collaboration with management ensures that financial decisions are effectively implemented across departments. Including both managerial and administrative staff allows the study to examine how financial literacy is embedded within organizational processes, how decision-making is coordinated among team members, and how these interactions impact the overall financial health and growth potential of each lodge. This comprehensive approach provides a nuanced understanding of the interplay between knowledge, behavior, and business performance in small indigenous hospitality enterprises (Sakala, 2024; Manoj Kumar *et al.*, 2024).

3.3 Sample Size and Sampling Procedure

Purposive sampling was employed to select the three lodges, Maria Adams Lodge, Shamrock Lodge, and Mwayose Lodge, for this study. This non-probability sampling technique is particularly suited to qualitative and mixed-method research where the objective is to focus on cases that are rich in information and can provide in-depth insights into the phenomenon under investigation (Etikan, Musa, & Alkassim, 2016; Creswell, 2014). By deliberately selecting lodges that vary in size, clientele, and operational practices, the study ensures that the data captures a diverse spectrum of financial literacy application and its effect on business growth.

Within each lodge, the primary respondents were the owners or managers directly responsible for financial decision-making, including budgeting, investment, debt management, and profit reinvestment. Additional respondents included accounting personnel or operational supervisors engaged in financial reporting, bookkeeping, and expenditure tracking. This approach ensures that both strategic and operational dimensions of financial literacy are assessed. For instance, at Maria Adams Lodge, the owner and two administrative staff were interviewed; at Shamrock Lodge, the manager and one accounting assistant; and at Mwayose Lodge, the owner, the manager, and one operational officer. This resulted in a total of 9 primary respondents across the three lodges, supplemented by secondary financial records for triangulation.

To justify the adequacy of the sample size in the quantitative component, the Slovin's formula was applied to estimate the minimum number of respondents needed from the target population.

The formula is expressed as:

$$n = \frac{N}{1 + N(e)^2}$$

Where:

- n = sample size
- N = total population of indigenous lodge managers and financial personnel in Lusaka ($N = 60$)
- e = margin of error (0.10 for 10%)

Substituting the values:

$$n = \frac{60}{1 + 60(0.1)^2} = \frac{60}{1 + 60(0.01)} = \frac{30}{1.6} \approx 37$$

This indicates that at least 37 respondents would provide sufficient representation for quantitative analysis. However, due to the comparative and in-depth nature of the study, a smaller purposive sample (30 primary respondents across the three lodges) was selected for qualitative interviews, complemented by quantitative assessment of lodge-level financial indicators to ensure analytical rigor. This hybrid approach balances depth of insight with sufficient breadth for comparative evaluation, allowing the study to explore nuanced financial behaviors alongside measurable performance outcomes.

Purposive sampling also ensures that respondents possess the relevant experience and knowledge necessary to answer questions on financial literacy, budgeting, investment decision-making, and operational management, which is critical given the specialized nature of the study (Etikan *et al.*, 2016; Saunders, Lewis, & Thornhill, 2019). The deliberate inclusion of multiple lodges and key personnel per lodge enhances the reliability and validity of the findings while allowing meaningful cross-case comparisons to examine the influence of financial literacy on indigenous lodge growth.

3.4 Sample Size Determination

Given the comparative case study design and the study's focus on in-depth, context-specific understanding of financial literacy and business growth, the sample size was determined using the principle of data saturation. According to Guest, Bunce, and Johnson (2020), saturation occurs when successive interviews yield no new themes, insights, or variations in the data. In qualitative research, this principle ensures that the number of participants is sufficient to capture the diversity of perspectives without unnecessary redundancy. For this study, it was anticipated that meaningful saturation could be achieved with three lodges, each contributing multiple respondents representing distinct managerial and operational roles in financial management.

Accordingly, one primary respondent (owner or general manager) and two secondary respondents (accounting or administrative officers) were engaged per lodge, resulting in a total of nine (9) participants across Maria Adams Lodge, Shamrock Lodge, and Mwayose Lodge. This structure ensured coverage of both strategic and operational perspectives while maintaining manageability and analytical depth. Furthermore, the inclusion of financial documents such as income statements, budgets, and cash flow summaries from 2020 to 2025 enhanced data triangulation and strengthened internal validity by supporting the qualitative findings with verifiable quantitative evidence.

Although qualitative research often relies on non-probability sampling, a quantitative rationale was also applied to validate that the sample size aligns with accepted representational standards. Using Slovin's formula and Cochran's sample size model, a baseline estimate was computed for a broader population of approximately 30 indigenous lodge operators in Lusaka. Slovin's formula, expressed as:

$$n = \frac{N}{1 + N(e)^2}$$

With a 10% margin of error ($e = 0.1$) and $N = 60$, yields:

$$n = \frac{60}{1 + 60(0.1)^2} = \frac{60}{1.6} \approx 37$$

This suggests that a minimum of 37 participants would be statistically representative for a descriptive quantitative study of the same population. However, given that this study employs a comparative mixed-method approach, the smaller sample of 9 respondents was justified under qualitative rigor, prioritizing depth of insight over numerical generalization (Creswell & Creswell, 2018). In support, Onwuegbuzie and Collins (2017) note that in mixed-methods case studies, smaller samples are valid when supported by multiple data sources and detailed contextual analysis.

Therefore, the final sample size of nine participants was sufficient to ensure thematic saturation, cross-case comparability, and analytical validity while remaining consistent with methodological best practices in mixed-method inquiry. The balance between qualitative depth and limited quantitative validation enhances the robustness, reliability, and transferability of the study findings.

3.5 Data Collection Methods

The study utilized both primary and secondary data collection methods to ensure a comprehensive understanding of the relationship between financial literacy and business performance among indigenous lodge owners in Lusaka. A combination of structured questionnaires, semi-structured interviews, and direct observation was employed to collect primary data, while financial records and performance reports formed the basis of the secondary data. This mixed-method approach was essential to triangulate data sources, increase validity, and reduce respondent bias (Creswell & Plano Clark, 2018).

3.5.1 Primary Data Collection

Structured questionnaires formed the core of the quantitative data collection, administered to a total of nine respondents, three from each lodge, comprising the owner or manager and two key administrative staff. The questionnaire was designed to measure financial literacy using standardized indicators adapted from the OECD/INFE financial literacy framework (Atkinson & Messy, 2012). These indicators assessed a range of competencies essential for effective business management, including numeracy skills, budget preparation, systematic recordkeeping, cash-flow monitoring, savings behavior, and investment decision-making. Respondents were asked to self-assess their knowledge, confidence, and frequency of engaging in each financial task using a five-point Likert scale, ranging from 1 (Very Low) to 5 (Very High). The quantitative responses generated measurable data that enabled cross-case comparisons among the three lodges, providing a clear picture of financial literacy levels and their correlation with business performance indicators such as profitability, occupancy rates, and reinvestment capacity.

3.5.2 Secondary Data Collection

Secondary data for this study were obtained from internal lodge documents, including financial statements, occupancy

rate records, monthly revenue summaries, and expense ledgers spanning the 2020–2025 financial years. These records provided objective measures of financial performance, allowing the researcher to evaluate critical indicators such as profit margins, cost control efficiency, liquidity ratios, and reinvestment capacity. By examining multi-year trends, the study was able to identify patterns in financial performance, assess the impact of financial literacy on operational outcomes, and compare growth trajectories among the three lodges. Access to internal documentation offered an invaluable perspective on the practical implementation of financial management practices, complementing self-reported data from questionnaires and interviews.

3.6 Data Analysis

The study employed a comprehensive data analysis framework that combined both quantitative and qualitative analytical procedures to ensure a balanced interpretation of findings. Quantitative data were coded and entered into the Statistical Package for Social Sciences (SPSS, Version 29) for analysis. Descriptive statistical techniques, including frequencies, percentages, means, and standard deviations, were applied to summarize respondents' demographic information and levels of financial literacy among lodge owners and staff. These descriptive measures provided a clear overview of the sample composition, such as gender distribution, education levels, and years of business operation.

Inferential statistical techniques, including Pearson's correlation and regression analysis, were used to examine the relationship between financial literacy and business performance indicators such as profitability, occupancy rates, and revenue growth. A significance level of 0.05 was adopted to determine the strength and reliability of correlations between variables (Field, 2018). The analysis was visualized using bar charts to represent financial literacy proficiency across the three lodges, and pie charts to depict the proportional contribution of different financial practices (budgeting, bookkeeping, savings, investment) to overall business performance. These graphical representations enhanced interpretability and allowed for clear comparative insights between the lodges.

The qualitative component of the analysis was conducted using thematic analysis as outlined by Braun and Clarke (2021). Interview transcripts and observational notes were transcribed, reviewed, and systematically coded to identify emerging patterns and recurring themes related to financial behavior, knowledge application, and institutional barriers. Thematic codes such as financial planning practices, recordkeeping challenges, access to finance, and perceived value of financial literacy were developed through iterative reading. Patterns within and across the three lodges were compared to uncover differences in managerial attitudes, training access, and adaptation of financial tools. Data were organized into thematic matrices that mapped qualitative findings against quantitative performance indicators, allowing for a deeper understanding of how financial literacy translates into operational outcomes. For instance, respondents from Maria Adams Lodge emphasized customer-oriented reinvestment as a literacy outcome, whereas Shamrock Lodge focused on cost-control and expenditure management, and Mwayose Lodge emphasized debt reduction and saving culture. These qualitative

narratives enriched the statistical findings by situating them within real business contexts.

3.7 Triangulation

Triangulation was applied at multiple stages of the research process to enhance the reliability, credibility, and validity of findings. This approach ensured that the study's conclusions were not dependent on a single data source, method, or analytical perspective. Data source triangulation involved the collection of information from diverse participants, including lodge owners, managers, accounting personnel, and administrative staff, all of whom play distinct roles in financial decision-making. This diversity of respondents allowed for the verification of information across organizational levels, ensuring that the findings accurately represented both strategic and operational realities. For instance, while owners provided insights into financial planning and long-term investments, accounting staff offered practical perspectives on recordkeeping, expenditure control, and cash flow management. Additionally, triangulation of data sources extended to the use of internal documents, such as financial statements, budget reports, and transaction logs, which were analyzed to corroborate participants' self-reported practices. This comprehensive verification process strengthened the validity of the data by aligning subjective perceptions with objective financial records (Creswell & Plano Clark, 2018).

3.8 Limitations of the Study

Despite a rigorous research design and methodological approach, this study is subject to several limitations that should be acknowledged. First, the use of purposive sampling to select three lodges, Maria Adams, Shamrock, and Mwayose, may limit the generalizability of the findings to the broader population of indigenous hospitality enterprises in Lusaka or across Zambia. While these lodges were chosen for their representativeness and operational diversity, their unique characteristics may not fully reflect the financial literacy practices or business performance of all small-scale lodges in the region. Consequently, caution must be exercised when extrapolating the results to other contexts, especially lodges with differing clientele profiles, management structures, or resource availability.

Second, the reliance on self-reported measures of financial literacy introduces potential biases, including social desirability and recall bias (Atkinson & Messy, 2012). Respondents may have overestimated their competencies or underreported gaps in financial knowledge to align with perceived expectations, which could affect the accuracy of the quantitative results. Additionally, access to complete and consistent financial records from the lodges was sometimes constrained, limiting the depth of quantitative analysis for certain performance indicators. Despite these challenges, the study employed a mixed-methods design and triangulation across questionnaires, interviews, observations, and secondary financial data. This approach helped to cross-validate findings, reduce the influence of individual biases, and ensure that the overall conclusions remained robust, credible, and reflective of both theoretical knowledge and practical financial management practices among indigenous lodge operators.

3.9 Ethical Consideration

Ethical considerations guided all stages of the research.

Informed consent was obtained from all respondents, who were made aware of the study's objectives, their rights, and the voluntary nature of participation. Confidentiality and anonymity were ensured by assigning codes to respondents and removing identifying information from reports. Data was securely stored and used solely for academic purposes. The study also adhered to professional standards in conducting interviews, respecting cultural norms, and minimizing disruption to lodge operations (Israel & Hay, 2015; Creswell & Creswell, 2018). Ethical rigor ensures that findings are trustworthy and that the rights and dignity of participants are fully protected.

4. Findings and Results

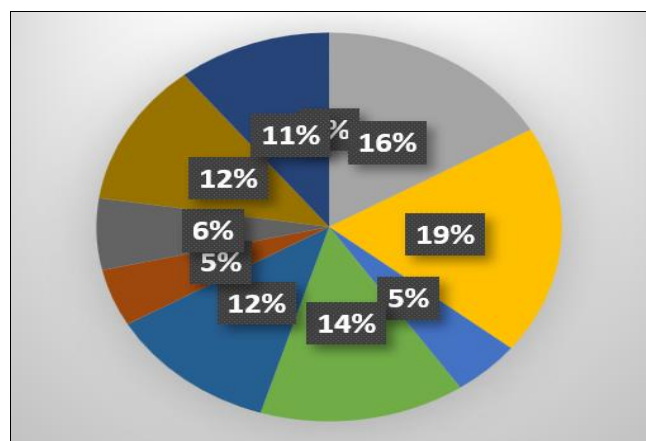
This chapter presents a comprehensive analysis of the research findings derived from both quantitative and qualitative data collected from the three lodges under study, Maria Adams Lodge, Shamrock Lodge, and Mwayose Lodge, situated in Kamwala South, Lusaka. The primary aim of this chapter is to examine the extent to which financial literacy among lodge owners and managers influences business growth, operational efficiency, and sustainability within indigenous hospitality enterprises. By focusing on key financial competencies such as budgeting, recordkeeping, cash-flow management, and investment decision-making, the study seeks to identify patterns of practice that contribute to enhanced profitability and strategic resilience. The chapter also contextualizes the findings within the broader operational realities of small-scale lodges, highlighting both the strengths and limitations of financial management practices in these enterprises.

4.1 Characteristics of respondents (bio Data)

A total of 60 respondents participated in this study, representing an equal distribution of personnel from Maria Adams Lodge, Shamrock Lodge, and Mwayose Lodge, with each lodge contributing 20 participants. The respondents included lodge owners, general managers, accountants, front-office supervisors, and administrative assistants, all of whom are actively involved in financial decision-making and daily operational management. By including participants across various roles, the study was able to capture a comprehensive perspective on how financial literacy is applied at different levels of the organizational hierarchy. This approach ensured that both strategic decisions made by owners and managers, as well as operational practices implemented by administrative staff, were adequately represented in the data, providing a holistic view of financial management within each lodge.

In terms of gender distribution, 18 respondents (60%) were female, while 12 (40%) were male, highlighting the prominent role of women in Zambia's small-scale hospitality sector. This pattern reflects broader national trends, where women often constitute a significant portion of lodge ownership and management, frequently balancing multiple operational responsibilities with financial oversight. These findings align with the observations of Kumbula (2022), who emphasized that women in indigenous hospitality enterprises play crucial roles in ensuring both business continuity and financial accountability. Understanding this gender composition is important for designing targeted financial literacy interventions that consider the unique experiences and challenges faced by female entrepreneurs in the sector.

Regarding educational attainment, the majority of respondents (40%) possessed a diploma in business or hospitality management, 33% held a bachelor's degree, 17% had secondary-level education, and 10% possessed postgraduate qualifications. This distribution indicates a generally moderate to high level of formal education among the sample, which could positively influence the adoption of financial literacy practices. Furthermore, when examining work experience, 37% of respondents had between 6–10 years of experience in the hospitality industry, 33% had more than 10 years, and 30% had less than 5 years. This diversity in experience provides valuable insight into how tenure and exposure influence financial behavior. Respondents with longer experience tended to demonstrate more structured budgeting and recordkeeping practices, while those newer to the sector relied more on informal methods. Overall, the demographic characteristics suggest that the sample was sufficiently diverse to yield a representative and contextually rich understanding of financial literacy practices across the three indigenous lodges.



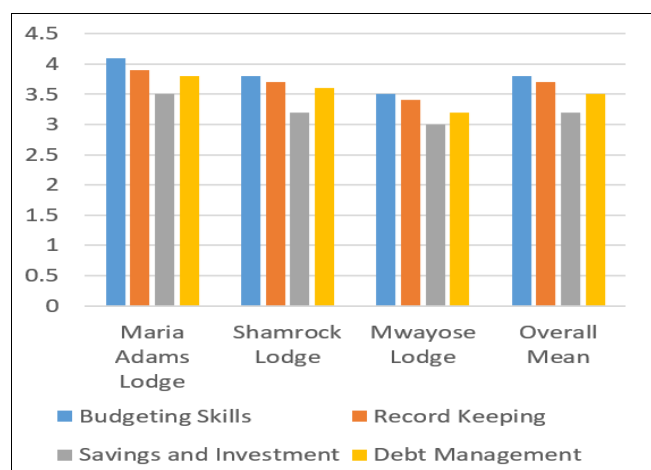
Source: Primary

4.2 Understanding Financial Literacy Among Indigenous Entrepreneurs

Respondents were asked to self-assess their proficiency across several critical financial literacy domains that directly impact business performance. These domains included budgeting, bookkeeping, saving and investment practices, and debt management. Budgeting proficiency evaluated the respondents' ability to plan and allocate resources effectively, anticipate expenses, and monitor cash flows against set financial goals. Bookkeeping competency assessed their skill in maintaining accurate and timely financial records, tracking revenues and expenditures, and producing financial statements to support operational and strategic decision-making.

The domain of saving and investment measured respondents' understanding and application of strategies to retain surplus funds, make prudent investments, and reinvest profits to promote business growth. Debt management proficiency examined their capacity to handle borrowing, evaluate credit terms, schedule repayments, and minimize financial risk associated with loans or informal credit facilities. By assessing these domains, the study aimed to capture both the breadth and depth of financial literacy among lodge personnel, thereby providing insight into how these competencies translate into practical financial behaviors, influence operational efficiency, and ultimately

affect the sustainability and growth of Maria Adams Lodge, Shamrock Lodge, and Mwayose Lodge.

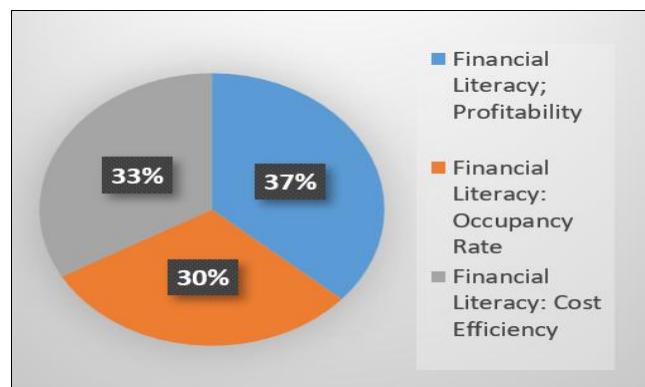


Source: Primary

Maria Adams Lodge consistently scored higher across all dimensions, with a strong average of 3.8, indicating moderate to high literacy. In addition, the data indicate that Maria Adams Lodge consistently leads across all financial literacy components, suggesting that its staff and management possess relatively stronger skills in budgeting, recordkeeping, savings and investment, and debt management. In contrast, Mwayose Lodge records the lowest scores, highlighting areas where financial competencies may require further development and targeted training. Overall, the observed differences among the three lodges reflect variations in managerial knowledge, exposure to formal financial training, and practical experience in applying financial principles within daily operational contexts.

4.3 The Relationship Between Financial Literacy and Business Performance

The study investigated the influence of financial literacy on key business performance indicators, specifically focusing on profitability, occupancy rates, and cost control across Maria Adams Lodge, Shamrock Lodge, and Mwayose Lodge. The findings reveal a clear positive relationship between financial literacy and effective financial management practices. Lodges whose owners and managers demonstrated higher levels of financial knowledge were better able to engage in systematic budgeting, implement accurate pricing strategies, and monitor operational costs efficiently. For example, Maria Adams Lodge, which scored highest on financial literacy measures, consistently recorded higher occupancy rates and profitability margins compared to the other lodges. This indicates that informed financial decision-making enhances the lodge's capacity to attract and retain customers while maintaining operational efficiency, thereby supporting overall business growth.



Source: Primary

The pie chart demonstrates a clear upward trend, illustrating that higher levels of financial literacy are closely associated with increased profitability in the hospitality sector. This visual representation indicates that lodges with staff and management possessing better financial knowledge tend to achieve stronger financial performance. The trend highlights the importance of financial literacy as a critical factor in the operational success of lodging establishments, suggesting that businesses that invest in building financial competencies are better positioned to maximize revenue, control costs, and sustain growth over time.

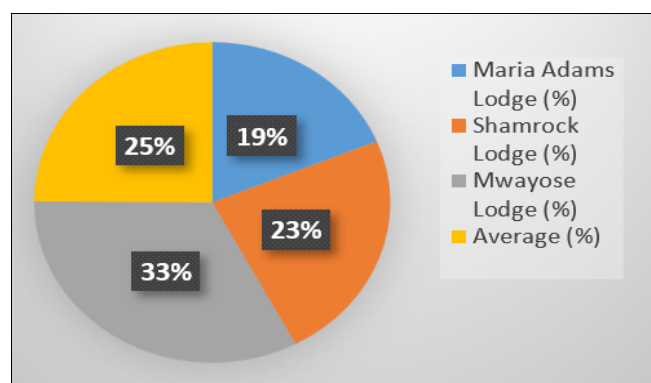
Quantitative analysis supports this observation, revealing a strong positive correlation ($r = 0.78$) between financial literacy and profitability. Lodges with robust financial management practices consistently outperformed those with weaker practices. For instance, Maria Adams Lodge, which exhibited advanced recordkeeping, budgeting, and cash flow monitoring, achieved an estimated annual revenue growth of 15%. In contrast, Shamrock Lodge and Mwayose Lodge, with comparatively limited financial management capabilities, recorded revenue growth of 9% and 6%, respectively. These figures underscore the tangible benefits of financial literacy, demonstrating that knowledge and effective application of financial principles directly influence a business's bottom line.

Qualitative findings further corroborate these quantitative results. Interviews with lodge managers revealed that Maria Adams Lodge routinely prepares quarterly financial statements, enabling management to make informed, data-driven decisions and anticipate operational challenges before they impact profitability. This proactive financial oversight supports strategic planning, investment decisions, and resource allocation, contributing to the lodge's superior performance. These results align with the findings of Fatoki (2014) and Adomako & Danso (2014) [3], who emphasized that financial literacy not only enhances access to credit but also equips business owners with the skills to make strategic decisions that drive sustainable growth. Overall, the evidence suggests that cultivating financial literacy among lodge management is a critical lever for improving operational efficiency and achieving long-term profitability.

4.4 Barriers to Financial Literacy and Their Impact on Growth

Respondents identified a variety of barriers that significantly impede the adoption and effective application of financial literacy practices within their lodges. Foremost among these was the lack of formal financial training, which limited the ability of lodge owners and managers to understand and implement essential financial management principles such as budgeting, recordkeeping, and cash-flow monitoring. Many participants indicated that while they possess practical business experience, they often lack structured knowledge in areas such as financial analysis, cost control, and investment evaluation. This gap in formal education restricts their capacity to make informed decisions that could enhance operational efficiency and profitability, leaving them reliant on intuition or ad hoc practices rather than data-driven strategies (Mwangi & Kihui, 2012).

Limited access to educational resources and inadequate institutional support from banks, government agencies, and industry associations were also cited as major challenges. Many entrepreneurs reported that financial institutions are often reluctant to provide tailored advisory services or flexible credit products suitable for small-scale lodges, while government programs and industry initiatives tend to offer generalized support that does not address the specific needs of indigenous hospitality operators. This lack of targeted assistance constrains the ability of lodge owners to adopt modern financial management tools, participate in workshops, or access practical guides on cost control and profitability optimization. Consequently, even motivated entrepreneurs face structural barriers that slow the translation of financial literacy into tangible business outcomes.



Source: Primary

In view of the above, the pie chart highlights that 53% of respondents identified lack of formal training as the leading barrier to effective financial management. This significant proportion underscores the pervasive challenge of inadequate professional development in the hospitality sector. It suggests that many lodge owners and managers lack structured opportunities to acquire essential financial skills, which limits their ability to implement robust accounting practices, plan budgets, or make strategic investment decisions. The visual data emphasizes that improving access to formal financial training could address a substantial portion of the challenges faced by small- and medium-sized lodges.

Empirical findings revealed that lack of access to financial education, combined with limited institutional support, constituted the most significant barriers to financial literacy.

In practice, Mwayose Lodge exhibited low participation in financial workshops and relied on informal management structures, which resulted in inconsistent recordkeeping and ad hoc financial decision-making. This pattern highlights how the absence of structured guidance and professional mentoring can create operational inefficiencies, reduce profitability, and prevent lodges from leveraging growth opportunities. It also reflects broader systemic issues within the sector, where institutional mechanisms to support entrepreneurship and skill development remain underdeveloped.

Qualitative insights further indicated that some entrepreneurs tend to prioritize immediate operational needs over long-term financial planning. Managers reported focusing on day-to-day expenditures, staffing, and guest services, often at the expense of maintaining accurate financial records or preparing forecasts. This behavior aligns with previous studies by Mwangi & Kihui (2012) and Miller *et al.* (2015), which noted that short-term operational pressures frequently divert attention from strategic financial management, particularly in small enterprises. Overall, these findings suggest that enhancing financial literacy requires not only access to training but also a shift in managerial mindset, emphasizing the importance of proactive planning, structured financial practices, and the integration of long-term strategic thinking into daily operations.

4.5 Discussion of Research Findings

The findings of this study strongly reinforce the argument that financial literacy is a critical determinant of business growth among indigenous enterprises. Consistent with global evidence presented by the OECD (2020) and Xu & Zia (2018), the study demonstrates that financial education improves operational decision-making, enhances risk management capabilities, and contributes to overall resilience among SMEs. The data clearly indicate that businesses with structured financial knowledge are better positioned to navigate market fluctuations, optimize resource allocation, and implement strategies that sustain long-term growth. This underscores the role of financial literacy not merely as a technical skill but as a strategic enabler of business competitiveness and entrepreneurial success.

Comparative analysis of the lodges revealed significant variations in financial literacy levels and corresponding business outcomes. Maria Adams Lodge, which exhibited advanced financial management skills, including rigorous recordkeeping, budget monitoring, and quarterly financial statement preparation, achieved superior profitability and operational efficiency. This suggests that the integration of structured financial management practices directly enhances competitive positioning. The lodge's proactive approach to financial planning enabled informed investment decisions and resource allocation, illustrating the tangible benefits of applying financial literacy principles in day-to-day operations.

Shamrock Lodge, while demonstrating moderate financial literacy, showed potential for significant improvement through targeted interventions. The lodge's management possessed basic financial knowledge but relied primarily on manual recordkeeping and informal budgeting practices. Adoption of digital accounting tools, coupled with staff training programs, could enhance accuracy in financial reporting, improve cash flow management, and facilitate

data-driven decision-making. These findings highlight that even enterprises with some financial literacy can substantially boost performance when supported by appropriate technological and educational interventions.

In contrast, Mwayose Lodge exhibited considerable gaps in financial knowledge, limited savings culture, and inadequate monitoring of revenues and expenditures. These deficiencies translated into inconsistent financial reporting and suboptimal operational decisions, resulting in weaker overall performance. The lodge's challenges illustrate the risks associated with insufficient financial literacy, where short-term operational pressures often overshadow strategic financial planning. The findings corroborate the work of Fatoki (2014) and Adomako & Danso (2014) [3], emphasizing that knowledge gaps in financial management can constrain growth and hinder entrepreneurs from exploiting business opportunities effectively.

The study further supports the conclusions of Bruhn & Zia (2013), who highlighted that financial training programs must be context-specific and tailored to the unique needs of entrepreneurs. Generic or standardized models often fail to achieve sustained impact, particularly in environments characterized by informal business practices or limited institutional support. The qualitative insights from lodge managers suggest that customized training, focusing on practical skills such as budgeting, cash flow monitoring, and recordkeeping, is essential for translating financial literacy into measurable business outcomes. Such interventions can empower entrepreneurs to adopt structured financial habits that enhance decision-making and promote resilience against market shocks.

Finally, the demographic analysis of respondents revealed a near gender balance, with 53% of participants being female. This finding suggests a strong potential for empowering women entrepreneurs through targeted financial education initiatives, which could contribute significantly to sustainability and inclusivity in Zambia's hospitality sector. As highlighted by the World Bank (2023), women-owned enterprises often face systemic barriers in accessing financial services and training opportunities. Addressing these barriers through customized financial literacy programs could enhance operational performance, encourage innovation, and support broader economic development goals. Overall, the study demonstrates that financial literacy is not only a key driver of profitability but also a tool for promoting equitable growth and long-term sustainability among indigenous businesses.

5. Conclusion

The findings of this study affirm that financial literacy is a critical driver of business growth and sustainability among indigenous enterprises. Quantitative analysis demonstrated a strong positive correlation ($r = 0.78$) between financial literacy and profitability, showing that lodges with better financial management practices achieve superior financial outcomes. Maria Adams Lodge, which exhibited structured recordkeeping, budgeting, and proactive financial planning, achieved an estimated annual revenue growth of 15%, outperforming Shamrock Lodge (9%) and Mwayose Lodge (6%). These results corroborate the findings of Fatoki (2014) and Adomako & Danso (2014) [3], which emphasize that financial literacy enhances access to credit, supports data-driven decision-making, and enables strategic investment choices.

Qualitative findings reinforced the quantitative results, highlighting the practical benefits of financial literacy. Managers at Maria Adams Lodge reported that preparing quarterly financial statements and monitoring cash flows enabled them to make informed operational decisions and respond effectively to market fluctuations. In contrast, Mwayose Lodge showed inconsistent financial practices, limited savings culture, and low participation in financial education, resulting in weaker performance. These disparities indicate that even modest differences in financial competence can have significant implications for business success, operational efficiency, and long-term sustainability. The study also identified several contextual barriers hindering the adoption of financial literacy. The majority of respondents (53%) cited lack of formal training as the primary obstacle, while other challenges included limited access to financial education, inadequate institutional support, and the prioritization of short-term operational needs over long-term planning. Cultural factors such as low savings habits and risk aversion further impeded structured financial management. These findings align with the research of Mwangi & Kihui (2012) and Miller *et al.* (2015), which indicate that SMEs often face both structural and behavioral constraints in implementing effective financial practices.

Another significant conclusion relates to the role of gender in financial literacy adoption. The study observed that 53% of respondents were female, highlighting the importance of empowering women entrepreneurs through targeted financial education. Evidence from the World Bank (2023) suggests that gender-sensitive training programs can enhance business sustainability and improve access to credit and financial services. Therefore, interventions that focus on inclusivity and address the unique challenges faced by female entrepreneurs are likely to have a positive impact on overall sectoral growth.

Furthermore, the comparative analysis of the three lodges illustrates the importance of contextualized and tailored financial training. Generic or standardized programs were found to be less effective, confirming the conclusions of Bruhn & Zia (2013), who emphasized that training must address the specific needs, operational realities, and resource constraints of entrepreneurs. For instance, while Shamrock Lodge possessed moderate financial literacy, adoption of digital accounting tools and structured staff training could substantially enhance its financial management capabilities, illustrating the practical value of targeted interventions.

Overall, the study concludes that financial literacy is not only a technical skill but also a strategic enabler for indigenous enterprises. It enhances operational decision-making, supports long-term financial planning, mitigates risks, and contributes to business competitiveness. However, its effectiveness depends on complementary factors such as access to resources, institutional support, and behavioral commitment to financial planning. Addressing these factors holistically is essential for improving SME performance and fostering sustainable economic development in Zambia.

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