

Managerial Financial Literacy and its Impact on Finance Acquisition and Performance: A Developing Country Context

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ABSTRACT

Purpose - The objective of this study was to evaluate how a manager's financial literacy influences both the accessibility of finance and the overall performance of small and medium enterprises. Additionally, the study examined potential mediation and moderation effects. In this context, access to finance was examined as a mediating variable, while business experience was considered as the moderating variable.

Study Design/Methodology/Approach - This study focused on managers in Ghanaian Small and Medium-sized Enterprises (SMEs) to investigate variable interrelationships. It utilized a quantitative approach, collecting data through a 5-point Likert scale questionnaire from 250 participants via convenience sampling. Statistical analyses, including correlation, regression, mediation, and moderation, were conducted using SPSS software for comprehensive insights.

Findings - The study found that financial literacy and access to finance have a significant impact on SMEs in Ghana, with financial literacy influencing access to finance. Access to finance was shown to mediate the relationship between financial literacy and SME success, while business experience moderated this link. These findings confirm the interconnectedness of financial literacy, access to finance, business experience, and SME performance in Ghana.

Practical Implications- The research findings have significant implications for SME development in Ghana and similar emerging economies. Policymakers and financial institutions can streamline access to finance, while adopting integrated policies that encompass these factors can create a conducive environment for SMEs. These insights offer a pathway to foster economic growth, job creation, and overall competitiveness within the SME sector.

Originality/Novelty- The novelty of this study lies in the introduction of a moderating variable within the relationships among manager's financial literacy, access to finance, and SME performance.

Keywords: Financial Literacy, Access to finance, Business Experience, small and medium size enterprises, Ghana

JEL Classification: G4, G11, G32, G53

1 | INTRODUCTION

In the contemporary landscape of global business, the role of managerial financial literacy has emerged as a pivotal factor influencing both the accessibility of financial resources and the sustainable competitive performance of enterprises. Also, Small and Medium-sized Enterprises (SMEs) are considered as the lifeblood of

many economies worldwide. They are known for their agility, innovation, and job creation potential. However, the path to success for SMEs is often fraught with challenges, including limited access to financial resources and the need for astute financial management. In the vibrant landscape of Ghana, where SMEs play a pivotal role in economic growth, understanding the intricate relationships between managerial financial literacy, access to finance, and business experience is of paramount importance. This paper delves into this dynamic relationship within the context of a developing country, where the intricate interplay between financial knowledge, access to finance, and overall business performance takes on heightened significance. Financial literacy encompasses the ability to make informed and prudent judgments concerning personal finances. It encompasses a range of knowledge, skills, and comprehension related to financial concepts and instruments. This aptitude involves the competence to comprehend and apply financial knowledge, including aspects such as risk management, borrowing, budgeting, saving, and investing (Klapper & Lusardi, 2020). Within the context of Small and Medium-sized Enterprises (SMEs), a financially literate manager possesses a diverse set of money-related skills, spanning financial expertise, investment and asset management, debt handling, budget administration, and more. Fundamental financial terminologies and concepts, such as interest rates, inflation, compound interest, diversification, and risk management, constitute elements of financial literacy (Hasan et al., 2021). This also entails a grasp of the intricacies of financial services and products available in the market.

Moreover, financial literacy encompasses the ability to formulate and manage a budget, monitor income and expenses, set financial objectives, and make judicious financial choices. It further involves recognizing the significance of savings and crafting financial strategies (Dewi et al., 2020). However, within the context of developing countries, the challenges and opportunities presented by financial literacy are even more nuanced. The accessibility of finance for SMEs, often constrained by limited resources and systemic barriers, becomes intrinsically linked to a manager's financial literacy. The ability to navigate financial institutions, comprehend loan terms, and strategically deploy acquired capital can profoundly impact an enterprise's growth trajectory. Managers that are financially literate are aware of interest rates, loan conditions, and how debt affects their entire financial situation (Goyal & Kumar, 2021). One aspect of financial literacy is the capacity to establish both short- and long-term financial objectives and create a strategy to reach them. To maintain financial stability and security, it entails taking into account elements including income, spending, savings, investments, and retirement planning (Lyons & Kass-Hanna, 2021). Higher financial literacy of managers may help them to assess and contrast various products to determine which ones best meets the objectives and demands of their firm and they become able to weigh the costs, risks, and advantages of each product and decide on its adoption with knowledge (Goyal & Kumar, 2021). Additionally, having a technical grasp of digital money is part of having financial literacy. Managers must be knowledgeable with the underlying technology, such as block chain, encryption, and secure authentication protocols that enable digital financial transactions (Cao et al., 2021).

Financially literate managers may use this data to make data-driven choices, spot business process optimization possibilities, and perform effective interpretation and analysis. They may also make use of digital finance analytics tools to measure financial metrics, keep an eye on key performance indicators, and assess the effect of digital finance projects on SMEs (Feng et al., 2022). Financially literate managers can understand the regulatory environment, keep up with developments, and guarantee adherence to pertinent rules and regulations.

Additionally, they may determine how possible legislative changes would affect their digital financial initiatives and make the necessary adjustments (Pazarbasioglu et al., 2020).

The amount of research studies examining the effect of financial literacy on organizational performance has significantly increased in recent years. Numerous facets of financial literacy have been studied by academics, including its impact on risk management, financial consequences, and decision-making (Arsawan et al., 2022; Ying et al., 2019). The specific importance of managers' financial literacy in the context of acquiring finance and SMEs, particularly in developing nations, has, however, received very little attention. There is a research gap regarding the role of managers' financial literacy in the context of access to finance and SMEs, particularly in Ghana, despite the growing body of literature on financial literacy and organizational performance (Hasan et al., 2021; Khan et al., 2019). Addressing this gap is crucial because it will provide a more holistic and nuanced understanding of the factors influencing SME performance, which is essential for the sustainable growth and development of SMEs and, consequently, the broader economy. Researchers can get important insights by investigating the function of managers' financial literacy in the context of access to finance and SMEs in Ghana. The exact knowledge, skills, and competencies that managers need to have to successfully acquire finance and foster SMEs may be clarified by this study.

This research makes substantial and unique contributions to the field. This study seeks to shed light on the multifaceted dynamics between managerial financial literacy, access to finance, and sustainable competitive performance within the specific context of a developing country. By examining these relationships, the paper not only contributes to the existing literature on financial literacy and SME performance but also offers practical insights that can inform policymaking, managerial training, and strategic planning for enterprises striving to thrive in challenging environments. In doing so, this research aims to bridge the knowledge gap and provide a comprehensive understanding of how financial literacy intertwines with finance acquisition and competitive prowess in the unique setting of a developing economy.

1.1 | Research Objectives

- Examine the impact of managerial financial literacy on the performance of Small and Medium-sized Enterprises (SMEs).
- To investigate the mediating role of access to finance in the relationship between managerial financial literacy and SME performance.
- To explore the moderating effect of business experience on the relationship between managerial financial literacy and finance acquisition.

2 | LITERATURE REVIEW

2.1 | Theoretical Background

A framework for comprehending the function of SME-specific resources and capabilities in establishing sustainable competitive advantages is provided by the Resource-Based View theory. RBV asserts that SMEs with significant and distinctive resources are better positioned to outperform rivals and maintain their competitive performance over the long term (Chatterjee et al., 2023). In the context of the research issue, managers' financial literacy may be seen as an important resource that helps SMEs acquire and use digital finance successfully. By applying the RBV framework, we can gain insights into how these internal resources contribute to SME

competitiveness and growth. For instance, when we discuss the effect of managerial financial literacy on SME performance, the RBV theory helps us understand how this specific resource (financial literacy) can be a source of competitive advantage, especially when it is valuable, rare, and difficult to imitate. Likewise, in the context of access to finance and business experience, the RBV theory allows us to examine how these resources contribute to SME competitiveness and how firms can leverage them for sustained growth. According to the RBV theory, managers who are financially literate are better equipped to recognize and assess possibilities in digital finance, select wise investments, and distribute funds wisely (Putra et al., 2021).

The RBV theory supports current research study by providing a theoretical lens to understand the importance of manager's financial literacy as a valuable and rare resource that contributes to the access to finance capabilities and SMEs. By examining the role of manager's financial literacy in the context of Ghana, your research will contribute to the theoretical understanding of the RBV theory and provide empirical evidence on the link between financial literacy, access to finance, and SMEs in the Ghana market (Putra et al., 2021).

2.2 | Impact of Financial Literacy on SMEs

Academic research has been interested to a certain extent in exploring the effect of financial literacy on SMEs. The link between financial literacy and many facets of SMEs has been the subject of several studies. An overview of a few pertinent works in this field is given in the literature review. A study by Ying et al. (2019) investigated the link between financial literacy and SME performance. Financial literacy was positively correlated with a number of SME performance indicators, such as profitability, sales growth, and market value, according to the study. The findings imply that better financial literacy among senior management is a factor in improving SMEs. The effect of financial literacy on the performance of small and medium-sized enterprises in various nations was examined in research by Ye & Kulathunga (2019). The results showed that better financial management techniques, easier access to outside finance, and stronger SME performance are all related to higher levels of financial literacy. The findings highlighted how crucial financial literacy is in empowering SMEs to achieve SMEs. In their investigation of the link between financial literacy and SME performance, Arsawan et al. (2022) considered the mediating function of entrepreneurial mindsets and firm characteristics. The findings indicate a favorable association between financial literacy and SME performance, which is partly mediated by entrepreneurial traits including a penchant for taking calculated risks and initiative. The study emphasizes how crucial it is to consider organizational and individual aspects when determining how financial literacy affects competitive SME performance. Another study by Danso et al. (2019) explores the effects of financial literacy on SME value and financial performance in Malaysia. The results show a correlation between financial literacy and improved financial management practices, as well as a favorable link between financial literacy and SME performance. The research places a strong emphasis on how financial literacy may improve SMEs and generate shareholder value.

2.3 | Impact of Financial Literacy on SMEs

The influence of a manager's financial literacy level on their capacity to successfully accept and employ digital financial services and technology is referred to as the link between financial literacy and access to finance. The adoption and efficient use of digital finance products and services both heavily depend on financial literacy (Meoli et al., 2022). Digital wallets, peer- to-peer lending, mobile banking, internet payments, and other systems that enable financial transactions are all included in the field of digital finance. Higher financial literacy increases

the likelihood that a manager will comprehend and value the advantages of digital finance. SME managers are equipped with the knowledge and abilities needed to use digital platforms, decipher financial data, and decide wisely about using digital financial services (Yu et al., 2020). Understanding terms like internet security, privacy, transaction costs, and possible hazards involved with digital transactions is part of this. Managers that are financially aware are also better able to judge the legitimacy and dependability of digital financial service providers. They can assess the legitimacy of digital platforms, spot possible fraud or scams, and take the necessary precautions to safeguard their financial information (Wu & Huang, 2022). Additionally, having good financial literacy makes it easier for managers to use digital money products efficiently. It enables managers to take advantage of the complete set of features and capabilities provided by digital platforms, including financial planning applications, budgeting tools, and personalized financial guidance. As a result, managers may manage the SME resources more effectively, keep track of their transactions, and make timely and knowledgeable financial decisions (Panos & Wilson, 2020). On the other side, managers who are less financially literate could find it difficult to embrace and fully utilize digital financial services. They could struggle to analyze financial information supplied digitally, comprehend the functionality of digital platforms, and ensure the security of their transactions. This may restrict SME's ability to use digital banking products and services effectively and limit the benefits they may otherwise receive (Butticè & Vismara, 2022). Financial literacy is essential for enabling managers to accept and use digital banking technologies and services effectively. It enables managers to use digital platforms, comprehend the implications of financial transactions made online, and decide for themselves how best to manage the resources of SME. Managers may fully take advantage of the benefits provided by digital finance, improve the financial capabilities, and engage more actively in the digital economy through fostering financial literacy (Abad-Segura & González-Zamar, 2019).

2.4 | Impact of Access to Finance and Small and Medium Enterprises

The impact of adopting digital financial technology and services on an SME's sustainable competitive advantage and overall performance is referred to as the link between access to finance and SMEs. The process of adopting and integrating digital financial technology, such as online payment systems, mobile banking, block chain, and financial analytics, into an SME's operations is referred to as access to finance (Cao et al., 2021). Internal procedures as well as customer-facing services that make use of digital tools and platforms are included in this. An SME's capacity to sustain a competitive edge over the long term by continuously outperforming its rivals is referred to as SMEs. It includes a range of performance metrics, such as revenue, market share, client satisfaction, innovation, and operational effectiveness (Chen & Zhang, 2021). Investing in digital finance may increase an SME's operational effectiveness by simplifying financial procedures and lowering manual labor requirements. Electronic invoicing, internet banking, and transaction automation may all help cut down on paperwork, decrease mistakes, and speed up financial processes. SMEs are now able to deploy resources more wisely, save expenses, and concentrate on operations that provide value (Feng et al., 2022).

Access to real-time financial data and sophisticated analytical capabilities is made possible for SMEs by digital finance solutions. Utilizing these insights, SMEs may monitor important financial KPIs, make data-driven choices, and pinpoint opportunities for development (Kingiri & Fu, 2019). Better financial planning, risk management, and strategic decision-making are made possible by timely and accurate financial information, which supports SMEs. The access to finance enables SMEs to provide clients with convenient and individualized

financial services. Online banking, mobile payment applications, and other digital channels improve the client experience by offering self-service alternatives, 24/7 accessibility, and customized financial solutions. Increased loyalty, customer retention, and competitive advantage in the market result from better customer engagement and satisfaction. Digital finance technology encourages innovation inside SMEs, allowing them to adjust to shifting market dynamics and consumer expectations (Pu et al., 2021). SMEs may create new business models, provide cutting-edge financial products, and investigate fresh prospects by adopting digitalization. An SME's ability to adapt quickly to changing market conditions and client demands improves its SMEs growth (Yang & Zhang, 2020).

2.5 | Mediating Role of Access to Finance

The mediating role of access to finance is crucial in the context of the link between financial literacy and SMEs. While SMEs are concerned with an SME's capacity to retain a competitive advantage over the long term while taking into consideration environmental, social, and economic concerns, financial literacy refers to the knowledge and comprehension of financial ideas and procedures (Arsawan et al., 2022). The acceptance and use of digital financial services and technology by SMEs are referred to as access to finance. To improve financial operations and decision-making processes, it incorporates the integration of digital platforms, mobile banking, online payment systems, and other digital technologies (Amelia et al., 2019). The link between financial literacy and SMEs may be modified and mediated by how well SMEs embrace and use digital financial services, according to the mediating effect of access to finance (Ye & Kulathunga, 2019). According to Wu & Huang (2022), SMEs with better financial literacy are more likely to understand the value of acquiring digital financial tools and to use them wisely to improve their SMEs. This is because financial literacy gives SMEs the information and know-how they need to comprehend and take advantage of the advantages of digital finance. Adopting digital financial services may also improve operational effectiveness, make it easier to obtain finance, enable better risk management, and promote innovation, all of which can increase an SME's competitive edge (Butticè & Vismara, 2022). These elements support long-term success and SMEs in a dynamically changing digital economy. Because of this, SMEs are more likely to achieve SMEs if they prioritize financial literacy and aggressively seek access to finance (Danso et al., 2019). SMEs should strategically use financial literacy to boost their competitive advantage and advance sustainable practices in the marketplace by recognizing the mediating influence of access to finance. SMEs that practice financial literacy are better prepared to make wise financial decisions (Abad-Segura & González-Zamar, 2019). SMEs are more likely to understand the value of embracing digital financial services and technology when they have a high degree of financial literacy. They are able to weigh the advantages and risks of investing in digital finance and then decide on a course of action. SMEs may improve their financial decision-making processes and achieve enhanced SMEs by leveraging digital financial tools efficiently (Chen & Zhang, 2021).

2.6 | Moderating Role of Business Experience

The importance of a SMEs manager's degree of business experience on how financial literacy influences their capacity for access to finance is highlighted by the moderating function of business experience in the link between financial literacy and access to finance (Newman et al., 2019). According to previous researchers' findings, financial literacy is vital for improving SME managers' capacity to successfully negotiate the world of digital finance. It gives them the knowledge and tools they need to comprehend and assess digital financial

products, decide wisely whether or not to accept them. And efficiently manage their financial resources online (Bloemen-Bekx et al., 2019). The influence of financial literacy on the access to finances, however, may depend on a manager's amount of past SME experience, according to the moderating role of business experience. The information, abilities, and expertise acquired from prior managerial initiatives or sector-specific competence are referred to as business experience (Doern et al., 2019).

Higher degrees of business experience may better prepare SME managers to utilize their financial literacy abilities in the context of access to finance, according to prior study. Their understanding of business processes, industry dynamics, and market trends enables them to more accurately evaluate the possible advantages and dangers of using digital financial solutions. However, SME managers with little business experience could find it difficult to apply their financial literacy abilities to access financing. Their inability to properly appreciate the consequences and opportunities given by digital financial technologies may be hampered by their lack of expertise and exposure to the intricacies of SME operations (Fabeil et al., 2020). The link between financial literacy and access to finance is therefore dependent upon an SME manager's amount of past business experience, according to the moderating function of business experience. As their capacity to use financial knowledge in the digital environment improves with experience, managers with more business experience may show a greater correlation between financial literacy and access to finance (Sharma et al., 2020).

2.7 | Hypotheses of Study

H₁: *Financial literacy positively impacts SMEs in Ghana.*

H₂: *Financial literacy positively impacts access to finance in Ghana.*

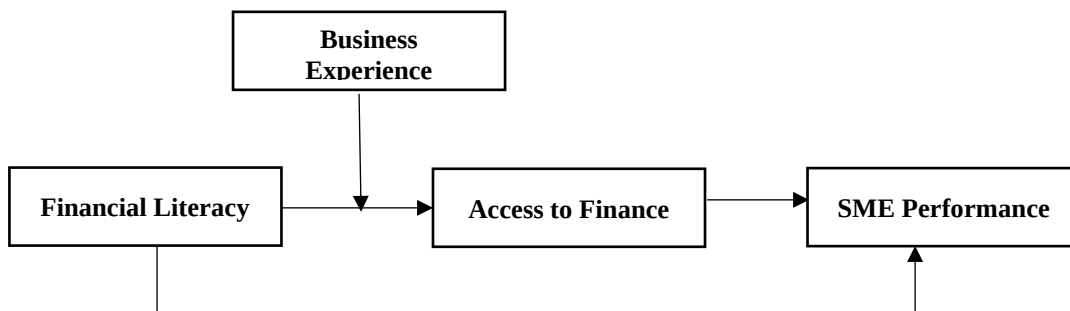
H₃: *Access to finance positively impacts SMEs in Ghana.*

H₄: *Business experience positively moderates the relationship between financial literacy and access to finance in Ghana.*

H₅: *Access to finance positively mediates the relationship between financial literacy and SMEs in Ghana.*

Figure 1

Conceptual Model



3 | METHODOLOGY & DESIGN

To investigate the role of managers' financial literacy in access to finance and SMEs performance, the current study has adopted a quantitative research design. The positivist school of thought (positivism philosophy)

was chosen as the foundation for the current study. The deductive research approach (also known as the top-down approach) was used in this research study.

3.1 | Data Collection & Sample

The survey was conducted through a questionnaire consisting of close-ended questions by using convenience sampling technique due to time constraints. The present study was a cross-sectional study because it involved the observation of data from a population at one specific point in time. Individuals who are managers working in SMEs in Ghana served as the study's analytical unit (unit of analysis). Originally, 270 questionnaire surveys were distributed for data collection. However, after careful screening, 20 incomplete responses were excluded from the analysis. Consequently, the final sample size for this investigation amounted to $n = 250$, representing an impressive response rate of 96.39%. The survey was conducted over a three-month period, spanning from June to August 2023, and was administered through an online portal for distribution.

Prior to the formal data collection, we conducted a pilot test with a small sample of SME managers in Ghana. This step allowed us to assess the clarity, cultural sensitivity, and appropriateness of the question items.

3.2 | Measurement of Variables

Every variable in this research was evaluated using a 5-point Likert scale, spanning from 1 (indicating Strongly Disagree) to 5 (indicating Strongly Agree).

3.2.1. Financial Literacy

Eight questions adopted from Meoli et al. (2022) were used to measure financial literacy. A sample item is '*I am familiar with various financial products and services available in the market*'.

3.2.2. Access to Finance

Eight items adopted from Cao et al. (2021) were used to measure access to finance and the sample item used is '' We actively seek partnerships and collaborations with finance providers to expand our capabilities.

3.2.3. Business Experience

Eight questions that were adopted from Amankwah-Amoah et al. (2021) were used to measure business experience. One sample item is given as ''Business experience has enabled me to build a strong network of industry professionals and contacts.

3.2.4. SMEs Performance

Eight items adopted from Haseeb et al. (2019) were used to measure SMEs performance. Sample item from measurement scale is '' our organization consistently outperforms competitors in terms of market share and profitability.

3.3 | Data Analysis Tools

Statistical tests like correlation analysis, regression analysis, moderation analysis, and mediation analysis were used to assess the data. Data analysis was done by using SPSS Software to test the relationships between study variables.

3.4 | Demographics

Table 1

Descriptive Frequencies

Demographics		Frequencies	Percentages	Cumulative Percentage
Gender	Male	179	72	72
	Female	71	28	100
Age	Less than 30 years	51	20	20
	30 – 45 years	112	45	65
	More than 45 years	87	35	100
Education	Graduate	119	48	48
	Postgraduate	95	38	86
	Post-doctorate (Postdoc)	36	14	100
Marital Status	Married	167	67	67
	Single	50	20	87
	Divorced	21	8	95
	Widowed	12	5	100
Employment Status	Fully Employed	148	59	59
	Part-Time Employed	67	27	86
	Unemployed	35	14	100

179 out of 250 responses (72%) were from males, making up the bulk of respondents in terms of gender. Overall, 71 responses—or 28% of all responses—were submitted by female participants. A substantial majority of the study’s participants were between the ages of 30 – 45, as evidenced by the analysis of the respondents’ ages, which revealed that 112 respondents (45%) were between that age group. Additionally, 51 respondents (20%) were under the age of 30, compared to 87 respondents (35%) who were beyond the age of 45. The participants came from various educational backgrounds. Among those who responded, 119 (48%) identified as graduates and 95 (38%) as postgraduates. A substantial percentage of participants (36 respondents or 14%) were post doctorate (postdoc). In terms of marital status, a total of 167 respondents (67%) were married. On the contrary, 50 respondents (20%) were single, 21 respondents (8%) were divorced, and 12 respondents (5%) were widowed. In terms of employment status, 148 respondents (59%) were fully employed. 67 respondents (27%) were part-time employed. 35 (14%) were not used.

4 | RESULTS and ANALYSIS

4.1 | Reliability Analysis

Table 1 utilized Cronbach's alpha to evaluate the reliability of study variables: FL, access to finance, BE and performance. The outcomes demonstrate that Cronbach’s alpha values for all four variables exceed 0.5, affirming their reliability.

Table 2

Reliability Statistics

Variable	Cronbach’s Alpha	N of Items
Financial Literacy	.739	8
Access to finance	.788	8
Business Experience	.772	8

SMEs performance	.759	8
Total	.764	32

4.2 | Multicollinearity Test

Multicollinearity is a statistical phenomenon in which there is a strong correlation between two or more predictor variables in a regression model. It suggests a strong linear relationship between the independent variables, which might make it difficult to understand the impact of each individual predictor on the dependent variable.

Table 3

Multicollinearity Statistics

Variable	VIF (Variance Inflation Factor)	Tolerance
Financial Literacy	1.04	0.93
Finance Acquisition	1.17	0.84
Business Experience	1.12	0.89

High tolerance value of 0.93 and low VIF value of 1.04 indicate that financial literacy exhibits insignificant multicollinearity with other variables in the regression model. This suggests that financial literacy shares a weak linear relationship with independent and mediating variables, making it easy to determine its individual impact on the dependent variable (sustainable competitive performance). Similarly, business experience shares a weak linear relationship with other variables, making it easy to determine its moderating impact on the relationship between financial literacy and finance acquisition.

4.3 | Correlation Analysis

Table 2 demonstrates a moderately significant and positive association between study variables. For instance, there exists a significant relationship between FL and SME performance, with a correlation value of 0.461. This demonstrates that higher performance of SMEs is the result of improved financial literacy.

Table 3

Correlation Analysis

	1	2	3	4
1. Financial Literacy	1			
2. Access to finance	.389	1		
3. Business Experience	.437	.459	1	
4. SME performance	.461	.494	.434	1

4.4 | Regression Analysis

Table 4

Impact of Financial Literacy and Access to Finance on Small and Medium Enterprises

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin- Watson
1	.681a	.464	.459	.43644	1.902
a. Predictors: (Constant), Financial Literacy, Access to finance					

The coefficient of determination reveals FL and access to finance may both have an impact on 46.4 percent of the variation in SMEs performance. The study's observed value of 1.902, which is within the highly acceptable range of Durbin Watson's value, which ranges from 0 to 4, is considered.

Table 5

ANOVA Test

	Model	Sum of Squares	d.f.	Mean Square	F	Sig.
1	Regression	8.378	2	3.992	23.846	.000b
	Residual	81.849	247	.361		
	Total	90.227	249			

a. Dependent Variable: SMEs

b. Predictors: (Constant), Financial Literacy, Access to finance

According to the statistical significance of the ANOVA results, the effect of financial literacy and access to finance may be utilized to account for the differences in SMEs. The theoretical model effectively captures and explains the relationship between these factors, illuminating the critical role that financial literacy and access to finance play in influencing SMEs.

Table 6

Coefficient

	Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.025	.238		3.741	.000
	Financial Literacy	.661	.084	.655	3.147	.001
	Access to finance	.225	.056	.220	2.641	.000

a. Dependent Variable: Small and medium enterprises performance

The idea that increased financial literacy and access to finance increase SMEs is supported by the fact that the coefficients of financial literacy ($b = 0.671$), and access to finance ($b = 0.225$) are significant and in the

positive range. The importance of financial literacy and access to finance in enhancing SMEs is highlighted by these findings.

Table 7

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin- Watson
1	.653a	.426	.421	.40327	1.825

a. Predictors: (Constant), Financial Literacy

Financial literacy may account for 42.6% of the variation in access to finance, using R- square value. It is thought that the Durbin Watson of 1.825 falls within the highly acceptable range. According to an adjusted R-square value of 42.1 percent, the financial literacy utilized in this study accounts for around 42.1% of the variance in access to finance. Hence, the findings of regression analysis reveal that access to finance is significantly affected by financial literacy (Yu et al., 2020).

Table 8

ANOVA

Model	Sum of Squares	d.f.	Mean Square	F	Sig.
Regression	4.315	1	4.315	21.470	.000b
1 Residual	69.472	248	.280		
Total	73.787	249			

Dependent Variable: Access to finance

Predictors: (Constant), Financial Literacy

Because it is below the threshold of 0.05, the significance value demonstrates that the observed relationship between financial literacy and access to finance is statistically significant. The F value, which is more than 4, further supports the statistical significance of the theoretical model. The statistical significance of the ANOVA results leads to the conclusion that the variations in access to finance may be explained by the effect of financial literacy.

Table 9

Coefficient

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	1.157	.243		3.426	.002
1 Financial Literacy	.821	.093	.817	2.563	.001

a. Dependent Variable: Access to finance

Since the significance value for the impact of financial literacy on access to finance is below the threshold of 0.05, statistical analysis shows that there is a substantial and meaningful positive relationship between financial literacy and access to finance consistent with the outcomes of Yu et al. (2020). The assumption that greater financial literacy promotes access to finance is supported by the significant and positive coefficient of financial literacy ($b = 0.821$).

4.5 | Mediation Analysis

Table 10

Mediation Analysis

	Effect	SE	t-value	p
Direct Effect of FL on SCP	.3147	.0352	2.2182	.0000
Indirect Effect of FL on SCP	.5471	.0547	2.6580	.0000

The study's findings demonstrated that financial literacy was a significant predictor of SMEs performance, and this finding is consistent with the study of Ying et al. (2019), with a regression coefficient (B) of 0.5471, a standard error (SE) of 0.0352, and a p-value of .0000 (less than 0.05). After accounting for SMEs, financial literacy was no longer a highly significant predictor of access to finance, with a coefficient (B) of 3.147, a standard error (SE) of 0.0352, and a p-value of .0000 (less than 0.05). This suggests that partial mediation is present. According to the value of R, which represents the indirect impact ($R^2 = 0.5471$), access to finance (the mediating variable) has a 0.5471-unit influence on the relationship between financial literacy and SMEs. The indirect effects were found to be statistically significant with a coefficient (B) of 0.5471, a standard error (SE) of 0.547, and a p-value of .0000. This demonstrates how a considerable amount of the relationship between financial literacy and SMEs is mediated by access to finance, which accounts for 0.5471% of the effect.

4.6 | Moderation Analysis

Table 11

Moderation Analysis

R	R-Square	F	df1	df2	P
.6911	.4776	48.4658	3.0000	159.0000	.0000
	Coefficient	StandardError	t	P	
Constant	1.2780	.5362	4.8053	.0019	
Business Experience	.8162	.3287	3.8916	.0000	
Financial Literacy	.9347	.3719	3.9962	.0012	
int_1	.0819	.0921	2.1439	.0034	
Interactions: int_1 = Financial Literacy x Business Experience Outcome Variable: Access to finance					

The analysis indicates a robust connection between financial literacy (X) and access to finance (Y) (Coefficient = 0.9347, $p < 0.05$). Furthermore, a substantial correlation exists between business experience (M)

and access to finance (Y) (Coefficient = 0.8162, $p < 0.05$). Notably, the interaction term (Financial Literacy x Business Experience) holds significance (Coefficient = 0.0819, $p < 0.05$).

Based on these results, it can be inferred that business experience functions as a noteworthy moderating factor within this model. This assertion is substantiated by business experience displaying significance not only in relation to access to finance but also when assessed as an interaction term alongside financial literacy. Consequently, these findings strongly suggest a significant moderating impact of business experience on the relationship between financial literacy and access to finance which is consistent with the findings of Fabeil et al., 2020.

4.7 | Hypothesis Evaluation

Hypothesis	Statement	Decision
H1	Financial literacy positively impacts sustainable competitive performance in Pakistan.	Supported
H2	Financial literacy positively impacts digital finance acquisition in Pakistan.	Supported
H3	Digital finance acquisition positively impacts sustainable competitive performance in Pakistan.	Supported
H4	Business experience positively moderates the relationship between financial literacy and digital finance acquisition in Pakistan.	Supported
H5	Digital finance acquisition positively mediates the relationship between financial literacy and sustainable competitive performance in Pakistan.	Supported

5 | DISCUSSION

The primary objective of this study was to examine the relationships between financial literacy, access to finance, business experience, and SME performance in Ghana. The study's findings highlight the pivotal role of managerial financial literacy as a catalyst for SME success, shedding light on its direct influence on performance (Yu et al., 2020). Furthermore, the mediating role of access to finance in the relationship between financial literacy and SME performance underscores the importance of a multifaceted approach to SME development (Ying et al., 2019). Notably, the moderating effect of business experience accentuates the interplay between knowledge and hands-on expertise, especially among seasoned entrepreneurs (Fabeil et al., 2020). These insights provide a comprehensive view of how financial literacy, access to finance, and business experience converge to drive SME performance. As Ghana's SME sector continues to be a key driver of economic growth, the implications of this research extend to the development of policies and initiatives that can empower SMEs, stimulate job creation, and bolster overall economic progress. The findings emphasize that a holistic approach to SME development, one that acknowledges the interconnected nature of these factors, is essential for sustaining and enhancing the vibrancy of the SME landscape in Ghana and beyond.

5.1 | Theoretical Contribution

This research provides several noteworthy theoretical contributions to the field of small and medium-sized enterprises (SMEs). It substantiates the theoretical premise that managerial financial literacy positively influences

SME performance, aligning with the resource-based view (RBV) theory. Additionally, it extends existing theories by introducing the mediating role of access to finance, emphasizing the importance of both internal and external resources. The research also contributes by highlighting the moderating effect of business experience, which underscores the interplay between knowledge and experience in shaping SME performance. These theoretical insights enhance our understanding of the complex interrelations between financial literacy, access to finance, and business experience, offering a more holistic perspective within the context of Ghana and similar emerging economies.

5.2 | Practical Implications

The research findings have significant implications for SME development in Ghana and similar emerging economies. They underscore the importance of financial literacy, access to finance, and business experience in enhancing SME performance. For SME managers, investing in financial literacy training and leveraging their business experience can lead to improved decision-making and business success. Policymakers and financial institutions can streamline access to finance, while adopting integrated policies that encompass these factors can create a conducive environment for SMEs. These insights offer a pathway to foster economic growth, job creation, and overall competitiveness within the SME sector.

5.3 | Study Limitations

The use of convenience sampling to select participants may introduce selection bias. The sample may not be fully representative of all SME managers in Ghana, which limits the generalizability of the findings. The research design is cross-sectional, which means data was collected at a single point in time. This limits the ability to establish causal relationships or observe changes over time. The findings may not be entirely generalizable to SMEs in other countries or regions with different economic, cultural, or regulatory contexts. Moreover, discriminant and nomological validity is not checked, tests applied only for convergent validity.

5.4 | Future Research Directions

Future research in this area can expand on these findings by employing longitudinal or experimental designs to provide stronger evidence of causation. Exploring the impact of external factors such as regulatory changes, economic conditions, and industry-specific variables on the relationships between financial literacy, access to finance, and SME performance could offer deeper insights. Additionally, conducting similar studies in diverse cultural and economic contexts would contribute to the generalizability of the findings. Further research might also delve into the specific mechanisms through which financial literacy influences SME performance and explore innovative approaches to enhancing financial literacy and improving access to finance for SMEs.

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