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IMPACT OF FINANCIAL LITERACY ON FINANCIAL PERFORMANCE OF SMES IN ADAMAWA STATE

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ABSTRACT

This study examined impact of financial literacy on financial performance of SMES in Adamawa State. The study is a causal survey research design in which data were collected through a questionnaire administered to 384 respondents out of which 374 were collected from the respondents. Data collected was subjected to percentage analysis, and hypotheses were tested using regression analysis at the 0.05 level of significance. According to the findings the respondents strongly agreed that financial knowledge, financial behaviour, financial

Introduction

The pace of global economic growth will coincide with the direction of financial market developments, therefore the improving global economic conditions have prompted a shifting of investment from government bonds (safe haven assets) to stocks, which have strong correlation with economic growth. This shifting also shows the increasing risk appetite of global investors, reflected in the willingness to invest in riskier assets, such as stocks and government bonds in developing countries. A lot of capital inflows into developing countries affected the local currency exchange rate which tended to strengthen against the USD (US Dollar) even though several countries were still depreciating. However, the risk of reversal is relatively increased, especially in developing countries (Magdalena, 2020).

Robb (2020) explain that financial literacy is an individual competence in understanding and evaluating credible information for decision making by better understanding its financial risks. Someone to obtain, understand, and evaluate information relevant to decision making by understanding the financial consequences it causes. From this explanation, it shows that knowledge of finance is very important for each individual, because financial literacy allows each individual to avoid mistakes in managing his financial problems, for example from uncontrolled use of credit cards which results in high debt, has low savings. and a high risk of bankruptcy (Bernheim, et al., 2021). This opinion is corroborated by the results of research conducted by Chen and Volpe (2019) which found that individuals with poor levels of financial literacy tend to have wrong opinions about finances and tend

attitude and financial skills has significant and positive impact on financial performance of SMEs in Adamawa State. In addition, the finding further revealed that financial knowledge has impact on financial performance of SMEs in Adamawa State, Nigeria (β = 0.185, t = 2.613, P = 0.009). The finding shows that financial behaviour have impact on financial performance of SMEs in Adamawa State, Nigeria since (β = 0.070, t = 0.951, P = 0.042). Moreso, financial attitude has impact on financial performance of SMEs in Adamawa State, Nigeria (β = 0.190, t = 3.342, P = 0.001). Lastly, financial skills has impact on financial performance of SMEs in Adamawa State, Nigeria since (β = 0.203, t = 3.206, P = 0.001). The study recommends that, it is crucial for SME owners and managers to prioritize the development of financial knowledge. This can be achieved through targeted financial literacy programs and workshops designed to educate business owners on key financial principles, such as budgeting, financial planning, and investment strategies. Also, improving financial behavior is essential for the financial success of SMEs. Business owners should adopt disciplined financial practices, including effective cash flow management, regular financial monitoring, and adherence to sound financial policies. It is recommended that SMEs develop and implement internal controls and financial management systems that promote responsible financial behavior.

Keywords: Financial Attitude, Financial Behaviour, Financial Knowledge, Financial Literacy, Financial Skills and SMEs Financial Performance.

to make mistakes in making financial decisions. Widayat (2020) states that investment decisions are influenced by many antecedence variables such as financial literacy, demographic aspects, and individual economic conditions. Meanwhile, the results of research by Silvy & Yulianti, (2013) show that investors with old age tend to have more considerations in determining investment decisions compared to young investors. In addition, by categorizing the sexes, it is known that men will be more willing to make investment decisions than women and investment experience also plays an important role when making investment decisions.

Malhotra and Baag (2021) found a lack of financial literacy as a general problem in firm decision making. Lack of financial literacy has an impact on firm decision making in the starting up phase and subsequently. Khuc et al., (2022), concluded that lack of financial literacy was the major cause of failure of firms in Nigeria. In a business, decision-making needs to be rational and supported by available information. This means that it is necessary that business owners should possess a fair amount of knowledge related to the available information to make good decisions. Adomako, et al., (2016) stated that financial literacy is the extent to which one understands essential financial concepts and possesses the ability and confidence to handle personal funds of appropriate, brief period decision making and solid long-term financial forethought.

This study was motivated to look at impact of financial literacy variables on financial performance of SMEs in Adamawa State, Nigeria.

Problem Statement

A major obstacle to performance growth of small and medium scale enterprises (SMEs) in a country like Nigeria is a lack of knowledge, skills, attitude and awareness to cope and direct the finances of their organization in a robust, transparent, and professional way. Agyei, (2018) stated that the reasons why business people make inappropriate, inadequate and in effective financial decisions are because of the lack of personal financial knowledge, lack of time to learn about personal financial management, complexities in financial transactions and the extensive variety of choices in financial products/services. Lack of business management skills can magnify financial barriers for SMEs. Low degree of financial literacy can prevent the performance level of SMEs from adequately assessing and understanding different financing provision, and for navigating complex loan application procedures. While some decisions can be made based on experience, age and other factors, other decisions are complex, requiring financial literacy: knowledge, awareness, skills and attitude towards proper financial management to achieve performance outcomes. There have been few in-depth analyses of how specific knowledge resources, such as financial literacy, influence the performance of SMEs, as such, this study, provides an analysis of financial literacy and looks at the process by which financial literacy can boost SMEs' performance.

However, a considerable number of researchers have studied the impact of business knowledge on entrepreneurship, but it is very rare studies on financial literacy and SMEs performance. Many scholars have only concentrated on entrepreneurs as a concept. Some studies established that there are relationships among the financial literacy variables while other studies failed to establish any relationship between them. Also, review of extant literature revealed that studies that empirically measured financial literacy in such areas as knowledge, awareness and attitude of investors in Nigeria are scarce.

It is against this backdrop that this present study surveyed financial literacy variables like financial knowledge, financial behaviour, financial attitude, financial skills and how each of the variable individually impact financial performance of SMEs in Adamawa State, Nigeria in a single study.

Objectives of the Study

The main objective of this study examined the impact of financial literacy on financial performance of SMEs in Adamawa State. While the specific objectives will be to:

i. examine the perception of respondents on the concepts of financial knowledge, financial behaviour, financial attitude and financial skills in Adamawa State.
ii. examine the impact of financial knowledge on financial performance of SMEs in Adamawa State.
iii. Ascertain the impact of financial behaviour on financial performance of SMEs in Adamawa State.
iv. Assess the impact of financial attitudes on financial performance of SMEs in Adamawa State.
v. Examine the impact of financial skills on financial performance of SMEs in Adamawa State.

Hypotheses of the Study

The following hypotheses was formulated to guide the study:

H_o1 : Does perception of respondents have significant effect on the concepts of financial knowledge, financial behaviour, financial attitude and financial skills in Adamawa State.

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H_o2 : Financial knowledge does not have significant impact on financial performance of SMEs in Adamawa State

H_o3 : Financial behaviour does not have significant impact on financial performance of SMEs in Adamawa State

H_o4 : Financial attitudes does not have significant on financial performance of SMEs in Adamawa State

H_o5 : Financial skills do not have significance impact on financial performance of SMEs in Adamawa State

LITERATURE REVIEW

Concept of Financial Literacy

Lusardi and Mitchell (2013) defined financial literacy as peoples" ability to process economic information and make informed decisions about financial planning, wealth accumulation, debt, and pensions which become increasingly important to enable individual and household to cope with the ever growing complexity of products and service in financial market Financial literacy is the ability to read, analyze, manage, and communicate about the personal financial conditions that affect material wellbeing. Financial literacy skills enable individuals and firms to pilot the financial world, make informed decisions about their money and minimize their chances of being misled on financial matters (Beal & Delpachitra, 2005).

Massive amounts of researches have been done in quest of understanding the meaning of the financial literacy, and the impact and importance of the financial literacy in the venture creation and on enterprises sustainability, however, not a precise definite meaning has been identified to the concept of financial literacy. Huston (2020) points out that there is no universally accepted definition of financial literacy. Remund (2019) comments that there are many definitions for financial literacy so financial literacy officials have let the researchers/authors to freely express and analyse financial literacy. Financial literacy, financial education and financial knowledge can interchangeably be used in the researches.

Furthermore, in this study, financial literacy was divided into three factors, which include financial knowledge, financial behaviour and financial attitude. These are further discussed as follows:

Financial Knowledge

Financial knowledge is defined as the understanding of key financial terms and concepts needed to function daily (Huston, 2020). Jappelli and Padula, (2013) describe it as a specific type of capital obtained through the ability to manage income, expenditure and savings in a safe way. Financial knowledge revolves around the intelligence, understanding or knowledge gained through learning the ability to manage income, expenditure and savings in a secured way (Joo & Grable, 2000). Financial knowledge and skills in managing personal finance are essential in everyday life. Financial behavior according to Latif, et al., (2021) is the ability to comprehend the entire impacts of financial decisions on one's situations and to make the right decisions related to the cash management, precautions and opportunities for budget planning.

Financial Behaviour

An entrepreneur with appropriate financial behavior may provide improved financial performance and business success. Evidence exists of the influence of financial behavior on effective decision-making processes such as prompt bill payment, debt financing, book-keeping, and business planning, and by extension – sound financial system and poverty reduction (Musie, 2015). Financial Behavior is a behavior related to financial applications. According to Ricciardi and Simon (2017), financial behavior is a discipline of science in which the inherent interaction of disciplines of science and continuously integrate so that the discussion is not done isolation. A person who wants to learn financial behavior must have an understanding of the psychological, sociological, and financial aspects. Shefrin (2019) defines financial behavior as a study of how psychological phenomena affect their financial behavior. Nofsinger (2011) defines the financial behavior of learning how humans actually behave in a financial setting. In particular, learn how psychology influences financial, corporate and financial market decisions. An entrepreneur with appropriate financial behavior may provide improved financial performance and business success.

Financial Attitude

Financial attitude can be defined as the application of financial principles to build and sustain value through decision making and proper resource management (Nkundabanyanga & Kasozi, 2019). Financial attitude is one of the factors that have significant impact on financial management practice. According to OECD (2013), financial attitude refers to a psychological propensity that is expressed by estimating a particular entity with some degree of favor or disfavor". That is, it a psychological predisposition when it comes to agreeing or disagreeing with certain financial management practices. Oláh, et al., (2019) defined financial attitude as the creation of value in decision making and resource management through application of financial principles. Financial attitude is improved by acquiring of adequate information.

Financial Skills

According to Dave (2020), financial skills as "the ability to make decisions today that will allow you to be in control of your money tomorrow. Suze (2016) defines financial skills as "the knowledge and ability to manage your money, make wise financial decisions, and plan for your financial future." Larry (2000), view financial skills as "the ability to manage and steward your financial resources in a way that honors God and provides for your family's needs and future.

Concept of Financial Performance of SMEs

Financial performance in small and medium enterprises (SMEs) can be defined and measured in various ways by different authors. Below are definitions and perspectives from various authors on this topic: Definition by Hitt and Ireland (2005): Financial performance in SMEs is the ability to generate profits and positive cash flows while effectively managing costs and resources. Definition by Neely et al. (2005): Financial performance in SMEs is the achievement of both short-term and long-term financial objectives, including profitability, liquidity, and return on investment. In addition, Beaver (2002) defined financial performance in SMEs involves the efficient use of assets, management of debt levels, and the generation of sustainable profitability. Definition by Barako et al. (2006) financial performance in SMEs includes measures of profitability, liquidity, and solvency, which collectively reflect the firm's ability to create value for its stakeholders. According to Kitching (2003), financial performance in SMEs encompasses not only financial measures but also non-financial indicators like customer satisfaction, employee morale, and innovation. Also, Financial performance in SMEs is assessed through key financial ratios, such as profitability margins, liquidity ratios, and leverage ratios, which provide insights into the firm's financial health (KPMG (2018).

Impact of Financial Knowledge on Financial Performance of SMEs

Financial knowledge encompasses various financial management skills, including budgeting, financial analysis, investment decision-making, and understanding financial statements. This knowledge can significantly affect how SMEs manage their resources, make strategic decisions, and ultimately perform in the marketplace. Financial knowledge equips SME owners and managers with the ability to make informed financial decisions. Understanding financial ratios, cost analysis, and investment appraisal methods enables them to make decisions that optimize resources and profitability (Barth, & Clinch, 2018). SMEs with strong financial knowledge can create accurate financial forecasts and budgets. This helps them plan for growth, manage cash flow effectively, and avoid financial crises (Freel, et al., 2016). Financially literate SMEs are more attractive to lenders and investors. They can prepare convincing business plans, understand the terms of loans, and manage debt responsibly, increasing their access to capital (Beck, et al., 2006).

Effective financial knowledge equips business leaders with the tools to make informed decisions regarding investments, cost management, and strategic planning (Bodie, Kane, & Marcus, 2020). Sound financial decisions contribute to improved profitability and overall financial performance of SMEs. Financial knowledge enhances a company's ability to assess and manage financial risks (Hull, 2017).

Impact of Financial Behaviour on Financial Performance of SMEs

The impact of financial behavior on the financial performance of Small and Medium-sized Enterprises (SMEs) is a complex and multifaceted topic. Various financial behaviors can influence SMEs' financial performance, and several studies have explored this relationship: SMEs that adopt effective financial management practices tend to perform better financially. Practices such as budgeting, cash flow management, and financial planning can have a positive impact on SMEs' profitability and sustainability (Binks & Ennew, 2016). Prudent debt management is crucial for SMEs. Maintaining an optimal debt-to-equity ratio and avoiding over-leveraging can lead to better financial performance. High levels of debt can increase financial risk and reduce profitability (Berger & Udell, 2015).

Impact of Financial Attitude on Financial Performance of SMEs

The impact of financial attitude on the financial performance of Small and Medium-sized Enterprises (SMEs) is a complex and multifaceted topic. While there is a significant body of research that explores this relationship, it's important to note that the impact can vary depending on various factors, including the specific attitudes of business owners and managers, the industry in which the SME operates, and the broader economic context. A study by Klapper and Tzioumis (2011) found that SMEs with higher levels of financial literacy tend to have better financial performance. This suggests that a positive attitude toward financial education and understanding financial concepts can lead to improved financial outcomes. Research by Cassar (2018) suggests that SMEs run by entrepreneurs with a more risk-taking attitude are more likely to pursue growth opportunities, which can have both positive and negative impacts on financial performance depending on the success of those opportunities.

Impact of Financial Skill on Financial performance of SMEs

Financial skills mean the ability to use the knowledge of financial services implied in financial literacy. Empirical evidence suggests financial literacy has significant impact on financial status of an individual. Further (Atkinson & Messy, 2011) noted that financially literate people become wealthy by accumulating wealth. However, some researchers (e.g. Mahdzan and Tabiani (2013) argued that all persons with sound financial knowledge make accurate investment decisions. Saha (2016) further argue that individuals are considered financially literate, if they are competent and can demonstrate they have used knowledge they have learned in making investment decisions. Further if anybody doesn't have ability to analyse available financial options, he cannot be considered as financially literate individual (Roy & Jane, 2018). Therefore, financial skills enable individuals to make informed decisions about their money and minimize their chances of being misled on financial matters.

Financial Literacy and SMEs Performance

The resource-based view (RBV) posits that a firm's competitive advantage and performance are dependent on its tangible and intangible resources (Agyei, 2018). Tangible resources include financial capital (e.g., equity capital, debt capital, retained earnings) and physical capital (e.g., machinery & buildings). Intangible resources consist of entrepreneurial knowledge, skills, experiences, organizational procedures and reputation, among others (Jappelli & Padula, 2013). According to Das & Teng (2000), firm's resources include all assets, capabilities, organizational processes, knowledge, firm's feature, information, etc. controlled by a firm that enable the firm to conceive and devise strategies that improve its efficiency and effectiveness. Thus, financial literacy plays a significant role in the value creation process of SMEs, which leads to maximum performance (Gielnik, et al., 2016). Financial literacy contributes to an organization's knowledge base, helping it to adapt to changes in the business environment and profit from opportunities presented by such changes. Therefore, firms should understand the importance of financial literacy and their strategic roles in order to increase the knowledge capabilities of the firm.

METHODOLOGY

Causal survey research design was used in this study, causal research design is a method of collecting information by interviewing or administering a questionnaire to a sample of individuals, is used to test hypotheses about cause-and-effect relationship i.e. to determine what variable (cause) is causing a certain behaviour (effect), casual research is needed. The population of this study covered the entire small medium and small scale businesses (SMEs) in Mubi, Adamawa state, Nigeria. In determination of the sample size, the researcher adopted the use of Cochran's (1977) correction formula due to the researcher unable to get the exact figure of the population;

This calculation is as follows:

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$$n_o = \frac{Z^2PQ}{e^2}$$

Where :

n = is the required sample size.

Z = is the Z-score corresponding to the desired level of confidence (e.g., 1.96 for a 95% confidence level).

P = is the estimated proportion of the population with a particular characteristic.

Q = 1-P

E is the margin of error (the desired level of precision).

i.e.

$$n_o = \frac{Z^2PQ}{e^2}$$

$$n_o = \frac{1.96^2 0.5(1-0.5)}{0.05^2}$$

$$n_o = \frac{3.8416(0.5)(0.5)}{0.0025}$$

$$n_o = \frac{0.9604}{0.0025}$$

$$n_o = 384.16$$

$$= 384.$$

Therefore, the sample size for this study were 384.

Data for this study was collected from primary source, which involves the use of questionnaire. Structured questions was designed to gather data that have direct relevance with the research questions to ensure a fair reconciliation of the ideas already contained in the questionnaire, because questionnaires have the capacity to collect more relevant data from respondents. And was administered personally by the researcher for the purpose of reconciling the question in case need for explanation for the respondents. The questionnaire was designed on five points Linkert Scale ranging from strongly agree (5) to strongly disagree (1), using nominal scaling. Hypotheses were achieved using the inferential statistic using a multiple linear regression with help of Statistical Package for Social Sciences (SPSS) at 0.05 (5%) level of significance.

RESULT AND DISCUSSION

The study administered a total of 384 copies of questionnaire out of which 374 were collected from the various institutions. This return constituted a response rate of 97.4% while the unreturned copies of questionnaire are about 2.6%.

RESEARCH HYPOTHESES

H_o1 : Does perception of respondents have significant effect on the concepts of financial knowledge, financial behaviour, financial attitude and financial skills in Adamawa State.

H_o2 : Financial knowledge does not have significant impact on financial performance of SMEs in Adamawa State

H_o3 : Financial behaviour does not have significant impact on financial performance of SMEs in Adamawa State

H_o4 : Financial attitudes does not have significant on financial performance of SMEs in Adamawa State

H_o5 : Financial skills do not have significance impact on financial performance of SMEs in Adamawa State?

Table 1: Model summary of impact of financial literacy on financial performance of SMES in Adamawa State

	Variables	Coefficient	Std. Error	T-Values	P-Values	Hypotheses
1	(Constant)	14.298	2.280	6.270	0.000	
	Financial knowledge	0.185	0.077	2.613	0.009	Rejected
	Financial behaviour	0.070	0.065	0.951	0.042	Rejected
	Financial attitudes	0.190	0.059	3.342	0.001	Rejected
	Financial skills	0.203	0.060	3.206	0.001	Rejected
	R	0.551				
	R^2	0.303				
	Adjusted R	0.296				
	F-Stats	40.130				
a. Dependent Variable: FPSME						

Source: Field Survey, (2024).

The result in table 1 shows that the summary of regression model on the impact of financial literacy on financial performance of SMEs. The result of Person correction show that the bivariate relationship between dependent and independent variables are moderate and positive ($r = 0.55$). The values of the coefficient of determination (R-Square) extracted from the summary of the regression model shows that financial literacy only explain about 30.3% variation in financial performance of small and medium scale enterprises while the about 69.7% are attributed to variables not included in the model of this study. The analysis of variance (ANOVA) results, which represent the goodness of fit of the model is statistically significant ($F_{4, 373} = 40.130$, $P < 0.05$), implying that the variables in the model have jointly predicted the financial performance of small and medium scale enterprises.

The regression coefficient for the individual contribution of the independent variables as represented by the unstandardized beta-value of 14.298 indicates that the one unit increase in financial literacy account for 14.298 units increase in the level of financial performance small and medium scale enterprises, and this relationship between the significant at 1% level of significance. Hence the study concludes that financial literacy has significant and positive impact on financial performance of SMEs in Adamawa State

H_01 Does perception of respondents have significant effect on the concepts of financial knowledge, financial behaviour, financial attitude and financial skills in Adamawa State

The respondents strongly agreed that financial knowledge, financial behaviour, financial attitude and financial skills has significant and positive impact on financial performance of SMEs in Adamawa State.

HO_2 Financial knowledge does not have significant impact on financial performance of SMEs in Adamawa State

This hypothesis estimates the impact of financial knowledge on financial performance SMEs performance and the result of the regression model in Table above revealed financial knowledge has impact on financial performance of SMEs (β = 0.185, t = 2.613, P = 0.009. Hence, the null hypothesis was rejected and alternate hypothesis which states that financial knowledge have significant impact on financial performance of SMEs in Adamawa State, Nigeria was accepted.

HO_3 Financial behaviour does not have significant impact on financial performance of SMEs in Adamawa State

This hypothesis estimates the impact of financial behaviour on financial performance of SMEs and the result of the regression model in Table above revealed financial behaviour have impact on financial performance of SMEs (β = 0.070, t = 0.951, P = 0.042). Hence, the null hypothesis was rejected and alternate hypothesis which states that financial behaviour have significant impact financial performance of SMEs in Adamawa State, Nigeria was accepted.

HO_4 Financial attitudes does not have significant on financial performance of SMEs in Adamawa State

This hypothesis estimates the impact of financial attitude on financial performance of SMEs and the result of the regression model in Table above revealed financial attitude has impact on financial performance of SMEs (β = 0.190, t = 3.342, P = 0.001). The null hypothesis was rejected and alternate hypothesis which states that financial performance of SMEs is significantly affected by financial attitude in Adamawa State, Nigeria was accepted.

HO_5 Financial skills do not have significance impact on financial performance of SMEs in Adamawa State

This hypothesis estimates the impact of financial skills on financial performance of SMEs and the result of the regression model in Table above revealed financial skills has impact on financial performance of SMEs (β = 0.203, t = 3.206, P = 0.001). The null hypothesis was rejected and alternate hypothesis which states that financial skills can affect the financial performance of SMEs significantly in Adamawa State, Nigeria was accepted.

Summary of Findings

The following findings were derived from the above analysis:

i. The respondents strongly agreed that financial knowledge, financial behaviour, financial attitude and financial skills has significant and positive impact on financial performance of SMEs in Adamawa State

ii. In addition, the finding further revealed that financial knowledge has impact on financial performance of SMEs in Adamawa State, Nigeria (β = 0.185, t = 2.613, P = 0.009)

iii. The finding shows that financial behaviour have impact on financial performance of SMEs in Adamawa State, Nigeria since (β = 0.070, t = 0.951, P = 0.042).

iv. Moreso, financial attitude has impact on financial performance of SMEs in Adamawa State, Nigeria (β = 0.190, t = 3.342, P = 0.001).

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v. Lastly, financial skills has impact on financial performance of SMEs in Adamawa State, Nigeria since ($\beta = 0.203$, $t = 3.206$, $P = 0.001$).

CONCLUSION

The study highlighted the significant and positive impact of financial knowledge, financial behavior, financial attitude, and financial skills on the financial performance of SMEs in Adamawa State, Nigeria. The strong agreement among respondents suggests that these financial attributes collectively play a crucial role in enhancing the financial outcomes of SMEs in the region. This finding aligns with the broader understanding that well-informed and skilled financial management practices are essential for the success and sustainability of small and medium-sized enterprises.
The analysis revealed that financial knowledge has a notable influence on financial performance, as demonstrated by the statistical significance. This indicates that SMEs with a higher level of financial knowledge are better positioned to make informed financial decisions, leading to improved financial performance. Furthermore, financial behavior was found to positively impact financial performance, highlighting the importance of prudent financial practices and the management of financial resources.
Additionally, the study shows that financial attitude has a strong positive relationship with financial performance. This finding suggests that a positive financial mindset and outlook can significantly contribute to the financial success of SMEs.
Lastly, financial skills were identified as a critical factor in driving financial success, with a significant impact on performance. SMEs that possess strong financial skills are more likely to effectively manage their finances, leading to better financial outcomes.

Recommendations

Based on the findings of this study, several recommendations can be made to enhance the financial performance of SMEs in Adamawa State, Nigeria.
Firstly, it is crucial for SME owners and managers to prioritize the development of financial knowledge. This can be achieved through targeted financial literacy programs and workshops designed to educate business owners on key financial principles, such as budgeting, financial planning, and investment strategies.
Secondly, improving financial behavior is essential for the financial success of SMEs. Business owners should adopt disciplined financial practices, including effective cash flow management, regular financial monitoring, and adherence to sound financial policies. It is recommended that SMEs develop and implement internal controls and financial management systems that promote responsible financial behavior.
Thirdly, fostering a positive financial attitude among SME owners and employees is critical. This involves cultivating a mindset that values financial responsibility, proactive planning, and long-term financial stability. Training programs that emphasize the importance of financial attitude in business success can help shift mindsets and encourage a more positive approach to financial management.
Lastly, the development of financial skills should be a strategic priority for SMEs. Business owners and their teams should seek opportunities to enhance their financial management capabilities through continuous learning and professional development. This may include formal education in finance, attending industry seminars, or engaging in mentorship programs.

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