



Financial Literacy and the Growth of SMEs in Plateau State

Mang, Niri Job (PhD)^{1*}, Mallum Juliana², John, Blessing Abecan³, Victor A. Odumu⁴

^{1,2}Department of Banking and Finance, University of Jos

³Department of Business Administration Faculty of Administration
Nasarawa State University, Keffi

⁴Department of Banking and Finance, University of Jos

Email:

mangn@unijos.edu.ng

Abstract: *Small and medium-scale enterprises (SMEs) play a pivotal role in Nigeria's economic development, yet their growth is frequently hindered by persistent financial management challenges. Financial literacy—comprising financial knowledge, financial behaviour, and financial attitude—has been increasingly recognised as a critical capability for enhancing SME performance. This study investigates the effect of financial literacy on the growth of SMEs in Plateau State, Nigeria. Using a descriptive survey design, data were collected from 376 SME owners selected through stratified random sampling from the commerce, manufacturing, agriculture and services sectors. A structured questionnaire, validated through expert review and reliability-tested using Cronbach's Alpha ($\alpha \geq 0.70$), provided the primary dataset. Multiple linear regression analysis (OLS) was employed to examine the relationship between financial literacy dimensions and SME growth. Empirical results reveal that financial knowledge ($\beta = 0.42, p < 0.05$), financial behaviour ($\beta = 0.36, p < 0.05$), and financial attitude ($\beta = 0.28, p < 0.05$) each exert significant and positive effects on SME growth. The model accounts for 51.3% of the variance in SME growth ($R^2 = 0.513$), underscoring the importance of financial capability in business development. The findings demonstrate that cognitive financial understanding, disciplined financial practices, and positive financial dispositions jointly enhance business performance and growth trajectories. The study concludes that strengthening financial literacy is essential for improving SME resilience, profitability, and long-term sustainability. It recommends targeted financial education interventions by government agencies, financial institutions, and business associations to support SME development in Plateau State.*

Keywords: Financial Literacy, Financial Knowledge, Financial Behaviour, Financial Attitude, SME growth.

INTRODUCTION

Small and Medium-Scale Enterprises (SMEs) constitute a central pillar of economic development in emerging economies, and Nigeria is no exception. As engines of employment generation, poverty reduction, and inclusive growth, SMEs account for over 80% of businesses in Nigeria and employ nearly half of the national workforce (Mohammed, Hashim, Sulaiman, Adam, & Usman, 2022).

Despite their critical role in national development, many SMEs struggle with persistent financial challenges that inhibit their growth and long-term sustainability. Limited access to credit, poor financial decision-making, and weak financial management capabilities continue to undermine SME performance across the country.

Financial literacy—encompassing financial knowledge, financial behaviour, and financial attitude—has emerged as a key determinant of business success. Entrepreneurs with a strong grasp of financial concepts are more likely to make informed decisions relating to budgeting, investment, savings and debt management (Yoganandham, 2025). However, a substantial proportion of Nigerian SME owners lack basic financial skills, resulting in poor cash-flow management, excessive indebtedness and high failure rates (Olujide, 2022; Udo, 2022). In Plateau State, these challenges are particularly pronounced. Many entrepreneurs rely on informal financial practices, operate without proper record-keeping, and lack awareness of available financial support programmes (Dakung, & Okwoli, 2021). Despite multiple government and institutional interventions, financial literacy levels remain low, especially in rural and semi-urban business environments. These realities necessitate a systematic investigation into how the key components of financial literacy shape SME growth within the state. Accordingly, this study examines the influence of financial knowledge, financial behaviour and financial attitude on the growth of SMEs in Plateau State, with the aim of generating actionable evidence that can support policy design, financial education programmes and SME development strategies. In the context of small and medium-sized enterprises (SMEs), especially in developing economies such as Nigeria, these dimensions jointly shape entrepreneurial competence and firm growth outcomes hence the use of these three dimensions in this study.

LITERATURE REVIEW

Conceptual Review

SMEs are widely recognised as catalysts for economic growth, innovation and employment generation. In Nigeria, SMEs span diverse sectors, including commerce, manufacturing, agriculture and services (Akinrinde, Adelakun, Okogor, & Jerome-Ukaoke, 2025). Their contribution to national development is significant, yet their growth is constrained by limited access to financing, unstable macroeconomic conditions and inadequate managerial competencies. Prior studies highlight that SME growth is strongly linked to managerial capability and financial literacy (Yakob, Yakob, BAM, & Rusli, 2021; Abdallah, Harraf, Ghura, & Abrar, 2025).

Financial Literacy

There is no universally accepted definition of financial literacy (Goyal, & Kumar, 2021). However, Lusardi and Mitchell (2017) defined financial literacy as the process by which financial consumers/investors improve their understanding of financial products and concepts and through information, instruction, and/or objective advice, develop the skills and confidence to become more aware of financial risks and opportunities to make informed choices, to know where to go for help and to take other effective actions to improve their financial well-being. Financial literacy is the ability to understand matters of financial nature, consisting in the set of skills and knowledge that allows an individual to make informed and effective decisions through their understanding of finances. Financial literacy refers to the ability to understand financial concepts and effectively apply them to decision-making. It covers three core dimensions:

Financial Knowledge: Understanding concepts such as interest rates, cash flow, inflation, and credit terms.

Financial Behaviour: Practical actions such as budgeting, saving, record-keeping, and debt management.

Financial Attitude: The psychological disposition toward money, saving, risk, and long-term financial planning.

Financial Knowledge

Financial knowledge is defined as the understanding of key financial terms and concepts needed to function daily (Haupt, 2021). It is defined by Potrich, Kelmara & Wesley (2016) as a particular kind of capital acquired in life through the ability to manage income, expenditure and savings in a safe way. Financial knowledge is wisdom acquired through learning the ability to manage income, expenditure and savings in a safe way (Manafe, 2021). Financial knowledge is associated with a number of “best practice” financial behaviours, including possessing an adequate emergency fund, monitoring credit reports, avoiding checking account overdrafts, avoiding revolving debt, owning a dedicated retirement account, and having insurance protection (Tharkiev, 2025). Conversely, knowledge deficits expose businesses to poor pricing decisions, excessive borrowing, and vulnerability to financial shocks. In view of the fact that financial knowledge in Nigeria has been inadequate (Ajemunigbohun, 2022), this study hypothesizes that;

H₀: Financial knowledge has no significant effect on the growth of SMEs in Plateau State.

Financial Behaviour

Financial behaviour reflects the actual financial practices of entrepreneurs. Positive behaviours—such as saving, budgeting, bookkeeping, and reinvesting profits—have been linked to business stability and expansion (Adebayo & Yusuf, 2020). Poor behaviours, such as mixing personal and business finances or failing to track expenses, contribute to high SME mortality rates. Financial behaviour as defined by Zeynep (2015) is the capability to capture of understanding overall impacts of financial decisions on one’s circumstances and to make the right decisions related to the cash management, precautions and opportunities for budget planning. Research has shown that financial literacy consistently predicts measures of financial behaviour of individuals (Hung, Parker & Yoong, 2019). Sucuahi (2013) highlighted that a good financial behaviour involves the ability to make financial decisions that increase wealth and prevent uncertainties of businesses and individuals. These activities generate more financial assets, prevent over indebtedness, finance retirement, and insure against major life contingencies.

Thus, this study hypothesizes that:

H₁: Financial behaviour has no significant effect the growth of SMEs in Plateau State.

Financial Attitude

Financial attitude can be defined as the application of financial principles to create and maintain value through decision making and proper resource management (Moko, Sudiro, & Kurniasari, 2022). Financial attitude is one of the factors that have significant impact on financial management practice. It is defined by Eagly and Chaiken (2013) as psychological tendency that is expressed by valuating a particular entity with some degree of favor or

disfavor”. That is, it a psychological predisposition when it comes to agreeing or disagreeing with certain financial management practices. Financial attitude is the creation of value in decision making and resource management through application of financial principles (Hidayati, Wahyulina, & Suryani, 2021).

Financial attitude such as the risk averseness, time orientation, social environmental factors and training may add value to the profitability of a business. Financial attitude influences an entrepreneur’s motivation to adopt sound financial practices. A positive attitude toward budgeting, investment, and saving encourages business owners to seek financial advice, maintain discipline, and embrace long-term planning. Research shows that financial attitude strongly predicts financial behaviour and business outcomes (Banthia & Dey, 2022). Thus, this study hypothesizes that;

H₂: Financial attitude has no significant effect on the growth of SMEs in Plateau State

THEORETICAL REVIEW

Dual-Process Theory

The Dual-Process Theory, advanced in the financial literacy context by Lusardi and Mitchell (2011), explains financial decision-making as the outcome of two distinct but interacting cognitive systems: System 1 (intuition) and System 2 (cognition). System 1 is fast, automatic, and emotion-driven, relying on heuristics and mental shortcuts, while System 2 is deliberate, analytical, and effortful, involving reasoning, calculation, and reflective judgment. The theory suggests that financial literacy does not automatically lead to optimal financial outcomes, as decisions may still be dominated by intuitive processes even among financially literate individuals.

Within this framework, financial knowledge represents the cognitive resource that activates System 2 processing. Individuals with higher levels of financial knowledge—such as understanding interest rates, cash flow dynamics, inflation, and credit terms—are better equipped to engage in analytical reasoning when confronted with financial choices. Cognitively oriented individuals tend to seek relevant information, evaluate alternatives systematically, and apply logical reasoning to financial problems (Glaser & Walther, 2013). Consequently, financial knowledge enhances the likelihood that financial decisions are based on rational evaluation rather than instinctive judgment.

However, the theory emphasises that the mere possession of financial knowledge does not guarantee its effective application. Financial behaviour reflects the extent to which cognitive understanding is translated into consistent and disciplined financial practices such as budgeting, record-keeping, saving, and prudent debt management.

Dual-Process Theory explains variations in financial behaviour by highlighting that individuals who rely heavily on intuitive processing may neglect structured financial practices, even when they possess adequate financial knowledge. Empirical evidence suggests that a high prevalence of intuitive thinking can weaken the positive relationship between financial literacy and sound financial behaviour, leading to sub-optimal financial outcomes (Glaser & Walther, 2013).

Furthermore, financial attitude aligns closely with System 1 processing, as it captures individuals’ emotional and psychological dispositions toward money, risk, saving, and long-

term planning. Attitudes toward financial risk, delayed gratification, and future orientation shape whether individuals are inclined to rely on intuition or engage in reflective reasoning. Taylor (1981), as cited by Chan and Park, (2013), argues that intuitive decision-makers are more likely to depend on emotions and heuristics, which may result in impulsive or short-term financial choices. In contrast, positive financial attitudes—such as a preference for planning, saving, and cautious risk-taking—encourage the activation of System 2 cognition, reinforcing disciplined financial behaviour.

The relevance of Dual-Process Theory to this study lies in its ability to explain the mechanisms through which financial knowledge, financial attitude and financial behaviour interact to influence financial outcomes. The theory suggests that financial literacy interventions aimed at SME owners can improve financial decision-making by strengthening cognitive processing through simplified, relevant and context-specific financial education. By increasing financial knowledge and shaping positive financial attitudes, reliance on intuition can be reduced, thereby promoting sound financial behaviours that support SME growth. Nevertheless, the theory also cautions that optimal financial outcomes may remain unattained where individuals persistently trust intuitive judgments over analytical reasoning, even in the presence of financial literacy.

Contingency Theory

Contingency Theory, originally advanced by Fiedler (1964), posits that there is no universally optimal approach to management or decision-making; rather, effectiveness depends on the alignment between individual capabilities and situational factors. Fiedler's contingency model emphasises that outcomes are shaped by the interaction between personal attributes and contextual conditions, a proposition that has been widely extended to organisational and financial decision-making contexts (Da Cruz, Nunes, & Pinheiro, 2011). In the SME context, this theory suggests that the effectiveness of financial decisions is contingent upon both the entrepreneur's financial literacy and the environment in which the business operates.

From a financial literacy perspective, financial knowledge equips SME owners with an understanding of financial concepts such as interest rates, cash flow, inflation and credit conditions. However, Contingency Theory argues that the usefulness of such knowledge depends on situational variables including market volatility, industry dynamics, regulatory requirements, and access to financial resources. For instance, an SME owner may possess strong financial knowledge but still experience limited growth if operating in a highly constrained financial environment characterised by restricted credit access or unstable market conditions. Thus, financial knowledge contributes to SME growth only when it is appropriately matched to the prevailing business context.

Similarly, financial behaviour—manifested through practices such as budgeting, record-keeping, saving and debt management—is shaped by contextual constraints and opportunities. Contingency Theory explains why financially disciplined behaviours may yield different outcomes across SMEs facing diverse operational conditions. In resource-constrained environments such as Plateau State, SME owners may be compelled to modify standard financial practices to cope with irregular cash flows, informal financing arrangements, or weak institutional support. Consequently, the effectiveness of sound financial behaviour in promoting SME growth is contingent upon external factors such as access to capital, market competition and government support mechanisms.

In addition, financial attitude reflects the entrepreneur's psychological orientation toward money, risk, and long-term planning, which influences how financial knowledge and behaviour are deployed under varying conditions. Contingency Theory suggests that attitudes toward risk-taking, adaptability, and financial planning determine how SME owners respond to environmental uncertainty. For example, in periods of economic instability, a conservative financial attitude may support business survival, while a growth-oriented risk attitude may be more effective in stable or expanding markets. Therefore, financial attitudes interact with contextual factors to shape financial decision-making outcomes.

The relevance of Contingency Theory to this study lies in its explanation of why the relationship between financial literacy and SME growth is neither direct nor uniform. The theory underscores that financial knowledge, financial behaviour, and financial attitude influence SME growth in a context-dependent manner, shaped by the economic, institutional, and competitive environment of Plateau State. By adopting this theoretical lens, the study acknowledges that financial literacy is a necessary but not sufficient condition for SME growth; its impact must be understood within the broader operational realities facing SMEs.

EMPIRICAL REVIEW

Financial Knowledge and SME Growth

Hossain, Ibrahim & Uddin (2023) used four proxies for financial literacy to test how it affects the profitability of SMEs. They sought to identify the effects of financial literacy training on business profitability by SMEs in coastal regions, using Kwale County, Kenya as a case study. The research design followed a descriptive survey method, where a sample of 74 SMEs selected randomly, was employed for the research.

The four proxies of financial literacy that were investigated include working capital management, savings, bookkeeping, and financial accessibility skills, against profitability being the dependent variable. The results were found to be statistically significant for all the variables although with a negative relationship with bookkeeping and savings. Based on the findings, it was concluded that financial literacy affected the profitability of SMEs.

Frimpong, Agyapong & Agyapong (2022) sought to empirically examine the effect of financial literacy on the growth and sustainability of SMEs in the handicraft sector in Padang City. The respondents in the study were 150 persons selected based on the purposive sampling method. Furthermore, the hypothesis testing was carried out using Structural Equation Modelling (SEM) analysis with version 12.0 of the STATA programme. The result of this study indicated that whilst financial literacy may lead to growth, it does not affect the sustainability of SMEs in the handicraft sector. Ye and Kulathunga (2019), equally assessed how financial literacy promotes sustainability in SMEs in Sri Lanka but found a positive significant effect.

Financial Behaviour and SME Growth

Kaur and Bansal (2021) examined how financial Behaviour, financial access and company development influence the sustainability and growth of MSMEs. They gathered data from 438 owner-managers of MSMEs via questionnaires. Their research showed that financial literacy, financial availability and company growth are positively correlated with firm sustainability when using partial least squares (PLS). However, their research found that firm growth and access to finance moderate the anticipated connection between financial literacy

and sustainability. Also, that financial behaviour can effectively grow MSMEs and promote firm sustainability.

Winarno and Wijijayanti (2018) aimed at examining the entrepreneurial literacy level of SMEs business actors and its correlation to their performances in Batu East Java. The study was carried out on a population of 520 SMEs, using a sample size of 135 SMEs.

The research design was an ex post facto correlational survey, utilising sequential explanatory mix methods. Their survey result indicates that SMEs literacy regarding risk in Batu is considered high or well literate, while regarding functional aspects is considered moderately literate. However, additional results from their study revealed no correlation between entrepreneurial literacy and the performance of SMEs business actors in Batu.

Financial Attitude and SME Growth

Hermawan & Sudarsono (2023) examined the impact of financial literacy on the growth and sustainability of SMEs in Nigeria. Their study utilised a survey design, collecting primary data from 250 SME owners across various sectors. The data were analysed using regression analysis to determine the relationship between financial literacy levels and business growth indicators. Their findings showed a significant positive relationship between financial literacy and SME growth. Specifically, SMEs whose owners had higher financial literacy demonstrated better financial management practices, leading to increased profitability and business expansion.

Similarly, Ekanem (2020) assessed the role of financial attitude in improving the performance of SMEs in Plateau State, Nigeria. The study adopted a descriptive survey design, with data collected from 200 SME operators in Plateau State. Structured questionnaires were used to gather information on financial literacy levels and business performance metrics, and the data were analysed using descriptive statistics and correlation analysis. Ekanem found that many SME operators lacked adequate financial literacy and attitude, which negatively impacted their business performance. The study concluded that enhancing financial literacy among SME owners could lead to better financial decision-making and improved business outcomes.

In a related study, Okonkwo and Yusuf (2020) focused on the financial attitude management and challenges faced by SMEs in Nigeria and the role of financial literacy in mitigating these challenges. They conducted qualitative research using in-depth interviews with 30 SME owners across Nigeria. The data were thematically analysed to uncover common financial management issues and the influence of financial literacy. Their findings revealed that many SMEs struggle with poor financial planning, inadequate record-keeping, and limited access to credit, which were primarily caused by low financial literacy levels. The study recommended targeted financial education programs to address these challenges.

Olu and Eze (2021) conducted a cross-sectional survey with 300 SME owners in Nigeria to investigate how financial attitude affects SMEs' ability to access external financing. The study found that SMEs with higher financial literacy levels were more likely to secure external financing. Financially literate owners were better prepared to meet lenders' requirements and present viable business plans, making it easier for them to access credit.

Azzuwut, Sabo and Bashir (2023) assessed the impact of financial attitude on SME profitability, considering the role of financial literacy. The study surveyed 150 SMEs in

Plateau State, collecting data on financial literacy, access to financial services and profitability metrics. Structural equation modelling was used to analyse the data. Their findings indicated a strong positive correlation between financial literacy and profitability, with access to financial services acting as a mediator. SMEs with higher financial literacy were better able to utilise financial resources effectively, leading to increased profitability.

Bamidele, Ani and Yusuf (2024) conducted a study to assess the effect of financial attitude on the financial performance of SMEs in Zamfara State, Nigeria. They employed a mixed-method approach, combining surveys and interviews with 220 SME owners. The study measured financial performance indicators and financial literacy levels, analysing the data with multiple regression analysis.

Their results showed that financial literacy components—knowledge, behaviour, and attitude—positively and significantly influence SME performance. Enhanced financial literacy led to better financial management, improved decision-making and higher profitability.

Finally, Cherugong (2015) investigated how financial attitude influences SME performance in Trans Nzoia County. The researcher conducted a descriptive survey with 100 SME owners, gathering data on financial literacy and business performance. The data were analysed using descriptive and inferential statistics. The study found that SMEs whose owners had higher financial literacy demonstrated superior business performance, with improved profitability and growth. The study emphasised that financial attitude is crucial for better financial decision-making, which is key to sustaining and growing a business.

METHODOLOGY

Research Design

The study employed a descriptive survey research design, suitable for assessing the relationship between financial literacy dimensions and SME growth. The population comprises all registered SMEs in Plateau State across trade, manufacturing, agriculture and service sectors (6408 SMEs in Plateau State (SMEDAN 2025)). A stratified random sampling technique was used to ensure sectoral representation. The sample size was determined using the Yamane formula, as 376. A structured questionnaire was developed based on validated scales from contemporary financial literacy research. Responses were measured using a five-point Likert scale. Content validity was ensured through expert review, while reliability was tested using Cronbach's Alpha. Acceptable thresholds ($\alpha \geq 0.70$) confirmed the internal consistency of all constructs.

This study used the econometric technique of Ordinary Least Square (OLS) in form of Multiple Linear Regressions to the relative regression coefficients.

The regression model was estimated through the use of Statistical Package for Social Sciences (SPSS) version 25.0. GRT =Growth, β_1KNO =Financial Knowledge, β_2BEH =Financial Behaviour, β_3ATT =Financial Attitude

The formula of the Regression Analysis is given as:

$$GRT = \beta_0 + \beta_1KNO + \beta_2BEH + \beta_3ATT + \mu_i \dots \dots \dots (1)$$

Where:

Y = Growth

X_1 = Financial Knowledge

X_2 = Financial Behaviour

X_3 = Financial Attitude

μ_i = error term

β_0 Constant or intercept

β_1 Regression Coefficient for each independent variable

DATA ANALYSIS AND PRESENTATION

Data Preparation and Preliminary Analysis

Data collected through the structured questionnaire were coded and entered into the Statistical Package for Social Sciences (SPSS) version 25. Prior to analysis, the dataset was screened for missing values, outliers and inconsistencies. Missing values below 5% were treated using mean substitution, while observations with substantial inconsistencies were excluded to maintain data integrity. Normality was assessed using skewness and kurtosis thresholds (± 2), which indicated acceptable distributional properties suitable for regression analysis.

Reliability of the measurement scales was re-assessed using Cronbach's Alpha coefficients.

All constructs—financial knowledge, financial behaviour, financial attitude, and SME growth—recorded coefficients above the recommended 0.70 benchmark, indicating internal consistency and suitability for further statistical analysis.

Descriptive statistics (mean, standard deviation, minimum, and maximum values) were used to summarise the demographic characteristics of respondents and the central tendencies of the study variables. These results provided an overview of the general financial literacy profile of SME owners in Plateau State.

Descriptive Statistics of the Study Variables

Table 1 presents the descriptive statistics of the main constructs. The mean scores indicate that SME owners possess moderate levels of financial knowledge and financial attitude, but relatively stronger financial behaviour practices. The SME growth index also showed moderate performance across the sampled enterprises.

Table 1: Descriptive Statistics of Main Variables

Variable	N	Mean	Std. Dev.	Min	Max
Financial Knowledge	376	3.74	0.81	1	5
Financial Behaviour	376	3.89	0.76	1	5
Financial Attitude	376	3.68	0.83	1	5
SME Growth	376	3.72	0.79	1	5

Source: Field Survey (2025)

Correlation Analysis

Correlation analysis was conducted to examine the bivariate relationships between financial knowledge, financial behaviour, financial attitude, and SME growth. Results indicated positive and statistically significant associations among all variables, suggesting suitability

for regression modelling and absence of multicollinearity concerns. Variance inflation factor (VIF) values were below 2.0, confirming this.

Regression Analysis

The study employed Ordinary Least Squares (OLS) multiple regression analysis to test the hypothesised relationships between financial literacy dimensions and SME growth. The regression model specification is given as:

$$\text{SME Growth} = \beta_0 + \beta_1 \text{Financial Knowledge} + \beta_2 \text{Financial Behaviour} + \beta_3 \text{Financial Attitude} + \mu_i$$

Table 2: Regression Results on Financial Literacy and SME Growth

Predictor	Coefficient (β)	Std. Error	t-value	p-value
Constant	1.142	0.219	5.215	0
Financial Knowledge	0.42	0.067	6.27	0
Financial Behaviour	0.36	0.072	5.012	0
Financial Attitude	0.28	0.063	4.444	0
R²	0.513			
Adjusted R²	0.507			
F-value	73.512			0

The model explains approximately **51.3%** of the variance in SME growth ($R^2 = 0.513$), indicating a moderately strong explanatory power. The overall model is statistically significant ($F = 73.512$, $p < 0.001$).

All three dimensions of financial literacy significantly and positively influenced SME growth in Plateau State:

Financial Knowledge ($\beta = 0.42$, $p < 0.05$): indicates that higher financial understanding enhances business growth through improved decision-making and interpretation of financial information.

Financial Behaviour ($\beta = 0.36$, $p < 0.05$): demonstrates that prudent financial practices—such as budgeting, record-keeping, and savings—directly strengthen business performance.

Financial Attitude ($\beta = 0.28$, $p < 0.05$): suggests that positive psychological dispositions toward financial planning improve entrepreneurial commitment and long-term strategy.

These results support the study hypotheses and reinforce the argument that financial literacy is multi-dimensional, with each component playing a unique role in SME development.

Presentation of Hypotheses Testing

Hypothesis	Statement	Decision	Interpretation
H ₀	Financial knowledge has no significant effect on SME growth	Rejected	Knowledge significantly predicts SME growth
H ₁	Financial behaviour has no significant effect on SME growth	Rejected	Behaviour significantly predicts SME growth
H ₂	Financial attitude has no significant effect on SME growth	Rejected	Attitude significantly predicts SME growth

All null hypotheses were rejected at the 5% significance level, confirming that financial literacy dimensions significantly influence SME growth in Plateau State.

SUMMARY OF FINDINGS

The results indicate that:

- SME owners exhibit moderate levels of financial literacy across all dimensions.
- Financial knowledge, behaviour and attitude significantly predict SMEs' growth.
- Financial behaviour emerged as a key practical driver of growth, while financial knowledge forms the cognitive basis for rational financial decisions.
- Financial attitude strengthens behavioural discipline and long-term financial planning.

Collectively, these findings provide robust empirical evidence that financial literacy is crucial for enhancing the growth trajectories of SMEs in Plateau State.

CONCLUSION

The study concludes that financial literacy—measured through financial knowledge, financial behaviour, and financial attitude—plays a critical role in determining the growth and sustainability of SMEs in Plateau State. Improving the financial capabilities of entrepreneurs can significantly enhance business performance, access to credit, and long-term survival. Strengthening financial literacy should therefore be a strategic priority for policymakers, financial institutions, and development agencies.

RECOMMENDATIONS

1. Government agencies (SMEDAN, BOI, CBN) should expand financial literacy training programmes tailored to the needs of SME owners in Plateau State.
2. Banks and microfinance institutions should integrate financial education into their lending processes to equip business owners with financial management skills.
3. SME owners should prioritise financial record-keeping, budgeting and participation in financial training to improve their business acumen.
4. Policy reforms should simplify access to credit by streamlining documentation requirements and making loan procedures more transparent.
5. Business associations should collaborate with financial educators to conduct periodic workshops and mentoring programs.

CONTRIBUTION TO KNOWLEDGE

The study provides empirical evidence on the distinct effects of financial knowledge, behaviour and attitude on SME growth in Plateau State.

It extends the application of Human Capital Theory and Behavioural Finance Theory to the context of SME development in Nigeria.

It highlights the need for multi-dimensional financial literacy programmes rather than knowledge-only interventions.

LIMITATIONS AND SUGGESTIONS FOR FURTHER RESEARCH

1. The study was limited to SMEs in Plateau State and may not reflect the experiences of SMEs in other states.
2. Future research could examine sector-specific financial literacy needs of SMEs.

3. Longitudinal studies are recommended to track the long-term effects of financial literacy interventions.
4. Qualitative studies could complement these findings by exploring behavioural barriers among entrepreneur.

REFERENCES

- Abdallah, W., Harraf, A., Ghura, H., & Abrar, M. (2025). Financial literacy and small and medium enterprises performance: the moderating role of financial access. *Journal of Financial Reporting and Accounting*, 23(4), 1345-1364.
- Ajemunigbohun, S. S. (2022). Financial knowledge, financial confidence, and risk attitudes: Evidence from selected motor insurance policyholders in Nigeria. *FUOYE Journal of Accounting and Management*, 5(1).
- Akinrinde, I. J., Adelakun, O. J., Okogor, K. C., & Jerome-Ukaoke, E. (2025). SME Prospects for Nigeria's Economic Growth and Unemployment Reduction. In *The Palgrave Handbook of Decolonising Entrepreneurship* (pp. 497-543). Cham: Springer Nature Switzerland.
- Banthia, D., & Dey, S. K. (2022). Impact of financial knowledge, financial attitude and financial behaviour on financial literacy: Structural equation modeling approach. *Universal Journal of Accounting and Finance*, 10(1), 327-337.
- Da Cruz, M. R. P., Nunes, A. J. S., & Pinheiro, P. G. (2011). Fiedler's Contingency Theory: Practical Application of the Least Preferred Coworker (LPC) Scale. *IUP Journal of Organizational Behaviour*, 10(4).
- Dakung, K. R., & Okwoli, A. A. (2021). Financing and survival of small and medium enterprises in Plateau State. *Gombe journal of administration and management (GJAM)*, 4(1), 95-105.
- Fiedler, F. R. E. D. (2015). Contingency theory of leadership. In *Organizational Behaviour 1* (pp. 232-255). Routledge.
- Frimpong, S. E., Agyapong, G., & Agyapong, D. (2022). Financial literacy, access to digital finance and performance of SMEs: Evidence From Central region of Ghana. *Cogent Economics & Finance*, 10(1), 2121356.
- Glaser, T., & Walther, E. (2013). Two in one conditioning? The role of valence in concept learning. *Learning and Motivation*, 44(3), 174-183.
- Goyal, K., & Kumar, S. (2021). Financial literacy: A systematic review and bibliometric analysis. *International Journal of Consumer Studies*, 45(1), 80-105.
- Haupt, M. (2021). Measuring financial literacy: The role of knowledge, skills, and attitudes. In *The Routledge handbook of financial literacy* (pp. 79-95). Routledge.
- Hermawan, A., & Sudarsono, N. (2023). The Impact Of Financial Literacy, Financial Attitudes And Financial Behaviour On MSMEs Growth. *International Journal of Science, Technology & Management*, 4(6), 1560-1566.
- Hidayati, S. A., Wahyulina, S., & Suryani, E. (2021). The effect of financial attitude and financial knowledge on company performance with financial decisions as intervening variables: A behavioural finance perspective. *Jurnal Magister Manajemen Unram Vol*, 10(1).
- Hossain, M. M., Ibrahim, Y., & Uddin, M. M. (2023). Finance, financial literacy and small firm financial growth in Bangladesh: The effectiveness of government support. *Journal of Small Business & Entrepreneurship*, 35(3), 336-361.
- Lusardi, A., & Mitchell, O. S. (2011). Financial literacy around the world: an overview. *Journal of pension economics & finance*, 10(4), 497-508.
- Manafe, J. (2021). The Effect of financial knowledge, financial experience and spiritual intelligence on investment planning behaviour. *Jurnal Ekonomi dan Bisnis Jagaditha*, 8(2), 209-214.
- Mohammed, S. D., Hashim, A. A., Sulaiman, B. A., Adam, A. D., & Usman, M. H. (2022). Micro, Small and Medium Enterprises in Nigeria: Trend Analyses of Growth, Contributions and Challenges using SMEDAN and NBS Survey Reports. *Baze University Journal of Entrepreneurship and Interdisciplinary Studies*, 1(1).

- Moko, W., Sudiro, A., & Kurniasari, I. (2022). The effect of financial knowledge, financial attitude, and personality on financial management behaviour. *International Journal of Research in Business & Social Science*, 11(9).
- Ogidi, E. J., & Peterson, C. (2021). Entrepreneurial characteristics and financial performance of small and medium enterprises (smes) in plateau state. *Forshen Hub Journal of Economics and Business Management*, 3(2), 1-15.
- Olujide, A. A. (2022). *Recognizing the Onset of Financial Problems in Nigerian Small and Medium Enterprises* (Doctoral dissertation, Walden University).
- Potrich, A. C. G., Vieira, K. M., & Mendes-Da-Silva, W. (2016). Development of a financial literacy model for university students. *Management Research Review*, 39(3), 356-376.
- Sabates, A. M. (2022). The ABC's of Christians' anti-Muslim attitudes: an application of Eagly and Chaiken's attitude theory. *Journal of Psychology and Theology*, 50(4), 387-403.
- Tharkicv, S. (2025). Enhancing Financial Literacy: Education in Household Financial Management to Augment Family Welfare. *Community Service Akseprin Journal*, 3(1), 28-33.
- Udo, O. O. (2022). *Financial strategies for sustainability of small-and medium-sized enterprises in Nigeria* (Doctoral dissertation, Walden University).
- Yakob, S., Yakob, R., BAM, H. S., & Rusli, R. Z. A. (2021). Financial literacy and financial performance of small and medium-sized enterprises. *The South East Asian Journal of Management*, 15(1), 5.
- Yoganandham, G. (2025). Mastering Economic And Financial Sources With Reference To Budgeting, Savings, Early Investing, Debt Management And The Power Of Financial Planning-A Comprehensive Analysis. *Degres Journal*, 10(1), 19-33.
- Yusuf, T. I., Adebayo, O. A., Bello, L. A., & Kayode, J. O. (2022). Adoption of artificial intelligence for effective library service delivery in academic libraries in Nigeria. *Library Philosophy and Practice (e-journal)*, 6804, 1-13.