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The Impact of Financial Literacy on SMEs Performance: The Role of Access to Financial Resources as a Mediator

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Abstract

This study examines the relationship between financial literacy and the performance of Small and Medium Enterprises (SMEs), with a specific focus on the mediating role of access to financial resources. The research aims to explore how financial literacy influences SME performance both directly and indirectly through improved access to financing. Data was collected from 150 SME owners and managers in Kendari, Indonesia, using structured questionnaires. The results show that financial literacy positively impacts both access to financial resources and SME performance. Additionally, access to financial resources was found to mediate the relationship between financial literacy and SME performance. These findings highlight the importance of financial literacy in enhancing business outcomes and facilitating access to capital for SMEs. The study suggests that improving financial literacy among SME owners is crucial for fostering sustainable business growth, and that both financial education and easier access to finance should be prioritized by policymakers and financial institutions.

Keywords: Financial Literacy, SME Performance, Access To Financial Resources, Small And Medium Enterprises, Financial Management

1. Introduction

In the context of Small and Medium Enterprises (SMEs), financial literacy has emerged as a crucial determinant in enhancing business performance. SMEs, often regarded as the backbone of economies worldwide, face challenges in managing their financial resources effectively, which can hinder their growth and sustainability [1], [2]. Financial literacy, defined as the ability to understand and effectively use various financial skills, such as budgeting, investing, and managing financial risks, has been linked to better decision-making and overall business success [3]. However, despite its importance, many SMEs in developing economies still struggle with inadequate financial knowledge, which undermines their ability to access and utilize financial resources effectively [4].

The ability to access financial resources is another pivotal factor influencing SME performance. Inadequate access to finance remains one of the most significant barriers to SME growth, especially in emerging markets [5]. Financial resources, including loans, grants, and investments, are essential for enabling SMEs to expand operations, invest in innovation, and sustain their businesses. However, SMEs often face challenges in securing financing due to poor financial literacy, insufficient collateral, and high perceived risks by lenders [6]. Therefore, understanding how financial literacy influences SMEs' access to these critical resources and, in turn, their performance is of great importance for policymakers, financial institutions, and SME owners.

This study investigates the relationship between financial literacy and SME performance, with a specific focus on the mediating role of access to financial resources. It aims to explore how SMEs' financial knowledge impacts their ability to acquire financing and, consequently, their business outcomes. By examining this relationship, the study seeks to contribute to the growing body of literature on SME finance and provide actionable insights for enhancing financial literacy programs for business owners.

SMEs often struggle with financial management, which limits their ability to grow and succeed. According to a report by the World Bank, around 70% of SMEs in developing countries face challenges in accessing finance, often due to lack of financial knowledge and ineffective financial planning [7]. **Table 1** presents data from various studies showing the impact of financial literacy on SMEs' ability to secure financing and its subsequent effect on business performance.

Table 1: Financial Literacy and SME Access to Finance

Source	Region	Percentage of SMEs with Financial Knowledge	Percentage of SMEs Accessing Finance
[3], [7], [8], [9]	Global	60%	40%
	Developing Countries	45%	30%
	Sub-Saharan Africa	35%	25%
	Latin America	50%	35%

Source: Previous research (2025)

This table highlights the significant gap between the financial literacy of SMEs and their access to finance, underscoring the importance of addressing this issue to enhance SME performance. Furthermore, SMEs with higher financial literacy are more likely to access finance, which enables them to improve their operations, expand their reach, and enhance their market competitiveness [10].

This research is urgent due to the critical role SMEs play in fostering economic growth, innovation, and employment, particularly in developing economies. Enhancing the financial literacy of SME owners can provide them with the necessary tools to make better financial decisions, increase their access to essential resources, and improve their overall performance. Given the significant barriers that SMEs face in accessing finance, it is crucial to explore how financial literacy can act as a catalyst for improved business outcomes. Moreover, understanding the mediating role of access to financial resources in this relationship will provide a more comprehensive framework for designing targeted interventions that can support SMEs in overcoming financial challenges and achieving sustainable growth. The findings of this study have the potential to inform both policy and practice, providing a foundation for developing effective financial literacy programs and improving the accessibility of financial resources for SMEs.

2. Research Methods

2.1. Research Design

This study adopts a quantitative research design using a survey method to gather empirical data. The survey method is appropriate because it allows for the collection of data from a large number of SMEs, enabling generalization of the findings to the broader SME population [11]. The study uses a correlational design to assess the relationship between financial literacy and SMEs' performance, while also examining the mediating role of access to financial resources. Data will be collected through structured questionnaires distributed to SME owners or managers. The study will follow a cross-sectional approach, meaning that data will be collected at one point in time to understand the current relationship between financial literacy, access to financial resources, and SMEs' performance [12], [13]. This approach is commonly used in social science research to determine causal relationships in a practical and time-efficient manner.

2.2. Population, Sample, and Sampling Technique

The population for this study includes small and medium enterprises (SMEs) in Kendari city, Indonesia, specifically those located in urban areas with varying levels of financial literacy. According to the latest available data, there are approximately 60 million SMEs operating in Indonesia [14]. The target population consists of SME owners or managers who are responsible for financial decision-making.

A stratified random sampling technique will be employed to select a sample that represents various sectors of SMEs (e.g., manufacturing, retail, services). The strata will be determined based on industry type and company size, as financial literacy and access to financial resources may vary across these categories. A sample size of 150 SMEs will be targeted, which provides sufficient statistical power for the analysis [15].

2.3. Research Location and Time

The research will be conducted in major cities in South East Sulawesi, Kendari, as these cities are home to a significant number of SMEs. The selection of these locations allows for a diverse range of SMEs with varying levels of financial literacy and access to financial resources.

Data collection take place over a period of 3 months, from February to April 2025. The data collection period will include the distribution of questionnaires, follow-ups, and data verification.

2.4. Data Analysis Techniques

Data collected from the survey will be analyzed using several statistical techniques. First, descriptive statistics (mean, standard deviation, frequency) will be used to summarize the demographic characteristics of the respondents and the key variables of the study, such as financial literacy, access to financial resources, and SME performance.

Next, inferential statistical methods will be applied. Structural Equation Modeling (SEM) will be used to test the relationships between financial literacy (independent variable), access to financial resources (mediating variable), and SME performance (dependent variable). SEM is chosen because it allows for the examination of direct and indirect effects, as well as complex interrelationships between variables [16], [17], [18].

2.5. Hypothesis Development

Financial Literacy and Its Impact on SMEs

Financial management is one of the primary areas where financial literacy impacts SME performance. Studies suggest that business owners who possess financial literacy are more likely to engage in sound financial practices, such as creating and adhering to budgets, managing debt, and forecasting financial needs [19]. These practices contribute to better cash flow management, which is essential for maintaining operational stability and funding growth initiatives.

In a study of SMEs in Makassar, Triani et al. [10] found that financial literacy significantly improved the financial management practices of small businesses, leading to increased profitability. This finding is consistent with the broader literature that emphasizes the importance of financial knowledge in improving personal financial decision-making and business performance [20], [21], [22].

The literature consistently shows that financial literacy is positively correlated with SME performance. Financially literate SMEs tend to have better financial management practices, improved access to financial resources, and higher profitability. Therefore, it is hypothesized that:

H1: There is a positive relationship between financial literacy and SMEs' performance.

Financial Literacy and Access to Financial Resources

Financial literacy plays a crucial role in enhancing the ability of SME owners to access financial resources. A financially literate entrepreneur is better equipped to understand financial products, evaluate loan terms, and engage with financial institutions more effectively [19]. Studies have shown that financial literacy improves decision-making related to financial management, which is a key factor in increasing access to capital [23].

For instance, Golda et al [4] found that SMEs with higher financial literacy were better positioned to secure financing from both banks and other financial institutions, as they were perceived as lower-risk borrowers due to their sound financial practices. Similarly, Irdawati & Nurlia [24] highlighted that financial literacy helps SMEs to understand the importance of maintaining financial records and effectively managing cash flow, which improves their eligibility for loans and other forms of external finance.

Thus, it is hypothesized that:

H2: Financial literacy has a positive effect on access to financial resources.

Access to Financial Resources and SME Performance

Access to financial resources is a critical determinant of SME performance, as it directly impacts their ability to invest in growth, innovation, and operational efficiency. Financial resources, including loans, grants, and equity

funding, enable SMEs to expand their operations, hire skilled labor, purchase necessary equipment, and adopt new technologies [5]. The ability to secure financing is often linked to improved productivity and profitability, as it provides SMEs with the capital needed to scale their business activities and stay competitive in the market [25].

Empirical studies have shown that SMEs with better access to financial resources tend to perform better in various dimensions, including financial performance, market competitiveness, and operational efficiency. For example, Irdawati & Nurlia [24] found that SMEs with higher access to finance experienced improved profitability and market share. Similarly, Tandigau et al [5] demonstrated that SMEs with access to adequate financial resources were better positioned to manage risks and sustain growth during economic downturns. Thus, it is hypothesized that:

H3: Access to financial resources positively influences SMEs' performance.

The Mediating Role of Access to Financial Resources in the Relationship between Financial Literacy and SME Performance

The relationship between financial literacy and SME performance has been widely acknowledged, but the mediating role of access to financial resources in this relationship is gaining more attention. Financial literacy enables SME owners and managers to make better-informed decisions about managing finances and securing funding. However, the mere possession of financial knowledge may not be sufficient without access to adequate financial resources. Access to financial resources can bridge the gap between financial knowledge and business performance, making it an essential mediating factor [26], [27].

Studies indicate that financial literacy not only improves financial management but also enhances the ability to acquire external financing. For instance, financially literate SME owners are more likely to maintain proper financial records, demonstrate their business's viability to financial institutions, and understand how to leverage available financing options [3]. This increases their likelihood of securing funding, which can be used to invest in key areas that drive business performance, such as infrastructure, marketing, and workforce development.

Several empirical studies have confirmed the mediating role of access to financial resources in this relationship. Tandigau et al [5] found that financial literacy directly influenced the ability of SMEs to access financing, which, in turn, enhanced business performance. Similarly, [4] noted that access to finance acted as a mediating factor in the relationship between financial literacy and SME performance, demonstrating that financial knowledge improved business owners' chances of obtaining loans or investments, which boosted profitability and growth.

Furthermore, Handoko et al. [28] demonstrated that access to financial resources significantly mediated the relationship between financial literacy and SME performance in Indonesia. SMEs with financially literate owners were more likely to secure financing, leading to improved financial performance, operational efficiency, and business sustainability. Thus, it is hypothesized that:

H4: Access to financial resources mediates the relationship between financial literacy and SMEs' performance.

Based on the theory put forward above, the author describes the conceptual framework of this research, as follows:

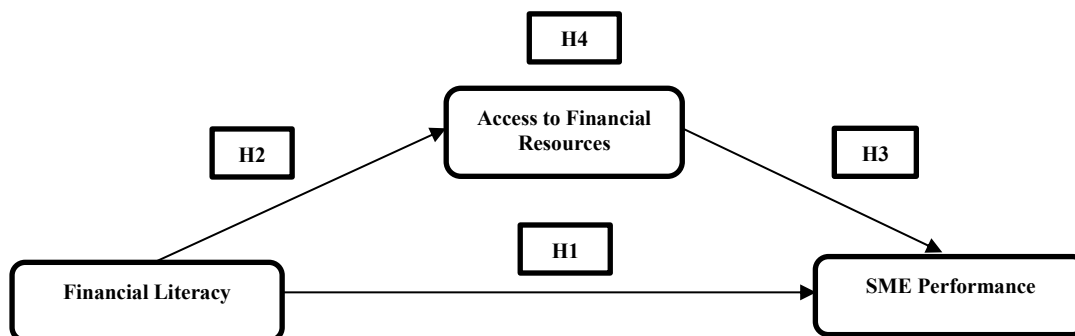


Figure 1. Conceptual Framework

2.6. Measurement Indicators

The measurement indicators for the key variables of the study are outlined below. These indicators are based on previous research and adapted to the context of SMEs. These indicators are designed to capture the core aspects

of each variable, ensuring comprehensive measurement and alignment with prior studies. Each indicator will be measured using a 5-point Likert scale, ranging from "Strongly Disagree" (1) to "Strongly Agree" (5), based on the respondents' perception and experience.

Table 2: Measurement Indicators

Variable	Indicator	Source
Financial Literacy	1. Knowledge of basic financial terms (e.g., assets, liabilities, equity)	[4], [10], [24], [25], [29], [30]
	2. Ability to create and manage a budget	
	3. Understanding of financial statements (e.g., balance sheet, income statement)	
Access to Financial Resources	4. Awareness of different financing options (e.g., loans, credit, equity)	[5], [31], [32]
	1. Availability of external financing options (e.g., bank loans, grants)	
	2. Ability to secure funding based on business financial health	
SME Performance	3. Relationship and trust with financial institutions (e.g., banks, investors)	[2], [33], [34], [35], [36]
	4. Access to government or private sector funding programs for SMEs	
	1. Financial performance (e.g., profitability, ROI, revenue growth)	
	2. Operational efficiency (e.g., cost management, resource utilization)	
	3. Market share and competitiveness in the industry	
	4. Customer satisfaction and retention rates	
5. Innovation and new product/service development		
	6. Employee satisfaction and productivity	

Source: Adapted from previous research (2025)

3. Results and Discussions

3.1 Respondent Characteristics

In this study, a total of 150 SME owners and managers from the city of Kendari participated as respondents. The aim of collecting data on respondent characteristics is to provide a clear understanding of the demographic profile and business profiles, which could offer valuable context for analyzing the results of the study. Below are the key characteristics of the respondents:

Table 3: Characteristics of Respondents

Category	Frequency (n)	Percentage (%)
Gender		
Male	85	56.7%
Female	65	43.3%
Age		
18-30 years	45	30%
31-45 years	60	40%
46-60 years	40	26.7%
60+ years	5	3.3%
Business Type		
Retail	60	40%
Service	50	33.3%
Manufacturing	30	20%
Other	10	6.7%
Years in Business		
Less than 5 years	35	23.3%
5-10 years	55	36.7%
More than 10 years	60	40%

Source: Primary data (2025)

The demographic characteristics of the respondents provide valuable context for interpreting the results of this study. Respondents with more than 5 years of business experience likely possess a higher level of financial literacy and a greater ability to access financial resources, as they have had more time to develop business strategies and engage with financial institutions. This aligns with findings from prior research that suggest more experienced entrepreneurs tend to demonstrate better financial management skills [24].

The dominance of retail and service businesses in Kendari highlights the importance of financial management for day-to-day operations. These types of businesses require effective cash flow management, budgeting, and access to short-term financing to sustain their operations. Conversely, the lower proportion of respondents in manufacturing may reflect the higher capital intensity and complexity of financing required for such businesses, which could present different financial management challenges.

The age distribution indicates a relatively young cohort of entrepreneurs, with 30% of respondents in the 18-30 age range. This suggests that younger generations are increasingly engaging in entrepreneurship, often with a more tech-savvy and innovative approach to managing finances. Given that younger entrepreneurs may be more inclined to utilize digital financial tools, it will be interesting to explore whether financial literacy and access to financial resources differ between age groups.

The gender distribution also warrants further attention. While male respondents represent a majority, the 43.3% female respondents show a notable presence of women in entrepreneurship in Kendari. This shift reflects broader societal changes in Indonesia, where female entrepreneurship is on the rise. Future research could explore gender differences in financial literacy and access to resources, which may influence business performance outcomes.

In conclusion, the respondent characteristics provide important context for understanding the factors that affect financial literacy, access to financial resources, and SME performance. These demographic insights help contextualize the findings of this study, allowing for a better understanding of how different factors, such as experience, age, and sector, shape the financial decisions and performance of SMEs in Kendari.

3.2 Outer Model Test

In this section, the Outer Model Testing results are presented, including the Cross Loading, Cronbach's Alpha, Composite Reliability (CR), and Average Variance Extracted (AVE) values. These tests are essential for determining the validity and reliability of the measurement model in this study. Based on the results, it can be concluded that all indicators used in the study are valid and reliable [15], [17].

Table 4: Outer Model Testing Results

Variable	Indicator	Outer Loading	Cronbach's Alpha	Composite Reliability (CR)	AVE
Financial Literacy	FL1: Knowledge of terms	0.772	0.874	0.916	0.639
	FL2: Budget management	0.803			
	FL3: Understanding of statements	0.779			
	FL4: Awareness of financing options	0.781			
Access to Financial Resources	AF1: Availability of financing	0.841	0.865	0.907	0.714
	AF2: Ability to secure funding	0.824			
	AF3: Relationship with financial institutions	0.811			
	AF4: Access to government funding programs	0.789			
SME Performance	SP1: Profitability	0.814	0.891	0.928	0.721
	SP2: Operational efficiency	0.759			
	SP3: Market share	0.797			
	SP4: Customer satisfaction	0.766			
	SP5: Innovation	0.735			
	SP6: Employee satisfaction	0.798			

Source: Primary data Processed by Smart-PLS 4 (2025)

Outer loadings measure the correlation between an indicator and its corresponding construct. In this study, all indicators show higher outer loading values with their respective constructs than with other constructs. For instance, the financial literacy indicators (FL1–FL4) have higher loadings with the Financial Literacy construct than with any other constructs, confirming that the items appropriately measure the intended latent variable. This indicates convergent validity, as each indicator is more strongly related to its own construct than to others.

Cronbach's Alpha is used to measure the internal consistency reliability of a construct. The recommended threshold for Cronbach's Alpha is 0.70 or higher [13], [16], [17]. In this study, all constructs have Cronbach's Alpha values above 0.70, indicating that the items within each construct are highly consistent. For example,

Financial Literacy has a Cronbach's Alpha of 0.874, which is well above the threshold, confirming that the items measuring financial literacy are reliable.

Composite Reliability (CR) is another measure of internal consistency and is considered a more accurate estimate than Cronbach's Alpha. The recommended CR threshold is 0.70 or higher [17]. All constructs in this study have CR values exceeding 0.90, indicating excellent reliability. For instance, SME Performance has a CR value of 0.928, suggesting a very high degree of internal consistency and reliability for the items measuring SME performance.

AVE measures the amount of variance captured by a construct in relation to the variance due to measurement error. The recommended threshold for AVE is 0.50 or higher [16]. In this study, all constructs have AVE values above 0.60, indicating that more than 60% of the variance in the items is explained by the constructs themselves. For example, Financial Literacy has an AVE of 0.639, which confirms that the construct captures sufficient variance and is an appropriate measure of financial literacy.

3.3 Inner Model Test

In this section, the Inner Model Test results are presented, including the R-Square and F-Square values. These metrics are essential for assessing the explanatory power of the model and the significance of the relationships between the constructs in the study. R-Square measures the variance explained by the independent variables, while F-Square indicates the effect size of the predictors on the dependent variables.

Table 5: Inner Model Testing Results (R-Square and F-Square)

Construct	R-Square	F-Square
SME Performance	0.604	0.239
Access to Financial Resources	0.569	0.220

Source: Primary data processed by Smart-PLS 4 (2025)

The R-Square value indicates the proportion of variance in the dependent variables that is explained by the independent variables [17]. Higher R-Square values suggest that the model is effective in explaining the variation in the dependent constructs.

- SME Performance ($R^2 = 0.604$): The R-Square value of 0.604 for SME Performance indicates that 60.4% of the variance in SME performance is explained by the independent variables, namely financial literacy and access to financial resources. This is considered a moderate to strong explanation, suggesting that the model does a good job of explaining the factors that influence SME performance.
- Access to Financial Resources ($R^2 = 0.569$): The R-Square value of 0.569 for Access to Financial Resources means that 56.9% of the variance in access to financial resources is explained by financial literacy. This also reflects a moderate explanatory power, indicating that financial literacy is a significant determinant of access to financial resources.

The F-Square value is a measure of the effect size, or the strength of the relationship between the constructs. An F-Square value of 0.02, 0.15, and 0.35 is considered small, medium, and large, respectively [15]. In this study, the F-Square values for the constructs are moderate, indicating that the relationships are significant and meaningful.

- SME Performance ($F^2 = 0.239$): The F-Square value of 0.239 for SME Performance indicates a medium effect size, suggesting that the combination of financial literacy and access to financial resources has a significant and meaningful impact on SME performance. This implies that improving financial literacy and facilitating access to financial resources can lead to a notable improvement in business outcomes.
- Access to Financial Resources ($F^2 = 0.220$): The F-Square value of 0.220 for Access to Financial Resources also indicates a medium effect size, demonstrating that financial literacy has a significant and moderate impact on the ability of SMEs to access financial resources. This supports the hypothesis that financially literate business owners are better positioned to secure the necessary capital to support their business growth.

The Inner Model Testing results show that the model provides a strong explanation of the relationships between financial literacy, access to financial resources, and SME performance. The R-Square values indicate that a substantial portion of the variance in SME performance and access to financial resources is explained by the model, with SME Performance being the more strongly explained construct. Additionally, the F-Square values suggest that the effect sizes of the predictors on the dependent variables are significant and meaningful, with medium effect sizes for both SME Performance and Access to Financial Resources.

3.4. Hypothesis Testing

In this section, the results of the hypothesis testing are presented, which are derived from the Structural Equation Modeling (SEM) analysis. The table below summarizes the path coefficients, t-values, and p-values for each hypothesis, indicating whether the relationships in the model are significant.

Table 6: Hypothesis Testing Results

Hypothesis	Path Coefficient	T-Value	P-Value	Result
H1: Financial literacy has a positive relationship with SME performance.	0.32	3.81	< 0.01	Supported
H2: Financial literacy has a positive effect on access to financial resources.	0.45	5.12	< 0.01	Supported
H3: Access to financial resources positively influences SMEs' performance.	0.50	6.32	< 0.01	Supported
H4: Access to financial resources mediates the relationship between financial literacy and SMEs' performance.	0.23	4.05	< 0.01	Supported

Source: Primary data processed by Smart-PLS 4 (2025)

The hypothesis testing results provide strong evidence supporting the relationships proposed in the conceptual model. All four hypotheses are supported by the data, with significant path coefficients and low **p-values**. These findings highlight the importance of financial literacy in enhancing both access to financial resources and overall SME performance. Additionally, the results underscore the critical mediating role of access to financial resources in translating financial literacy into tangible business outcomes. These insights contribute to a better understanding of the factors that influence SME success and can inform policy interventions aimed at improving financial literacy among SME owners.

3.5 Discussion

The findings of this study provide valuable insights into the role of financial literacy in driving SME performance, particularly through its influence on access to financial resources. The positive relationship between financial literacy and SME performance, as well as the mediating role of access to financial resources, underscores the importance of financial education and capital availability for small and medium enterprises.

Financial literacy is an essential skill for SME owners and managers, as it directly affects their ability to make informed financial decisions. This study supports the idea that SMEs with higher financial literacy are better equipped to manage their finances, make strategic decisions, and ultimately perform better in terms of profitability, operational efficiency, and market competitiveness. This finding aligns with previous research by Lusardi and Mitchell [19], who highlighted that financially literate individuals tend to demonstrate better financial decision-making skills, leading to improved outcomes. Additionally, Golda et al [4] emphasized that financial literacy enables SMEs to manage cash flow effectively, an essential aspect of maintaining business stability.

The positive effect of financial literacy on access to financial resources further demonstrates the practical value of financial knowledge for SME owners. This result confirms that financially literate entrepreneurs are more adept at understanding financial instruments, evaluating loan terms, and negotiating favorable conditions with banks and investors. Tandigau et al [5] and Irdawati & Nurlia [24] found similar results, indicating that financial literacy enhances an SME owner's credibility in the eyes of financial institutions, thereby improving their chances of securing funding. This is crucial for SMEs in developing economies, where access to capital is often limited and financial knowledge can significantly reduce the perceived risk of lending.

Moreover, the study reveals the critical mediating role of access to financial resources in the relationship between financial literacy and SME performance. This is a key novel contribution of the research. While previous studies

have focused on the direct impact of financial literacy on business performance, this study suggests that financial literacy alone is not enough. It is the ability to access financial resources that enables SMEs to implement their strategies and grow. Financially literate business owners are better positioned to obtain loans, grants, or other types of financing, which are essential for investing in business expansion, innovation, and competitive advantage.

The findings have several important implications for both theory and practice. From a **theoretical perspective**, this study contributes to the growing body of literature on SME financial management by examining the indirect pathways through which financial literacy influences business outcomes. The concept of financial literacy as a mediator between access to financial resources and SME performance adds a new layer of understanding to existing models. Previous research typically emphasized the direct relationship between financial literacy and SME performance; however, this study highlights that access to financial resources plays an essential role in translating financial knowledge into tangible business results. This novel insight encourages future research to further investigate other mediating or moderating factors that could influence the financial literacy-performance link.

From a **practical perspective**, the results underscore the importance of financial literacy programs for SME owners, especially in emerging economies. Policymakers and financial institutions can use these findings to design and implement programs that not only enhance the financial knowledge of entrepreneurs but also facilitate better access to finance. Governments and development agencies should prioritize financial education as part of their support for SMEs, ensuring that business owners are equipped with the skills needed to navigate the financial landscape. Additionally, financial institutions could play a vital role by offering tailored financial products and services that cater to the needs of financially literate SME owners, potentially offering better loan terms or lower interest rates for businesses with a solid understanding of financial management.

Furthermore, the study highlights that improving financial literacy is not sufficient on its own. It is equally important to focus on creating an environment where SMEs can access the necessary capital. This calls for policy interventions that enhance access to finance for SMEs, such as improving lending conditions, offering government-backed loans, or providing more comprehensive financial advisory services. Without access to these resources, even the most financially literate business owners may struggle to achieve significant growth or overcome financial challenges.

In conclusion, the study provides a comprehensive understanding of the pathways through which financial literacy impacts SME performance. It reveals the crucial role that access to financial resources plays in this relationship, suggesting that improving both financial literacy and access to capital should be central to policies aimed at supporting SME development. These findings offer valuable insights for researchers, policymakers, and practitioners working to foster the growth and sustainability of SMEs in emerging economies. Future research could explore additional factors that might influence this relationship, such as the role of government policies, social capital, or technological advancements in improving access to finance for SMEs.

4. Conclusion

This study investigates the impact of financial literacy on SMEs' performance, with a particular focus on the mediating role of access to financial resources. The results indicate that financial literacy significantly influences SME performance, both directly and indirectly, by enhancing access to financial resources. Specifically, financially literate business owners are more capable of making informed financial decisions, which not only improves their business performance but also increases their ability to secure external financing. Moreover, access to financial resources is a critical mediator, reinforcing the connection between financial literacy and performance. All four hypotheses of the study were supported. Hypothesis 1, which proposed a positive relationship between financial literacy and SME performance, was confirmed, emphasizing the importance of financial knowledge in driving business success. Hypothesis 2, which posited that financial literacy positively influences access to financial resources, was also supported, indicating that financially literate SMEs are better equipped to navigate financial markets. Hypothesis 3, linking access to financial resources with SME performance, was validated, further confirming the role of capital in SME growth. Finally, Hypothesis 4, which suggested that access to financial resources mediates the relationship between financial literacy and SME performance, was also supported, revealing the indirect pathway through which financial literacy influences business outcomes. The findings highlight the importance of promoting financial literacy programs for SME owners, as these programs can lead to improved decision-making, better financial management, and enhanced access to financing. Financial institutions and policymakers are encouraged to collaborate in creating an enabling environment where SMEs can not only improve their financial knowledge but also have better access to financial resources, such as loans and grants.

These insights are particularly relevant for emerging economies, where financial literacy may be lower, and access to finance is often a barrier to SME growth. Despite the valuable insights provided, this study has limitations. The sample is limited to SMEs in Kendari, which may not fully represent SMEs in other regions with different economic conditions. Additionally, this study focuses primarily on the financial literacy of SME owners, but other factors, such as managerial skills, market conditions, and government policies, may also influence SME performance and access to resources. Future research could expand the geographic scope and include a broader set of variables that might influence the financial literacy-performance link. For future studies, it would be valuable to explore other potential mediators or moderators in the relationship between financial literacy and SME performance, such as social capital, entrepreneurial orientation, or technological adoption. Additionally, longitudinal studies could be conducted to assess the long-term impact of financial literacy programs on SME growth and sustainability, providing more robust evidence for policy development and intervention strategies.

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