ASSESSING THE FINANCIAL LITERACY AND STABILITY WITH RESPECT TO SMES

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Abstract— This study examines the state of financial literacy and stability in the SME sector, thereby addressing significant knowledge gaps and offering insights into tailored solutions. The study evaluates the current level of financial literacy among SME owners and managers by using empirical research methodologies, such as quantitative surveys, qualitative interviews, and financial analysis. It also identifies common challenges faced by SMEs and looks at factors the influence financial stability. The findings emphasize the value of customized financial literacy campaigns, ongoing educational initiatives, and improved small- and medium-sized business access to financial resources. The study also emphasizes the significance of accounting for regulatory frameworks and other economic factors when assessing financial stability. The suggestions include creating a financial literacy culture, enhancing data transparency, and adapting business plans to volatile market conditions. Our research not only advances scholarly understanding but also provides legislators, financial institutions, and SME stakeholders with important information. By tackling the intricate problems of financial literacy and stability, stakeholders may cooperate to increase the resilience and prosperity of SMEs. In order to shed light on their difficulties, identify areas for growth, and encourage informed decision-making, this study examines the intricate dynamics of financial management in SMEs.

Keywords— SMEs, Small and Medium-sized Enterprises, Financial literacy, financial stability, Economic growth, External shocks, Regulatory Frameworks, Financial Institutions

I.   INTRODUCTION

Small and Medium-sized Enterprises (SMEs) are essential to the modern business environment because they stimulate innovation, boost economic growth, and generate job opportunities (v et al., 2020)1. Small and medium-sized firms (SMEs) operate in a dynamic and often turbulent environment, therefore financial literacy and stability issues play a critical role in determining the success and long-term viability of these businesses. Understanding the subtleties of small and medium-sized businesses' (SMEs') financial management is essential because it has a direct impact on their ability to overcome challenges, seize opportunities, and thrive in competitive

marketplaces. (Ahmedova, 2015)2. A study titled "Assessing the Financial Literacy and Stability from the Perspective of SMEs" embarks on a quest to better comprehend the intricate components of financial literacy and stability within the SME sector. Through an analysis of these fundamental components, the research seeks to provide light on the challenges faced by SMEs, identify opportunities for improvement, and support informed decision-making among the stakeholders involved in the SME ecosystem (Shaik et al., 2023)3. Financial literacy, or the foundation of understanding and knowledge of financial concepts, instruments, and principles, provides the basis for making wise financial decisions. (Lusardi, 2019)4. Within the context of SMEs, the level of financial literacy that employees and business owners possess has a direct bearing on their ability to manage finances effectively, allocate resources profitably, and lower financial risks (Eniola and Entebang, 2017).5. Aside from other vulnerabilities, SMEs that lack sufficient financial literacy may also be more vulnerable to fraud, market instability, and regulatory noncompliance. Techniques for risk avoidance, cash flow management, debt management, and capital access are among its components. (Ye and Kulathunga, 2019)6. Evaluating financial stability allows SMEs to take advantage of opportunities, deal with obstacles head-on, and adjust to changing market conditions, boosting their competitiveness and resilience (Henriksson et al., 2016)¬7. The study aims to provide relevant information to scholars, government decision-makers, financial institutions, and practitioners who support and empower SMEs. Through comprehensive comprehension of stability dynamics and financial literacy, stakeholders may create targeted interventions, foster collaboration, and create favorable circumstances that facilitate the growth and prosperity of small and medium-sized enterprises (SMEs) in the international market. In order to improve resilience, innovation, and prosperity in this crucial industry, the study aims to clarify the complex relationship between financial literacy and stability from the perspective of SMEs.

2.STATEMENT OF THE PROBLEM

Small and medium-sized businesses (SMEs) are vital to the global business climate because they significantly boost economic expansion, innovation, and employment opportunities. But in spite of their importance, SMEs usually face a number of challenges, the most significant of which being a lack of financial stability and literacy. (Apulu et al., 2011)8. Financial literacy is the ability to effectively handle a variety of financial concerns, such as borrowing, investing, budgeting, and financial planning. On the other hand, stability describes an organization's ability to maintain its financial health and withstand changes in the economy or unforeseen calamities. Although financial literacy and stability are important, it is still unknown how much of these attributes SMEs possess, especially in different economic conditions. (Graña-Alvarez et al., 2024)9. Furthermore, there is comparatively little research on SMEs in the literature, even though larger firms have been the subject of substantial financial literacy and stability studies. This disparity is alarming because SMEs have specific difficulties not faced by larger companies, such as scarce resources, restricted access to funding, and immature organizational structures (Mbatha and Ngibe, 2017)10. The dynamic business environment that exists today, characterized by quick technological advancements, globalization, and financial worries, presents SMEs with additional difficulties. (Naradda Gamage et al., 2020)11. The aforementioned components underscore the need of assessing financial stability and literacy

from the perspective of small and medium-sized enterprises (SMEs) to identify potential avenues for improvement and devise tailored strategies to fortify their financial resilience. In order to bridge these gaps, this study carefully evaluates the financial stability and literacy of SMEs across a variety of industries and geographies. (Morgan and Pontines, 2018)12. By combining quantitative surveys, qualitative interviews, and financial analysis, this research aims to assess the current level of financial literacy among SME owners and managers, explore the factors influencing financial stability in SMEs, pinpoint common roadblocks and challenges to achieving financial literacy and stability, and offer recommendations and interventions to improve financial literacy and stability in SMEs. By shedding light on SMEs' financial capabilities and challenges, this study seeks to contribute to the body of knowledge on SME finance and assist SMEs' growth and sustainability in today's competitive business environment. Moreover, it seeks to provide insightful information to stakeholders such as financial institutions, business owners, and politicians.

3.SIGNIFICANCE OF THE STUDY

The examination of financial stability and literacy from the viewpoint of small and medium-sized businesses (SMEs) is extremely important from several angles (Morgan and Pontines, 2014)13 SMEs are an essential component of the economy that play a significant role in innovation, employment creation, and the expansion of the global economy. Understanding SMEs' stability and financial literacy is essential since these elements have a direct bearing on their ability to endure, grow, and stimulate the economy. (Siddik and Kabiraj, 2018)14 By evaluating the levels of financial literacy, researchers and policymakers can identify knowledge gaps and provide targeted interventions, such as training programmes or resources, to improve SME owners' and managers' financial management skills. Furthermore, assessing SMEs' financial stability provides insight into how resilient they are to economic shocks and how prepared they are for challenging situations. (Board, 2019)15. The financial stability of Small and Medium-sized Enterprises (SMEs) in Coimbatore city has been significantly impacted by the COVID-19 pandemic. Despite this, there is a lack of research that explores the perception of SMEs regarding their financial stability during the pandemic in Coimbatore city (Namakula H Racheal, 2023)16. This is especially crucial given that SMEs are susceptible to a range of external circumstances, including shifts in the market, changes in regulations, and interruptions like the recent COVID-19 outbreak (McGee and Terry, 2024)17. Understanding the financial stability of SMEs thoroughly can assist policymakers and financial institutions develop appropriate support mechanisms, such as credit availability, insurance coverage, and other financial services tailored to SMEs' requirements (Beck et al., 2009).18. Additionally, taking into account SMEs' perspectives on stability and financial literacy

provides insightful analysis of the larger economic scene (Shinozaki, 2012)19. Since they reflect changes in consumer demand, investment activity, and market conditions, SMEs are frequently used to gauge an economy's overall health. Thus, examining the financial health of SMEs might reveal areas for growth and development or serve as early warning indicators for future economic downturns. Additionally, the research adds to the body of knowledge in academia by advancing our understanding of financial literacy and stability in the context of SMEs. Researchers can use rigorous research methodologies and frameworks to create

empirical data to confirm existent theories or construct fresh models specifically for SME finance. With the goal of fostering financial inclusion and entrepreneurship, this information can improve curriculum, training courses, and policy projects.

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(Adeoye et al., 2024)20. There are important ramifications for researchers, financial institutions, politicians, and SME owners when evaluating financial literacy and stability from the viewpoint of SMEs. In addition to assisting in pinpointing areas needing improvement, it also makes it possible to design focused interventions that will boost the resilience and expansion potential of SMEs, thereby promoting sustainable economic growth (Rani, 2024)21..

OBJECTIVES OF STUDY

1.To evaluate the perceived levels of financial literacy among employees and small company owners in SMEs.

2.To determine the obstacles small and medium-sized enterprises (SMEs) encounter when evaluating their financial stability, including getting accurate financial data and measuring financial performance.

5.LITERATURE REVIEW

1.Inegbedion et al., (2024) 22 highlighted that Small and medium-sized enterprises (SMEs) are amajor force behind employment, innovation, and economic progress in established and emergingeconomies. Despite their significance, SMEs frequently confront various difficulties, especiallyregarding stability and finances.

2.According to Zhang and Li, (2024) 23, to assist the expansion and sustainability of small and medium-sized enterprises (SMEs), policymakers, researchers, and practitioners must thoroughly understand these businesses' financial literacy and stability. This paper summarizes the body of research on evaluating financial stability and literacy from the standpoint of small and medium-sized enterprises (SMEs), emphasizing important conclusions, research gaps, and methodology.

3.Namakula h Racheal, (2023) 24, highlighted the impact of covid 19 pandemic on the financial stability, government support, access to finance and customer demand on SMSEs that showed a big variation in stability compared the large enterprises. However, I can provide some general insights related to financial stability, government support, and the impact of the pandemic on small and medium enterprises (SMEs). Financial Stability and SMEs: Factors affecting SME financial stability include access to credit, cash flow management, debt levels, and external shocks (such as the COVID-19 pandemic). Government Support during the Pandemic: Many governments worldwide implemented measures to support SMEs during the pandemic. These

measures aimed to mitigate the adverse effects of lockdowns, reduced demand, and supply chain disruptions. Access to Finance for SMEs: Research and Policy Implications: Research like the one you mentioned can provide valuable insights for policymakers, financial institutions, and SMEs themselves. Policymakers should continue supporting SMEs through targeted measures. Strengthening financial literacy, promoting digitalization, and enhancing credit access are essential.

4.Južnik Rotar et al., (2019) 25 says that realizing how important financial literacy is in impacting decision-making, financing availability, and overall business performance has spurred research on financial literacy among SMEs in recent years. The study focuses on SMEs, which play a crucial
role in job creation and unemployment reduction. Here are the key findings: SMEs in Service Sectors: The panel econometric results confirm a significant association between SMEs'employment in service sectors and overall economy employment.

5.Yadollahi Farsi and Toghraee, (2014) 26 said that despite this variation, there is general agreement that SMEs frequently have below-average financial literacy levels, with many companies' owners missing basic knowledge and abilities in financial planning, cash flow management, and budgeting the studies focused on Iran, which are businesses engaged in manufacturing and services that employ fewer than fifty people. These SMEs frequently find it difficult to create new technologies or make major improvements to ones that already exist because of their small size and resource constraints. Depend abilities of individual items and constructs. Convergent and discriminant validity were described by Holland (1999). The Freidman test and composite reliability are two additional tests used in this research. Challenges in Management and Human Resources: Effective innovation requires strong leadership and skilled human resources. SMEs face challenges related tomanagement practices and human resource capabilities. Without effective leadership and skilled personnel, it becomes difficult for SMEs to foster innovation Research and Development (R& D): SMEs often lack the resources to invest significantly in R& D activities. Limited budgets and access to research facilities hinder their ability to explore new ideas and develop innovative solutions.

7.Furthermore, Czarniewski, (2016) 27 indicate that variables like industry type, experience level,and educational attainment highly influence the financial literacy of SME owners and managers.
In summary, understanding these barriers can help improve career counselling and decision-making processes for students. If you'd like more details. revealed that the financial stability of SMEs emphasizes the significance of risk management techniques, profitability, liquidity, and solvency. They utilized many financial ratios, statistical models, and qualitative evaluations to gauge and forecast the financial viability of small and medium-sized enterprises.

8. Even though stability and financial literacy are two different ideas highlighted by Hvolkova et al., (2019) 28, they are intrinsically linked when discussing SMEs. Research has indicated that agreater degree of financial literacy among owners and managers of small and medium-

sized enterprises (SMEs) are linked to better financial management techniques, easier access to financing,and improved business performance, eventually leading to increased financial stability. It seeks to pinpoint the obstacles that have impeded Slovakia's small- and medium-sized enterprises' (SMEs') ability to innovate over the previous six years. Businesses must change by putting into practice advancements in technology and organization to stay competitive. Being creative is advantageous to the business and its surrounds. The competitiveness of the economy, innovative activity, and business environment are all significantly influenced by the government.

10.On the other hand, Ndiaye et al., (2018) 29 said that SMEs with low financial literacy frequently make poor decisions, are more financially vulnerable, and have greater rates of business failure. The General-to-Specific modelling approach was used by the authors to analyse data from 266 economies' World Bank Enterprise Surveys. They created a model for five performance measures using 80 potential components that came from different SMEs-related sources, such as business features, money, informality, infrastructure, creativity, technology, commerce, taxation, and labour force. Changes in the Factors: The influence of many factors differed considerably between small and medium-sized businesses, according to the study. For example: The proportion of businesses utilizing email to communicate with suppliers and customers had a favourable impact on medium-sized business job development each year, but not small business employment. The percentage of investments funded by stock sales or equity had a negative effect on small businesses, while no such effect was seen for medium-sized businesses. Performance-related drivers: An increase of drivers was linked to yearly employment

11.Amoah and Amoah, (2018) 30 highlighted that withstanding this interdependence, there is a paucity of thorough studies investigating the causal connections among stability, financial literacy,and other organizational characteristics. To support SMEs' expansion, resiliency, and ability to contribute to economic development, financial literacy, and stability must be evaluated from thempoint of view.

12.Panagiotakopoulos, (2011) 33 emphasizes how SME owners and managers have inadequate levels of financial literacy and how important financial stability is to secure long-term

survival. There is an urgency to address methodological issues, investigate causal links, and find

efficient treatments to improve financial literacy and stability among SMEs.

7. RESEARCH METHODOLOGY

Research Design: The research design applied here is the analytical; and descriptive research design

Population and Sample: Small and Medium-Sized Businesses (SMEs) in Coimbatore (Tamil Nadu) India, would be the study's population. This will comprise a wide variety of SMEs from different state sectors and industries. Fifty SMEs chosen from Coimbatore (Tamil Nadu) will

be the study's sample. These SMEs were picked to reflect a wide range of sizes, financial situations, and industries within Tamil Nadu's SME sector.

Sampling Design: Stratified sampling was employed in this investigation. SMEs would be chosen through purposeful selection according to particular standards pertinent to the study's goals, such as size, sector, and stability of finances. In order to assure representation from a variety of sectors, stratified sampling would entail first dividing the population of SMEs into strata according to pertinent factors (such as industry sector). Next, SMEs would be randomly selected from each stratum.

Limitations of the Research: The findings may not apply to the entire SME community in Coimbatore (Tamil Nadu) due to the comparatively small sample size of 50 SMEs. It's critical to recognize that the results may only accurately reflect the experiences of some SMEs in the area. The study's exclusive emphasis on SMEs in Tamil Nadu may restrict the findings' applicability to SMEs in other states or areas of India or the world.

Data Collection: Data collection will be executed through a structured questionnaire incorporated in several sections, and the data will be collected through google forms from the 50 respondents

Research Limitations: The limitations of the study, such as the potential for response bias in self-reported surveys and the generalizability of the results to different cultural or geographical contexts, will be acknowledged

8. RESULTS AND DISCUSSION

PERCEIVED FINANCIAL LITERACY LEVEL *TYPE OF OWNERSHIP OF THE ENTERPRISE

Hypothesis

H0: There is no significant difference in the mean score obtained for perceived financial literacy level among SMEs.

		Sum of Squares	df	Mean Square	F	Sig.
Small business entrepreneurs don't grasp the fundamentals of finance.	Between Groups	5.914	3	1.971	11.868	**.000***
	Within Groups	13.621	82	.166		
	Total	19.535	85			
Employees at SMEs have a significant degree of financial illiteracy.	Between Groups	12.160	3	4.053	5.946	**.001****
	Within Groups	55.898	82	.682		
	Total	68.058	85			
In SMEs, making bad financial decisions is more	Between Groups	6.528	3	2.176	7.911	**.000***
	Within Groups	22.554	82	.275		

likely when there is a lack of financial expertise.	Total	29.081	85			
SMEs with low financial literacy are more vulnerable to fraud and financial scams.	Between Groups	2.629	3	.876	5.648	**.001****
	Within Groups	12.720	82	.155		
	Total	15.349	85			
SMEs find it more difficult to obtain funding and investment possibilities when they lack financial literacy.	Between Groups	4.301	3	1.434	.897	.446
	Within Groups	131.013	82	1.598		
	Total	135.314	85			
Financial planning and budgeting are difficult for SMEs with low levels of financial literacy.	Between Groups	2.227	3	.742	.259	.855
	Within Groups	235.169	82	2.868		
	Total	237.395	85			
SMEs with little financial literacy may find it difficult to meet legal and tax requirements.	Between Groups	8.317	3	2.772	5.950	**.001****
	Within Groups	38.206	82	.466		
	Total	46.523	85			
The long-term viability of SMEs is at danger due to inadequate financial knowledge.	Between Groups	4.177	3	1.392	3.762	**.014***
	Within Groups	30.347	82	.370		
	Total	34.523	85			
Small and medium-sized enterprises are more susceptible to market and economic volatility when they lack adequate financial literacy.	Between Groups	24.367	3	8.122	5.564	**.002***
	Within Groups	119.692	82	1.460		
	Total	144.058	85			

Small business entrepreneurs don't grasp the fundamentals of finance.	Between Groups	5.953	3	1.984	3.312	.024 *
	Within Groups	49.128	82	.599		
	Total	55.081	85			
Employees at SMEs have a significant degree of financial illiteracy.	Between Groups	5.914	3	1.971	11.868	.000***
	Within Groups	13.621	82	.166		
	Total	19.535	85			

Interpretation: The result of the one-way ANOVA on Perceived Financial Literacy Level based on the type of ownership shows that there is a significance difference at 5 per cent in the statements Small business entrepreneurs don't grasp the fundamentals of finance, Employees at SMEs have a significant degree of financial illiteracy, In SMEs, making bad financial decisions is more likely when there is a lack of financial expertise, SMEs with low financial literacy are more vulnerable to fraud and financial scams, SMEs with little financial literacy may find it difficult to meet legal and tax requirements, The long-term viability of SMEs is at danger due to inadequate financial knowledge, Small and medium-sized enterprises are more susceptible to market and economic volatility when they lack adequate financial literacy, Small business entrepreneurs don't grasp the fundamentals of finance, and Employees at SMEs have a significant degree of financial illiteracy. The alternative is accepted due to the p values of the statements are less than 0.05 (p=<0.05).

CHALLENGES IN ASSESSING FINANCIAL STABILITY*SIZE OF THE FIRM
Hypothesis

H0: There is no significant difference in the mean score obtained for challenges in assessing the financial stability among SMEs.

H1: There is a significant difference in the mean score obtained for challenges in assessing the financial stability among SMEs.

		Sum of Squares	df	Mean Square	F	Sig.
For small SMEs, obtaining trustworthy financial data is challenging.	Between Groups	6.894	1	6.894	13.330	.000***
	Within Groups	43.443	84	.517		
	Total	50.337	85			
It might be difficult for SMEs to evaluate their financial performance effectively.	Between Groups	.975	1	.975	4.332	.040*
	Within Groups	18.898	84	.225		
	Total	19.872	85			
External circumstances, such	Between Groups	.474	1	.474	4.756	.032*

as the state of the economy greatly impact the evaluation of our SME's financial stability.	Within Groups	8.364	84	.100		
	Total	8.837	85			
The absence of uniform measurements poses a difficulty in assessing the financial viability of various SMEs.	Between Groups	.408	1	.408	.203	.653
	Within Groups	168.987	84	2.012		
	Total	169.395	85			
For small SMEs, obtaining trustworthy financial data is challenging.	Between Groups	.002	1	.002	.001	.980
	Within Groups	275.079	84	3.275		
	Total	275.081	85			

Interpretation: The result of the one-way ANOVA on challenges in assessing the financial stability based on the size of the firm shows that there is a significance difference at 5 per cent in the statements for small SMEs, obtaining trustworthy financial data is challenging, It might be difficult for SMEs to evaluate their financial performance effectively, and External circumstances, such as the state of the economy greatly impact the evaluation of our SME's financial stability. Hence, the null hypothesis is rejected due to the p values of the statements are less than 0.05 ($p = {<}0.05$).

Ranking The Most Significant Challenges In Assessing Financial Literacy And Stability Among Smes.

Table 3: Mean rank on Significant Challenges in Assessing Financial Literacy and Stability among SMEs

Challenges	Mean Score	Mean Rank
Getting reliable financial data	1.91	1
Inadequate financial literacy program resources; absence of defined standards for financial evaluation	2.86	1
The impact of external economic forces on the stability of finances	2.90	1
Insufficient resources and training for SMEs	3.63	3
Getting reliable financial data is difficult	3.73	4

Interpretation: The mean rank is 1 for getting reliable financial data is difficult. It indicates that the most significant financial literacy and stability challenge is getting reliable financial data is difficult

Test statistics on Significant Challenges in Assessing Financial Literacy and Stability among SMEs:

Hypothesis

H0: There is no significant difference in the mean score obtained for challenges in assessing the financial stability among SMEs.

H1: There is a significant difference in the mean score obtained for challenges in assessing the financial stability among SMEs.

Friedman Test

Table 4: Test statistics on Significant Challenges in Assessing Financial Literacy and Stability among SMEs

N	Chi-Square	Df	Asymp. Sig.
86	82.158	4	0.000***

Interpretation: The X2 statistics provide a value of 82.158, which is significant at 5 percent (p=0.000<0.05). Thus, alternative is accepted, hence significant difference in the preference of significant challenges in assessing financial literacy and stability among SMEs

RANKING THE EFFECTIVENESS OF FINANCIAL LITERACY PROGRAMS
Table 5: Mean rank on Effectiveness of Financial Literacy Programs

	Mean Score	Mean Rank
Workshops conducted by industry experts	3.33	4
Online financial education courses	3.52	3
On-the-job training sessions	2.76	2
Seminars organized by government agencies	2.75	1
Peer-to-peer knowledge-sharing initiatives	2.70	1

Interpretation: The mean rank is 1 for seminars organized by government agencies, and peer-to-peer knowledge-sharing initiatives. From this it is clear that seminars organized by government agencies, and peer-to-peer knowledge-sharing initiatives are the effective financial literacy programmes.

H0: There is no mean difference between the effectiveness of financial literacy programs on SMEs.

H1: There is a mean difference between the effectiveness of financial literacy programs on SMEs.

Friedman Test

Test statistics on Effectiveness of Financial Literacy Programs

N	Chi-Square	Df	Asymp. Sig.
86	30.749	4	0.000***

Interpretation: The X2 statistics provide a value of 30.749, which is significant at 5 percent (p=0.000<0.05 the null hypothesis). Thus, alternative is accepted, hence significant difference in the preference of effectiveness of financial literacy programs.

8. SUMMARY OF FINDINGS

One Way ANOVA

1. The analysis results shows that there is a significance in perceived financial literacy level based on the type of ownership in the statements Small business entrepreneurs don't grasp the fundamentals of finance, Employees at SMEs have a significant degree of financial illiteracy, In SMEs, making bad financial decisions is more likely when there is a lack of financial expertise, SMEs with low financial literacy are more vulnerable to fraud and financial scams, SMEs with little financial literacy may find it difficult to meet legal and tax requirements, The long-term viability of SMEs is at danger due to inadequate financial knowledge, Small and medium-sized enterprises are more susceptible to market and economic volatility when they lack adequate financial literacy, Small business entrepreneurs don't grasp the fundamentals of finance, and Employees at SMEs have a significant degree of financial illiteracy.

2.The results of challenges in assessing the financial stability based on the size of the firm shows that there is a significance difference for small SMEs, obtaining trustworthy financial data is challenging, it might be difficult for SMEs to evaluate their financial performance effectively, and External circumstances, such as the state of the economy greatly impact the evaluation of our SME's financial stability.

Friedman Test

1. The outcome shows that there is a notable variation in the degree to which major obstacles are preferred when evaluating financial literacy.

2. Small and medium-sized enterprises have differing preferences for stability and the efficacy of financial literacy initiatives.

9.SUGGESTIONS

After analysing the findings of the study "Assessing the Financial Literacy and Stability from the Perspective of SMEs," some suggestions can be made to address the problems identified and improve financial literacy and stability in small and medium-sized enterprises (SMEs):

1. Training and Education: To increase SME owners' and employees' financial literacy, ongoing training and educational initiatives should be made. To improve financial comprehension and decision-making skills, this could entail one-on-one coaching sessions, online courses, seminars, and workshops.

2. Financial experience: You may make it easier for SMEs to obtain financial experience by partnering with financial institutions, accounting firms, or business consulting services. To help with better decision-making, this could mean providing guidance, aiding with financial planning, and allowing access to particular information or tools.

2. Raise Awareness of Financial Risks: SMEs should be made aware of the risks associated with financial illiteracy, such as their vulnerability to fraud, inability to comply with legal and

tax requirements, and increased sensitivity to economic changes. SMEs could benefit from informational goods and educational programs that aim to achieve this.

10. CONCLUSION

Small and medium-sized firms (SMEs) have several significant challenges in achieving financial literacy and stability, which are highlighted in the study's conclusion, "Assessing the Financial Literacy and Stability from the Perspective of SMEs". The study reveals that employees and owners of SMEs have a limited comprehension of finance, which can lead to poor choices, vulnerability to fraud, and difficulties meeting legal and tax requirements. The study also highlights how crucial it is to take into account external factors, including the status of the economy, when assessing financial stability.

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