

# Maximizing SME Financial Performance: The Role of Financial Literacy, Access to Financing, and Business Strategy

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## Abstrak

Studi ini menyelidiki pengaruh literasi keuangan dan akses terhadap pembiayaan terhadap kinerja keuangan UKM dan perusahaan manufaktur di Makassar, Indonesia, dengan strategi bisnis sebagai variabel moderasi. Dengan menggunakan desain penelitian kuantitatif dan eksplanatif serta sampel 96 responden, data dianalisis melalui Structural Equation Modeling dengan alat SmartPLS. Hasilnya mengungkapkan bahwa literasi keuangan tidak berdampak signifikan terhadap kinerja keuangan, yang menunjukkan bahwa pengetahuan saja mungkin tidak menghasilkan hasil keuangan yang lebih baik. Sebaliknya, akses terhadap pembiayaan memiliki efek positif yang signifikan terhadap kinerja keuangan, yang menyoroti peran penting sumber daya keuangan dalam pengembangan bisnis. Lebih jauh, strategi bisnis tidak memoderasi hubungan antara literasi keuangan dan kinerja tetapi memoderasi secara negatif hubungan antara akses terhadap pembiayaan dan kinerja. Hal ini menunjukkan bahwa ketidakselarasan antara pemanfaatan pembiayaan dan strategi dapat menghambat peningkatan keuangan. Studi ini berkontribusi untuk memahami bagaimana kapabilitas internal dan orientasi strategis memengaruhi hasil kinerja dan menawarkan wawasan praktis bagi UKM dalam menyelaraskan strategi dengan keputusan keuangan. Penelitian di masa mendatang harus mengeksplorasi faktor moderasi lainnya untuk memperdalam pemahaman tentang dinamika ini.

**Kata Kunci:** Literasi Keuangan; Akses terhadap Pembiayaan; Strategi Bisnis; Kinerja Keuangan; UKM; Sektor Manufaktur.

## Abstract

This study investigates the influence of financial literacy and access to financing on the financial performance of SMEs and manufacturing companies in Makassar, Indonesia, with business strategy as a moderating variable. Using a quantitative, explanatory research design and a sample of 96 respondents, data were analyzed through Structural Equation Modeling with the SmartPLS tool. The results reveal that financial literacy does not significantly impact financial performance, suggesting that knowledge alone may not translate into better financial outcomes. Conversely, access to financing has a significant positive effect on financial performance, highlighting the critical role of financial resources in business development. Furthermore, business strategy does not moderate the relationship between financial literacy and performance but does negatively moderate the relationship between access to financing and performance. This indicates that misalignment between financing utilization and strategy may hinder financial improvements. The study contributes to understanding how internal capabilities and strategic orientation influence performance outcomes and offers practical insights for SMEs in aligning strategies with financial decisions. Future research should explore other moderating factors to deepen understanding of these dynamics.

**Keyword:** Financial Literacy; Access to Financing; Business Strategy; Financial Performance; SMEs; Manufacturing Sector.

## 1. Introduction

Small and Medium Enterprises (SMEs) and manufacturing companies are vital contributors to the national economy, particularly in job creation, enhancing product value, and bolstering the competitiveness of domestic industries. According to data from the Ministry of Cooperatives and SMEs, the SME sector contributes over 60% to Indonesia's Gross Domestic Product (GDP) and employs approximately 97% of the workforce (Halik, Parawansa, *et al.*, 2023). Similarly, the manufacturing sector significantly impacts national economic growth, especially through exports and the downstream processing of industrial products (Badan Pusat Statistik Indonesia, 2021). Nevertheless, businesses in these sectors face substantial challenges, particularly in financial management and access to capital. A critical issue affecting the financial performance of SMEs and manufacturing companies is the inadequate financial literacy among business owners. Financial literacy encompasses not only an understanding of basic financial principles but also the capacity to manage business finances comprehensively. This includes financial planning, investment decisions, and risk management (Apriani *et al.*, 2024; Halik, Halik, *et al.*, 2023). Lusardi and Mitchell (2014) highlighted that low financial literacy directly hinders business owners' ability to maintain financial stability, impacting capital efficiency, cost management, and profitability. Alongside financial literacy, access to financing remains a significant obstacle for SMEs and manufacturing businesses, especially those of smaller scale. Despite the availability of various financing options, such as People's Business Credit (KUR) and banking partnership programs, many entrepreneurs struggle to access these resources due to administrative hurdles, insufficient collateral, and limited business formalities (Alibhai *et al.*, 2024). Inadequate capital is a key barrier to business expansion, increasing production capacity, and improving operational efficiency (Handoyo *et al.*, 2023).

Within this context, business strategy plays a crucial role in mediating the effects of financial literacy and access to capital on a company's financial performance. Business strategy refers to the direction, planning, and policies a company adopts to gain a competitive edge, including strategies such as cost leadership, product differentiation, and market focus (K. Lambe *et al.*, 2025). An effective strategy enables businesses to allocate resources efficiently, capitalize on market opportunities, and adapt to the evolving dynamics of the manufacturing and SME sectors (K. H. P. Lambe & Halik, 2024). This research is crucial as the enhancement of financial performance in SMEs and manufacturing companies cannot be separated from three key elements: financial literacy, access to capital, and business strategy. While each factor has been studied in isolation, limited research integrates all three especially considering business strategy as a moderating variable within the Indonesian context. Therefore, this study aims to make both academic contributions and provide practical insights for business owners and stakeholders seeking to strengthen the resilience and competitiveness of SMEs and manufacturing companies amid increasing global competition.

Financial literacy plays a crucial role in the effective management of business finances, as it reflects the understanding and ability of business owners to manage their finances effectively (Lusardi & Mitchell, 2014). Business owners with high financial literacy are better equipped to prepare budgets, project cash flows, and make sound investment decisions (Mongan *et al.*, 2023; Pareang *et al.*, 2025). Studies by Daud *et al.* (2023) and Golda *et al.* (2024), as well as Kaya & Golda (2024), show that a strong level of financial literacy can improve the financial performance of SMEs through more efficient capital management and better decision-making. By understanding financial concepts such as budgeting, investment, and risk management, business owners can effectively manage cash flows, plan expenses, and make decisions that enhance business sustainability. This, in turn, increases the efficiency of working capital management, leading to improved financial performance. As such, financial literacy has the potential to positively impact financial outcomes, forming the basis of Hypothesis 1 for this study: Financial literacy is expected to have a positive and significant influence on the financial performance of SMEs and manufacturing companies. In addition to financial literacy, access to financing is a key factor influencing the financial performance of SMEs and manufacturing companies. Access to both internal and external financing enables business owners to fund operational activities, expand their businesses, and manage market risks (Tandigau *et al.*, 2024).

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Access to capital is considered a primary driver of business growth (Marzana *et al.*, 2023), and research by Ulpah *et al.* (2024) suggests that limited access to financing can impede innovation, production efficiency, and overall business continuity, particularly in capital-intensive sectors such as manufacturing. The availability of capital facilitates the development of production capacity, improves operational efficiency, and accelerates growth. When SMEs and manufacturing companies can easily access capital from various sources, such as banks, investors, and working capital loans, they are more flexible in executing business plans and making strategic investments. This leads to Hypothesis 2: Access to capital is expected to have a positive and significant effect on improving the performance of SMEs and manufacturing companies. Moreover, business strategy plays a critical role in directing and optimizing the use of resources, including financial literacy and access to capital. According to K. H. P. Lambe & Halik (2024), an integrated and focused strategy strengthens a company's competitive position. Previous studies, such as those by Nasir & Yuslinaini (2024), show that business strategy can moderate the relationship between managerial inputs—such as financial competence and access to financing and organizational performance outcomes. A well-designed business strategy, such as cost leadership, product differentiation, or market focus, can enhance the impact of financial literacy on performance. A strategy responsive to market changes enables business owners to apply their financial knowledge more effectively, thus forming Hypothesis 3: Business strategy is expected to moderate the effect of financial literacy on financial performance. Additionally, a solid business strategy ensures that capital is allocated efficiently, investment projects align with long-term goals, and resource wastage is minimized (Jaelani & Purnama, 2022). As a result, business strategy can strengthen the positive impact of capital access on financial performance. Therefore, Hypothesis 4 posits that business strategy moderates the effect of capital access on financial performance. Based on these hypotheses, the conceptual framework of this research is outlined below in Figure 1.

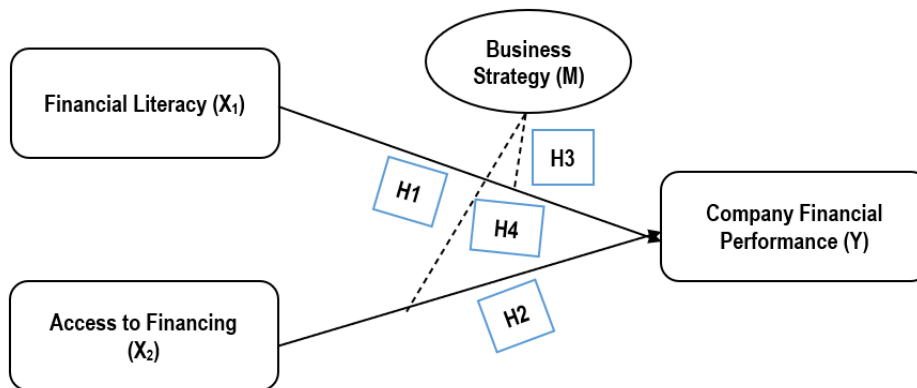


Figure 1. Conceptual Framework of Research

## 2. Research Methodology

This study adopts a quantitative approach with a causal-comparative research design (Santosa, 2018). The primary aim of this research is to examine the extent to which financial literacy and access to capital influence financial performance, alongside the moderating role of business strategy in these relationships. The study follows an explanatory design, aiming to clarify the causal relationships between the variables through hypothesis testing, based on prior theoretical frameworks and previous studies. This approach allows for a systematic and measurable exploration of the causal links. The population for this study consists of business actors classified as Small and Medium Enterprises (SMEs) and manufacturing companies located in the Makassar City area. Makassar City was selected due to its role as a key economic hub in Eastern Indonesia, characterized by rapid development in the SME and manufacturing sectors. The research sample includes owners or financial managers of SMEs and manufacturing

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companies that have been in operation for at least two years. A purposive sampling technique (Susilana, 2015) was employed to select respondents based on criteria such as business scale, business age, and direct involvement in financial decision-making and business strategy. A total of 94 respondents were selected using the Lemeshow formula, ensuring the sample size was adequate for testing the SEM-PLS-based structural model. Data for this study were collected from various industrial zones and MSME centers in Makassar, such as the Makassar Industrial Area (KIMA), BTP, Panakkukang, and Maricaya, during the period from January to March 2025. The data collection process involved distributing questionnaires both in-person and online to respondents who met the study's inclusion criteria.

The data analysis technique employed in this study is Structural Equation Modeling based on Partial Least Squares (SEM-PLS), using SmartPLS software (Hair *et al.*, 2019; Haryono, 2017a). SEM-PLS was chosen due to its ability to analyze simultaneous relationships between latent variables, even in the case of non-normally distributed data and relatively small to medium sample sizes (Ghozali, 2021). The analysis includes testing the validity and reliability of the instrument, evaluating the outer model (for indicator validation), and assessing the inner model (for testing relationships between variables). Additionally, a moderation test was conducted to examine whether business strategy strengthens or weakens the impact of financial literacy and access to capital on financial performance. All constructs used in this study were derived from previous research. Financial literacy was measured using four indicators adapted from Golda *et al.* (2024), Mongan *et al.* (2023), and Pareang *et al.* (2025). The access to finance variable was measured using four indicators adapted from Marzana *et al.* (2023) and Tandigau *et al.* (2024). Business strategy was assessed using five indicators from studies by K. H. P. Lambe & Halik (2024) and Maria *et al.* (2024). Finally, the dependent variable, company financial performance, was measured using six indicators adapted from Halik, Parawansa *et al.* (2023) and Halik & Halik (2024). A 5-point Likert scale, ranging from "strongly disagree" (1) to "strongly agree" (5), was used for all measurement items in the questionnaire. Table 1 provides a comprehensive list of all measurement items used in this study.

Table 1. Measurement Item

Construct	Item Code	Item	References
Financial Literacy (X1)	X1.1	I understand business financial reports (such as profit and loss, balance sheet, and cash flow)	(Golda <i>et al.</i> , 2024; Mongan <i>et al.</i> , 2023; Pareang <i>et al.</i> , 2025)
	X1.2	I am able to prepare and manage business budgets periodically.	
	X1.3	I understand the concepts of interest, loans and financial risks in business.	
	X1.4	I know how to manage cash flow to keep it positive and stable.	
Access to Financing (X2)	X2.1	I have easy access to financial institutions such as banks, cooperatives, or fintech.	(Marzana <i>et al.</i> , 2023; Tandigau <i>et al.</i> , 2024)
	X2.2	I understand the procedures and requirements for obtaining a business loan.	
	X2.3	I have received or am receiving external financing to support my business.	
	X2.4	The funds I obtained from financing were sufficient for operational needs and business development.	
Company Financial Performace (Y)	Y.1	My business income has increased consistently in the last two years.	(Halik, Parawansa, <i>et al.</i> , 2023; Halik & Halik, 2024)
	Y.2	My business profits are showing an increasing trend.	

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	Y.3	My business has a healthy and stable cash flow.	
	Y.4	Business liquidity (ability to pay short-term obligations) is in good condition.	
	Y.5	I am satisfied with the level of efficiency of expenditure and management of business capital.	
	Y.6	The Return on Investment (ROI) of my business is quite high and according to target.	
Business Strategy (Z - Moderation Variable)	Z.1	My business has a clear and documented business strategy.	(K. H. P. Lambe & Halik, 2024; Maria <i>et al.</i> , 2024)
	Z.2	My business strategy is oriented towards cost leadership or product/service innovation.	
	Z.3	I actively adjust business strategies according to market conditions and competitors.	
	Z.4	My business strategy helps improve the business's position in the competition.	
	Z.5	I conduct periodic evaluations of the strategies implemented to improve performance.	

### 3. Results and Discussion

#### 3.1 Results

The study involved 96 respondents, consisting of business actors from the Small and Medium Enterprises (SMEs) sector and manufacturing companies operating in the Makassar City area. The respondents were selected based on specific criteria, namely as owners or financial managers who are actively involved in making strategic and financial decisions for their businesses. Among the respondents, 57 (59.4%) were male, and 39 (40.6%) were female, indicating that the majority of business managers in this sector are male, although female participation is still notable. Regarding age, the majority of respondents were in the 31-40 years range, totaling 41 people (42.7%), followed by 29 respondents (30.2%) in the 41-50 years range, 18 respondents (18.8%) in the 21-30 years range, and 8 respondents (8.3%) over 50 years old. This suggests that most business actors are at a productive age and possess managerial maturity. In terms of education, the majority of respondents held a Bachelor's degree (S1), with 54 individuals (56.3%), followed by 22 respondents (22.9%) holding a Diploma, 14 respondents (14.6%) with a High School/Vocational High School education, and 6 respondents (6.3%) with a Postgraduate (S2) degree. These educational backgrounds suggest that most business actors have a solid understanding of the managerial and financial aspects of their businesses. In terms of business type, 58 respondents (60.4%) were from the MSME sector, while 38 respondents (39.6%) were from the medium-scale manufacturing company sector, reflecting the dominance of MSMEs in the local economic structure of Makassar City. Regarding the length of time businesses had been established, the majority of respondents had businesses that had been operating for more than 5 years (49 respondents, 51.0%), followed by 28 respondents (29.2%) with businesses operating for 3-5 years, and 19 respondents (19.8%) with businesses under 3 years old. This data indicates that most respondents have substantial business experience, making their input relevant in assessing financial performance and the implementation of business strategies.



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Table 2. Respondent Characteristics ( N = 96)

Category	Sub-category	Frequency (n)	Percentage (%)
Gender	Male	57	59.4%
	Female	39	40.6%
Age	21–30 years	18	18.8%
	31–40 years	41	42.7%
	41–50 years	29	30.2%
	> 50 years	8	8.3%
Education Level	Senior High School	14	14.6%
	Diploma	22	22.9%
	Bachelor's Degree (S1)	54	56.3%
	Master's Degree (S2)	6	6.3%
Business Type	SMEs	58	60.4%
	Manufacturing Companies	38	39.6%
Business Duration	< 3 years	19	19.8%
	3–5 years	28	29.2%
	> 5 years	49	51.0%

Validity and Reliability Test. In this study, the concept of validity was tested using two approaches. The first test, the factor loading value for each questionnaire item was tested using the convergent validity test. The validity of a construct is assessed using the convergent validity value. The general rule (rule of thumb) states that an indicator factor loading value of 0.700 or higher is considered valid (Hair *et al.*, 2021). However, factor loading values in the range of 0.500 to 0.600 are still appropriate to use when creating new models or indicators (Ghozali, 2021)). All validity indicator items used are valid because all statement items in Table 3 below show factor loading values higher than 0.700.

Table 3. Evaluation of Measurement Models

Construct	Item Code	Loading Factor	Cronbach's Alpha	Composite Reliability	AVE
Financial Literacy (X <sub>1</sub> )	X1.1	0.890	0.906	0.922	0.780
	X1.2	0.882			
	X1.3	0.931			
	X1.4	0.826			
Access to Financing (X <sub>2</sub> )	X2.1	0.912	0.916	0.928	0.800
	X2.2	0.930			
	X2.3	0.910			
	X2.4	0.823			
Company Financial Performance (Y)	Y.1	0.837	0.920	0.924	0.715
	Y.2	0.841			
	Y3	0.923			
	Y4	0.856			
	Y5	0.771			
	Y6	0.838			
Business Strategy (Z - Moderation Variable)	Z.1	0.871	0.908	0.925	0.730
	Z.2	0.896			
	Z.3	0.875			
	Z.4	0.862			
	Z.5	0.763			

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The second approach is done by looking at the magnitude of the average variance extracted (AVE) value of each variable to measure discriminant validity. Discriminant validity is said to be good if the AVE value of a variable is equal to or greater than 0.500 according to the established criteria (Hair *et al.*, 2019). Table 3 above shows that the AVE value for all variables has been greater than 0.700. This confirms that each variable has good discriminant validity, indicating that they are distinct constructs that effectively measure different aspects of this research. Table 3 above also shows a Chronbach's Alpha value that is higher than 0.700, so that all research instruments used can be said to be reliable (Ghozali, 2021; Haryono, 2017b).

Table 4. Discriminant Validity with the Fornell and Larcker Approach

Variable	X1 (Financial Literacy)	X2( Access to Financing)	Y (Company Financial Performance)	Z ( Business Strategy)
X1 (Financial Literacy)	0.883			
X2( Access to Financing)	0.362	0.895		
Y (Company Financial Performance)	0.438	0.608	0.845	
Z ( Business Strategy)	0.448	0.507	0.723	0.855

Then, by comparing the correlation value between latent variables with the Average Variance Extracted Square Root (AVE), the discriminant validity can also be verified. The square root value of AVE must be higher than the correlation between latent variables, using the Fornell-Larcker Criterion (Ghozali, 2021; Ghozali & Latan, 2015). This is shown in Table 4, where the square root of AVE is greater than the correlation coefficient between latent variables. As a result, each statement item in the research instrument is reliable and suitable for use as a measuring tool. Structural Model Testing. Next, the Internal Model Measurement of this study is carried out. Or commonly known as Structural Model Testing. For the first step, the R-Square measurement or test is carried out. R-Square shows the proportion of variance from endogenous (dependent) variables that can be explained by exogenous (independent) variables in the model (Hair *et al.*, 2019; Haryono, 2017a). By looking at the R-Square value, we can measure the Quality of the Structural Model and help in evaluating the feasibility of the model.

Table 5. Interpretation of R-Square Values in a Social/Economic Context

R <sup>2</sup> Value	Interpretation
≥ 0.67	Substantial (Strong)
≈ 0.33 – 0.66	Moderate (Average)
≈ 0.19 – 0.32	Weak (Small)
< 0.19	Very Weak (Very Small)

Table 6. R-Square Value

	R-Square	R-Square Adjusted
Y( Company Financial Performance)	0.628	0.607

The R-square value of the Company's Financial Performance variable is 0.558. With this R-square value, it can be concluded that 62.8 percent of the variation in the Company's Financial Performance can be influenced by variations in the constructs of financial literacy, Access to Financing, and business strategy; the remaining variations are influenced by other factors outside those studied. According to Table 6 above (Ghozali, 2021), the R-Square value is 0.628 which can be categorized as having a moderate influence. The next step is to calculate the effect size (F-Square). This test needs to be done to find out whether the external latent variable has a significant effect on the endogenous latent variable. According to (Ghozali, 2021; Hair *et al.*, 2019; Haryono, 2017), the effect of the exogenous latent variable is relatively

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small if the F-square value is 0.020, moderate is 0.150, and significant is 0.350. The output results are shown in Table 7.

Table 7. F-Square Value

Variable	Y( Company Financial Performance)
X1 (Financial Literacy)	0.016
X2 (Access to Financing)	0.183
Y (Company Financial Performance)	
Z (Business Strategy)	0.456
Z(Business Strategy) x X1(Financial Literacy)	0.003
Z(Business Strategy) x X2(Access to Financing)	0.054

From the output above, the following results can be described:

- 1) The Financial Literacy variable (X1) on the Company's Financial Performance (Y) has an F-square value of 0.016, so its influence is classified as small or weak.
- 2) The Access to Financing variable (X2) on the Company's Financial Performance (Y) shows an F-square value of 0.183, so its influence is classified as moderate.
- 3) The Business Strategy variable (Z) on the Company's Financial Performance (Y) has an F-square value of 0.456, so its influence is classified as significant/vital.
- 4) The F-square value of the moderating influence of Business Strategy on the Financial Literacy variable on the Company's Financial Performance (Y) is 0.003, so its influence is classified as small/weak.
- 5) And finally, the F-square value of the moderating influence of Business Strategy on the Access to Financing variable on the Company's Financial Performance (Y) is 0.054, so its influence is classified as small/weak.

Table 8. Model Fit Result

	Saturated Model	Estimated Model
SRMR	0,060	0,060
d_ ULS	0,673	0,680
d_ G	0,488	0,489
Chi-square	253,843	255,020
NFI	0,839	0,839

The research model also demonstrates good relevance. The Standardized Root Mean Square Residual (SRMR) value, as seen in Table 8, is 0.060, which is less than the recommended threshold of 0.080 (Hair *et al.*, 2021). Figure 2 below shows the path coefficients for the structural equation model.

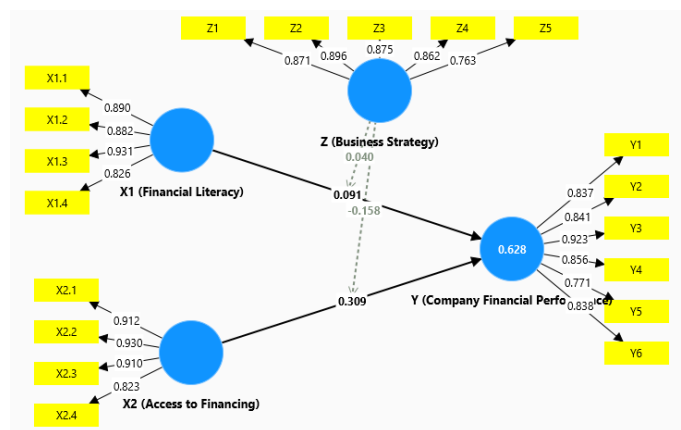


Figure 2. Path Coefficient (Structural Equation Model)



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Hypothesis testing. The Bootstrapping capability of SmartPLS 4 software is used to conduct hypothesis testing. It is generally recognized in economic and management research that the commonly used significance level is between 5 and 10 percent. If the T-statistic value is more than the minimum requirement of 1.960 and the significance level, represented by the P value, is equal to or less than 0.050, the hypothesis is considered accepted. This indicates that the exogenous variable has a significant influence on its endogenous variable. Conversely, the influence is considered insignificant if the P value is more than 0.050 and the T-statistic value is less than 1.960, indicating that the relationship between the exogenous and endogenous variables does not affect each other. (Ghozali, 2021; Hair *et al.*, 2021).

Table 9. Path Coefficient and Hypotheses Testing

Hypothesis	Relation	Original Sample	Mean	SD	T-Statistics	P-Values	Description
H1	FL → CFP	0,091	0,094	0,089	1,021	0,307	Not Supported
H2	ATF → CFP	0,309	0,317	0,080	3,845	0,000	Supported
H3	BSxFL → CFP	0,040	0,043	0,083	0,480	0,631	Not Supported
H4	BSxATF → CFP	-0.158	-0,155	0,075	2,091	0,037	Supported

**3.2 Discussion**

The results of data processing using SmartPLS reveal the direct and moderating influences between variables on Company Financial Performance (CFP). The first hypothesis, regarding the effect of Financial Literacy (FL) on CFP, was not supported. The Original Sample Value was 0.091, with a T-Statistics value of 1.021 (<1.96) and a P-Value of 0.307 (> 0.05), indicating that financial literacy does not significantly affect the financial performance of SMEs and manufacturing companies in Makassar. This suggests that while business owners may have a basic understanding of financial concepts, they have not fully implemented these principles strategically in their financial decision-making processes, which limits their potential impact on financial performance. For the second hypothesis, the relationship between Access to Financing (ATF) and CFP, the results indicate a significant positive effect. The Original Sample Value was 0.309, with a T-Statistics value of 3.845 (> 1.96) and a P-Value of 0.000 (< 0.05), confirming that access to financing positively influences the financial performance of companies. This means that SMEs and manufacturing companies that can easily access financial resources, both from formal and informal institutions, are better positioned to improve their financial performance through expansion, innovation, and enhanced operational efficiency (Madan, 2020). Regarding the moderating role of Business Strategy (BS) on the relationship between Financial Literacy (FL) and CFP, the third hypothesis was rejected. The test results showed an Original Sample Value of 0.040, a T-Statistics value of 0.480 (<1.96), and a P-Value of 0.631 (> 0.05), indicating that business strategy does not significantly moderate the relationship between financial literacy and company performance.

This suggests that even with a sound business strategy, low financial literacy among business owners may hinder the effectiveness of strategic planning, emphasizing the need for improving financial literacy implementation alongside business strategy development. Finally, the fourth hypothesis, which proposed that business strategy moderates the effect of Access to Financing (ATF) on CFP, was supported but in a negative direction. The Original Sample Value was -0.158, with a T-Statistics value of 2.091 (> 1.96) and a P-Value of 0.037 (< 0.05), indicating that while business strategy does moderate the relationship, it does so negatively. This suggests that in certain situations, a business strategy that is not aligned with the financing received can diminish the positive effects of access to capital on financial performance. This misalignment could occur if the funds are not utilized effectively or if the financing type does not match the company's strategy.

## 4. Conclusion

This study aimed to examine the effects of financial literacy and access to financing on company financial performance (CFP), alongside the moderating role of business strategy in these relationships. Based on the analysis using SmartPLS, several key findings emerged. Firstly, financial literacy was found to have no significant direct effect on company financial performance. This suggests that while financial knowledge is crucial, its impact may be indirect, potentially influenced by other organizational factors or external conditions. In contrast, access to financing was shown to have a significant positive effect on financial performance, highlighting the importance of financial resources in supporting business operations and enhancing performance, particularly for SMEs. Regarding the moderating role of business strategy, the study found that business strategy does not significantly moderate the relationship between financial literacy and financial performance. However, it was found to significantly moderate the relationship between access to financing and financial performance, albeit with a negative coefficient. This implies that certain business strategies may not be effectively aligned with how financing is utilized, which can reduce the anticipated benefits of access to capital. These findings contribute to the growing body of knowledge on SME financial management by emphasizing the complex interplay between internal competencies (such as financial literacy), external enablers (such as access to financing), and strategic orientation. They underline the importance of not only securing financial resources but also ensuring that business strategies are properly aligned with the management and allocation of these resources. From a practical perspective, the results suggest that SME owners and managers should focus not only on improving access to financing but also on developing and implementing strategies that are responsive and adaptable to the nature of the funding they receive. Policymakers and financial institutions should consider providing integrated support, including financial literacy programs and strategic business advisory services, to help businesses optimize the use of financial resources. For future research, it is recommended to explore other moderating or mediating variables that could influence the relationship between financial literacy, access to financing, and performance, such as digital readiness, innovation capability, or organizational culture. Longitudinal studies are also suggested to better understand the dynamic effects of these variables over time.

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