Effect of Financial Literacy on the Growth of Micro, Small and Medium Enterprises (MSMEs)

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Abstract

This study assessed the effect of financial literacy on the growth of micro, small and medium enterprises (MSMEs) in Murg shopping mall, Abuja, Nigeria. The study utilised a descriptive survey research design wherein survey research instruments were employed. The study was carried out using a primary source in which qualitative data were collected using structured questionnaires and converted to quantitative data using five-point Likert scaling. An aggregate of 208 data collection instruments was administered, of which, 200 were properly filled and returned; representing a 96.1% returned rate. The data was then analysed with the application of inferential statistics like Regression and Analysis of Variance. Arising from the result, the null hypothesis was rejected since the calculated value was greater than the critical value (107.666>2.42). In conclusion, there was a significant effect of financial literacy on the growth of MSMEs in Murg Shopping Mall, Abuja. However, of the four proxies of financial literacy tested, debt management literacy had the highest positive impact on MSMEs' growth, followed by bookkeeping literacy and banking services literacy, whereas budgeting literacy was insignificant. It was therefore recommended that entities who wish to carry out effective corporate social responsibilities to grow MSMEs, should train them in the aspects of debt management literacy, banking services literacy and bookkeeping literacy.

Key Words: Financial Literacy, MSMEs, Business Sustainability, Enterprise, Growth.

1. Introduction

Financial literacy encompasses the education and understanding of various financial areas including subjects related to managing personal finance, money and investing (Tyson, 2018). Micro, Small and Medium Enterprises (MSMEs) on the other hand generally refers to businesses whose personnel numbers and asset base fall below and/or within certain limits. According to the Bank of Industry (2015), MSMEs are enterprises with not more than 200 employees and an asset base of not more than ₦500 million. Financial literacy is particularly important to MSMEs in that it gives business owners the tools to manage and grow their organizations effectively (Cote, 2020).

At individual units, MSMEs may be small, but together they account for up to a huge portion of a nation's Gross Domestic Product (GDP), help to create employment and are often seen as very vital for the growth and innovation of dynamic economies (Anigbogu *et al*, 2014). In large economies like the United Kingdom, United States, China amongst others, several studies have shown that small businesses hold a vast share of their employment rate and economic growth (Ceglie & Dini, 1999; Schaper, 2002; United States Trade Representative, 2014). In Africa, MSMEs is the leading sector and accounts for almost 90 per cent of all the enterprises in rural and urban areas. According to Thai (2013), "MSMEs are considered to very important propellers for obtaining national development goals, such as poverty alleviation and economic growth in Africa." In the largest economy in Africa, Aina (2007), opined that the contributions of MSMEs to Nigeria's economy are incontestable; as about 10 per cent of the total manufacturing output and 70 per cent of the industrial employment are by MSMEs. These amongst others shows that MSMEs are indeed invaluable.

Notwithstanding the significance of MSMEs globally, these enterprises are reported to often have both a high birth rate and at the same time high death rate (Turyahebwa, Sunday & Sekajugo, 2013; Fatoki, 2014). Over the years, several MSMEs in Abuja, Nigeria, especially Murg shopping mall, apply financial literacy in managing their businesses to ensure growth—in terms of increase in sales revenue, number of branches and/or accumulated assets. Yet, most of them are not growing and seldom survive for more than three years (Ahmed, Opusunju & Murat, 2020).

Extant studies such as Oluoch (2014), revealed that most MSMEs tend to continue to be "small" and be more susceptible to failures because of simple management mistakes and low financial literacy. In addition, Fatoki (2014), averred that the difficult financial decisions that MSME entrepreneurs make in their personal or business finances could also be a contributing factor to the failures. In a different vein, Tela, Gombe and Alhassan (2018), argued that the high mortality rate of MSMEs in Nigeria is the problem of inadequate capital bases due to the unwillingness of financial institutions to grant them enough loans. Owenvbiugie and Igbinedion (2015), equally argued that the major reason for MSMEs failures and stunted growth are due to inadequate financing; that if MSMEs are inadequately financed there is every tendency that many of them may not survive. Contrarily, Winarno and Wijijayanti (2018), carried out a study on the correlation between proxies of financial literacy and SMEs' performance, their results revealed no correlation. Hitherto the foregoing, vis-à-vis the perplexity of the effectiveness of financial literacy in promoting MSMEs' growth, there remains an empirical gap to which this research sought to fill.

The objective of this research is to examine the effectiveness of financial literacy on the growth of micro, small and medium enterprises (MSMEs). The specific objectives are to assess the effectiveness of the proxies of financial literacy viz. debt management literacy, budgeting literacy, banking services literacy and bookkeeping literacy on MSMEs' growth. The scope of the study encompasses enterprises in Murg shopping mall, Abuja, Nigeria. Heretofore, the study hypothesised that there is no significant effect of financial literacy on the growth of MSMEs.

2. Literature Review

2.1. Conceptual Framework

2.1.1. Financial Literacy

The keyword 'Financial Literacy' comprises of two words 'Financial' and 'Literacy.' According to the Business Dictionary (2007), financial is a wide-ranging term used to define various aspects of finance or the financial industry, for instance, financial advisors, financial instruments, financial institutions, financial services, or financial planning. UNESCO (2006), posit that the understandings of literacy have stretched from the simple view that literacy encompasses the process of acquiring basic cognitive skills, to the utilisation of such skills in ways that contribute to socio-economic development, to the development of the aptitude for critical reflection and social awareness as a basis for personal and social change. In combining these two definitions, one can posit that Financial Literacy is the ability to skilfully apply financial knowledge and principles for positive contribution to socio-economic development.

Gale and Levine (2010), defined financial literacy as the inherent or acquired skill to make up-to-date decisions and effective judgments concerning the administration and use of money and wealth. They averred that financially illiterate family units make poor choices that affect not only the decision-makers themselves but also their families and the public at large. In line with this, improving financial literacy should be the first base concern for public policy, and should be a focal point for research.

According to Irikefe (2019), financial literacy is the ability to understand how money works, it entails proficiency in the knowledge and application of time-honoured and basic financial concepts and principles like financial planning, compound interest, debt management, profitable savings strategies and value of money generally. He opined that, for entrepreneurs to escape financial illiteracy, they must possess and be able to apply sheer knowledge of budget-making skills; the ability to track and control expenditure; debt management skills; and effective planning for retirement. Arising from the foregoing, one can ascertain that financial literacy has to do with how a person handles money to earn it—how money is invested to make "more money." The study took cognisance of these concepts of financial literacy.

2.1.2. Micro, Small and Medium Enterprises (MSMEs)

As earlier mentioned, Micro, Small and Medium Enterprises (MSMEs) generally refers to businesses whose personnel numbers and asset base fall below and/or within certain limits. It represents different things to different authorities.

Small and medium enterprises (SMEs) are independent firms that are mostly non-subsidiary, which employ less than a certain number of employees. This number varies across states. The highest designation of an SME we see in the European Union is 250 staff. However, some other countries set their high limit at 200 staff, whereas the United States of America considers SMEs to include companies with less than 500 staff (OECD, 2005). Small firms are generally those with less than 50 staff, while micro-enterprises have at most 10, or in some cases, 5 staff.

This study centred on the concept of MSMEs in Nigeria according to the Bank of Industry (2015). They established that MSMEs are enterprises with not more than 200 employees, and asset base of not more than ₦500 million, such that micro-enterprises have 1-10 employees (asset base of not more than ₦5 million); small enterprises: 11-50 employees (asset base of between above ₦5 million and ₦100 million); and medium enterprises: 51-200 employees (asset base of between above ₦100 million and ₦500 million).

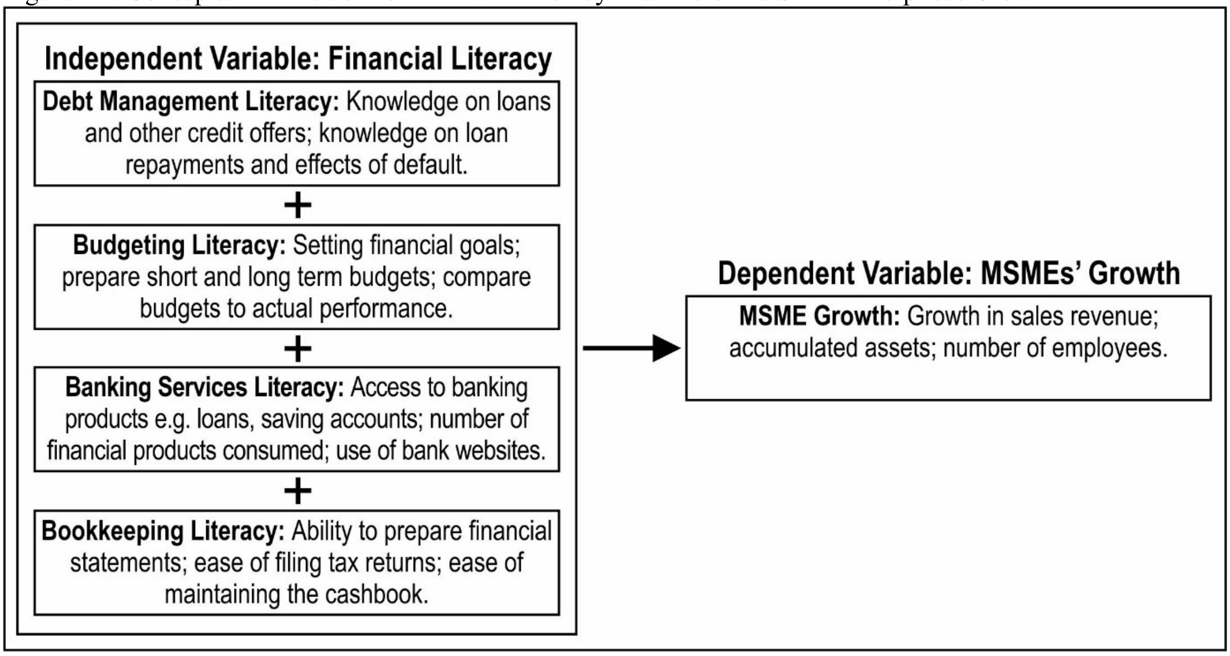
2.1.3. A Relationship between Financial Literacy and MSMEs

MSMEs are the link between minor businesses to major and highly developed large businesses and provide a platform for development. MSMEs play an essential role as facilitative development through the establishment of inputs and services for industries while at the same time providing direct goods and services to consumers (Fjose *et al,* 2010). Studies have shown that the attitude, education, and skill of owners or managers, have a significant impact on the growth of small enterprises, and will be reflected in the strategic choices, and ways in which the business is operated (Covin & Slevin, 1991).

Wickham (1998:223), viewed business growth from four interdependent perspectives: financial, strategic, structural and organisational. These can be found in Wickham's model of business growth dynamics. He averred that a business owner has to consider all of them when planning for growth. Such that missing one element is enough to cause business failure or lead to other troubles.

Lusimbo (2016), established a conceptual relationship model wherein 'micro and small enterprises (MSEs) Growth' is the dependent variable and 'Financial Literacy' is the independent variable. She averred that financial literacy could be measured with either or a combination of four proxies viz. debt management literacy; budgeting literacy; banking services literacy; and bookkeeping literacy. This study was carried out taking cognisance of this conceptual framework, and depicted it as shown in Figure 2.1 below.

Figure 2.1: Conceptual Framework of Financial Literacy and Micro and Small Enterprises Growth



Source: Researcher's Depiction, 2021.

2.2. Theoretical Framework

In his study, Staubus (1959), an advocate for the continued improvement of the standards and practices of financial reporting, developed the Residual Equity Theory. This decision-utility theory was the first to link cash flows to the measurement of assets and liabilities and their importance in investment decisions. It eventually became a basis for the generally accepted accounting ideologies, and also the Financial Accounting Standards Board's conceptual framework. The main objective of the residual equity approach is to imbue the culture of better financial reporting in good financial management practices. In a going concern for MSMEs, the theory establishes a guide for financial education. Such that the current value of a business stock is dependent primarily upon the expectation of future surpluses. Future financial status is dependent upon expectations of total receipts minus specific pledged obligations, payments to definite equity holders and necessities for reinvestment.

To achieve sustainable growth and obtain a business advantage, Penrose (1959), developed is a managerial framework used to determine calculated resources with the potential to deliver comparative advantage to a firm. She developed what is known today as the Resource-Based View Theory. She posits that knowledge, motivation and entrepreneurial talent are the main determinants of a firm's growth. The theory emphasised the entrepreneur's view of the future and possible opportunities that most determine the shape of the company over time. With regards to MSMEs, growth depends on how well the owner-manager is equipped with the right information to make sound decisions in the business, can pursue and seize opportunities, can build trust in others and, in turn, convince them to invest in his venture. In line with this theory, this study advocates that financial literacy could affect the growth of MSMEs—by improving the ability of the owner or manager to make sound financial decisions, raise the required capital and put in place appropriate financial performance measurement systems, as well as, take corrective actions.

Another important theory is the Financial Literacy Theory. It avers that the performance of people with very high level of financial literacy is dependent on the dominance of two thinking styles they possess viz. intuition and cognition (Evans, 2008). According to Atkinson and Messy (2005), financial literacy theory covers the combination of investors' understanding of financial yields and concepts and their ability and confidence to appreciate financial risks and opportunities. This theory is important to this research because it highlights MSMEs' ability to make up-to-date choices, to know where to go if they needed help and to take other effective actions to advance their financial well-being.

2.3. Empirical Review

Extant studies by other researchers presented the opportunity for the researcher to identify and fill gaps left by previous studies, and by so doing, enrich the knowledge of understanding of financial and MSMEs growth. Nonetheless, the significance of financial literacy in managing businesses cannot be overemphasised (Kimani & Ntoiti, 2015; Lusimbo, 2016; Ye & Kulathunga, 2019).

Kimani and Ntoiti (2015), sought to evaluate the effects of financial literacy on the performance of youth-led enterprises. The study adopted a descriptive research survey design for a population of 464 youth-led enterprises under the training programme of Equity Group Foundation in Kiambu County. Primary data was gathered by the use of structured questionnaires and captured through a 5-point type Likert scale. The data gathered from the questionnaires were analysed quantitatively using Statistical Package for Social Sciences (SPSS) computer software, which generated both descriptive and inferential statistics. The study recognised that there was a positive correlation between the dependent variable (Performance of Youth-led Enterprises) and the independent variables (Budgeting Literacy, Debt Management Literacy, Banking Services Literacy, and Record-Keeping Literacy), but in varying magnitudes. Debt Management Literacy was found to affect the performance of Youth-led Enterprises in the most, while Record-Keeping Literacy, the least. Whilst Kimani and Ntoiti (2015), used a sound method of analysis for the sample, but the technique used in obtaining the sample size was unclear. Nonetheless, the study ruled that Financial Literacy aids in the enhancement of growth and performance of youth-led enterprises which are key drivers to economic development.

Chepngetich (2016), carried out a study of the effect of borrowing literacy and budgeting literacy as financial literacy on the performance of SMEs in Uasin Gishu County, Kenya. The study adopted an explanatory research design, wherein from the target population of 1053 SMEs, a sample size of 290 was studied. The study utilised the cluster sampling technique in the selection of SMEs. The data were collected using structured questionnaires completed by the owners/managers. The researcher used inferential statistics; in the form of Analysis of Variance (ANOVA) to show the relationship between the variables. The study exhibited a strong positive relationship between budgeting financial literacy and SME performance, and a negative relationship between borrowing financial literacy and SME performance. Contrary to Owenvbiugie and Igbinedion (2015), the study by Chepngetich (2016), goes on to show that access or means to obtain finance does not affect growth, but the knowledge of and ability to budget and manage available finance. Whilst the results of Chepngetich (2016), seems plausible, his discussion was unclear as he repeatedly interpreted "negative coefficients" as "weak" rather than what it is.

Lusimbo (2016), sought to determine the relationship between financial literacy and the growth of micro and small enterprises (MSEs) in Kakamega Central Sub County, Kenya. The study targeted a population of 1300 registered MSEs and adopted a descriptive cross-sectional survey design. A stratified proportionate sampling technique was used to select respondents, where 306 MSEs were selected appropriately as the sample. A structured questionnaire was used to collect primary data, and a Chi-square test of independence and descriptive statistics were used to determine the relationship between financial literacy and the growth of MSMEs. The results revealed that those businesses whose managers have low financial literacy have recorded minimal or no growth over the years. Although the study by Lusimbo (2016) was systematic, the method of analysis (Chi-square) was unsatisfactory because of the numbers of variables of financial literacy tested against business growth; at least a regression analysis would be more precise. Nonetheless, the research process shows a sheer amount of logic.

Likewise, Chepkemoi, Patrick and Njoroge (2017), 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. Although the research process of Chepkemoi *et al* (2017) was quite clear, he failed to discuss or give possible reasons for the negative relationship between bookkeeping and savings tested. However, the method of analysis employed by Chepkemoi *et al* (2017), seemed appropriate for the study.

With regards to the sustainability of SMEs, Fitria, Yurniwati and Rahman (2018), 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. Meanwhile, Ye and Kulathunga (2019), equally used SEM analysis. Perhaps the contrasting results of Fitria *et al* (2018) and Ye and Kulathunga (2019), was as a result of the different industry that was researched. Also, there is a need to re-examine the residuals in the researches to see if there are misfits, even though overall models appear good.

Kaur and Bansal (2021), examined how financial literacy, 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 literacy can effectively grow MSMEs and promote firm sustainability. Whilst the researchers used an effective method of analysis (PLS) for the variables, they failed to test the data for unobserved heterogeneity. Since the data are segmented, the global PLS solution may be misleading.

Paradoxical to the previous empirical works reviewed in this study, Eresia-Eke and Raath (2013), investigated a possible relationship between MSMEs owners' financial literacy and business growth. Their study was unable to demonstrate that a statistically significant relationship existed between owners' financial literacy and business growth. The research was an ex post facto and cross-sectional empirical study on 105 respondents whose response rate was 71% from MSMEs drawn from a local chamber of commerce in the Gauteng Province of South Africa. Eresia-Eke and Raath (2013), employed Fisher's exact test method of analysis and the chi-square method to corroborate their result. Nevertheless, even though the conclusion of the study seems to contradict the position of Lusimbo (2016), it is not necessarily so. This is because, the study did not make any distinction of MSMEs whose owners were financially illiterate, had employed financially literate persons to assist in managing the affairs of the organisation. As such, MSMEs whose owners are not financially literate could be leveraging on the competence of others, hence the result.

Also, the more recent study by Winarno and Wijijayanti (2018), presented an intriguing result similar to that of Eresia-Eke and Raath (2013). Their study was 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. This result went contrary to most results of similar research. This variation may be a result of the method of analysis employed by Winarno and Wijijayanti (2018), testing too many variables with several indicators at the same time. Nonetheless, it embedded curiosity for further research.

Most of the reviews on the effect of financial literacy on a firm's growth or performance showed there were significant relationships between the variables. However, some of them showed no significant effect of financial literacy on a firm's growth or performance (Eresia-Eke & Raath, 2013; Fitria *et al*, 2018; Winarno & Wijijayanti, 2018), which were attributed to unclear data that were collected and analysed or poor choice system of analysis. This has presented a gap that needs to be researched. Nonetheless, the empirical literature established a foundation for a deeper understanding of the study.

3. Methodology

The study utilised a descriptive survey research design wherein survey research questionnaires were primarily employed. The study is centred on micro, small and medium enterprises (MSMEs) in Murg Shopping Mall, Abuja, which has a population of about 450 MSMEs. With regards to the sample of the study, a random sampling method was employed at a confidence level of 95%, whilst the margin of error is 5%, cumulating an interim sample size of about 208 using the formula: n = N*X / (X + N – 1), where, X = $Z_{\alpha/2}{}^2$ *p*(1-p) / MOE^2 (Daniel, 1999). Wherein, $Z_{\alpha/2}$ is the critical value of the Normal distribution at $\alpha/2$ (i.e. for a confidence level of 95%, α is 0.05 and the critical value is 1.96), MOE is the margin of error (0.05), p is the sample proportion (50%), and N is the population size (450).

An aggregate of 208 data instruments (questionnaires) was administered out, of which 200 were properly filled, and returned, representing a 96.1% returned rate. The questionnaires were close-ended questions and had answer options like "Strongly Disagree, Disagree, Neutral, Agree, Strongly Agree." It was divided into two sections which were as follows: Personal data; and Research Question (if there is any significant effect of financial literacy on the growth of MSMEs), wherein questions on bookkeeping literacy, budgeting literacy, debt management literacy, and banking services literacy were used as proxies of financial literacy. The questionnaire used in this study was assessed and examined for its face cogency. The face cogency was reached through examining carefully the layout and structure of the questionnaire.

The data analysis process involved the method of extracting, compiling, and modelling the raw data for purposes of obtaining practical data that can be applied to framing conclusions, predicting outcomes or supporting decisions in scientific, business, and social science settings (Pituch & Stevens, 2016). The data obtained from the administration of questionnaires to the respondent were analysed with the application of inferential statistics like regression and Analysis of Variance (ANOVA). All statistical data analyses were performed using SPSS version 25.0 (IBM Corp, 2017).

The study adopted the model: Y= f(B_0+B_1X_1+B_2X_2+B_3X_3+B_4X_4), whereby Y= Growth of MSMEs; f= function of; B_0= constant variable; X_1= Book keeping literacy; X_2= Budgeting literacy; X_3= Banking services literacy; and X_4= Debt management literacy.

4. Result and Discussion

4.1. Characteristics of Respondents

With regards to the Business Role of the total (200) respondents, 126 of them which constitutes about 63% of the total respondents were Business Owners; 41 of them which constitutes about 20.5% of the total respondents were Managers, while 33 of them constitutes about 16.5% of the total respondents were Sales Representatives. This was brought to bear as in improvement; being that it was absent in the study by Eresia-Eke and Raath (2013), which was criticised in the review—it ensured that MSMEs whose owners were financially illiterate were not leveraging on the competence of others financially literate persons. However, 57 of the total respondents which constitute about 28.5% of the respondents have on some occasions sought advice regarding finances from experts; whereas, 143 of them which constitutes about 71.5% of the total respondents have not sought advice regarding finances from experts.

Concerning the level of education of the total (200) respondents, 151 of them which constitutes about 75.5% of the total respondents have attained secondary school education; 45 of them which constitutes about 22.5% of the total respondents were graduates of tertiary institutions, while 4 of them which constitutes about 2% of the total respondents had post-graduate education. Which implied that the majority of the respondents have not gone beyond secondary school education.

Also, the respondents were asked about the duration or existence of their MSME, 43 of them which constitutes about 21.5% of the total respondents have been in business for less than two years; 87 of them which constitutes about 43.5% of the total respondents have been in business between two and five years; while 70 of them which constitutes about 35% of the total respondents have been in business between for over five years. The genders of the respondents are such that 144 of them which constitutes about 72% of the total respondents were male while 56 of them which constitutes about 28% of the total respondents were female.

4.2. Independent Variables' Influence on Business Growth

Table 1: Descriptive Statistics

	Mean	Standard Deviation
MSMEs growth: In sales revenue and accumulated assets	2.45	0.165
Bookkeeping literacy (X_1)	3.05	0.036
Budgeting literacy (X_2)	3.24	0.109
Banking services (X_3)	2.65	1.038
Debt management (X_4)	3.75	0.024

(Source: Field Data, 2021).

The results in Table 1 show the mean responses on Financial Literacy, as well as, the Growth of MSMEs in Murg Shopping Mall. The Growth of MSMEs there revealed that the growth rate of the respondents since they have been in business is moderate as shown by a mean of 2.45 and a standard deviation of 0.165. The bookkeeping literacy is slightly above average as shown by a mean of 3.05 and a standard deviation of 0.036. Similarly, budgeting literacy of the respondents is also slightly above average as shown by a mean of 3.24 and a standard deviation of 0.109. Whereas, banking services literacy of the respondents is about average as shown by a mean of 2.65 and a standard deviation of 1.038. Finally, the debt management literacy of the respondents is fairly high as shown by a mean of 3.75 and a standard deviation of 0.024.

4.3. Inferential Statistics

Table 2. below shows a model summary that is used to measure how well the regression model fits the data.

Table 2: Regression Analysis

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.830[a]	0.688	0.682	0.058

a. Predictors: (Constant), Log_(X_1, X_2, X_3, X_4)
(Source: Researcher's Computation, 2021).

As shown in the table above, R is used to measure the quality of the prediction of the dependent variable, 0.830 indicates a good level of prediction of about 83.0%. The above model also has an R Square of 0.688 meaning that the independent variable explains 68.8% of the variability of the dependent variable; the R Square also indicates that there are other aspects of Financial Literacy that may influence the results other than the proxies which were tested—which measures about 31.2%. The Adjusted R Square was 0.68.2, an indication that there was a variation of 68.2% on the Growth of MSMEs due to changes in Financial Literacy at a 95% confidence interval. The Standard Error of the Estimate, of 0.058 is an indication of the reliability of the mean. It shows an indication that the sample mean is a more accurate reflection of the actual population mean.

Table 3: ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1.444	4	0.361	107.666	0.000[b]
	Residual	0.654	195	0.003		
	Total	2.098	199			

a. Dependent Variable: MSMEs growth: In sales revenue and accumulated assets.
b. Predictors: (Constant), proxies of Financial Literacy [Log_(X_1, X_2, X_3, X_4)].
(Source: Researcher's Computation, 2021).

From the ANOVA statistics in the table above, the processed data, which is the population parameters, had a significance level of 0.0%, which shows that the data is ideal for concluding the population parameters as the value of significance (p-value) is less than 5%. The calculated value was greater than the critical value (107.666>2.42), an indication that there was a significant difference in the effects of Financial Literacy on MSMEs in determining their growth. And as such, the null hypothesis was not accepted, in favour of the alternate hypothesis that was accepted.

Table 4: Coefficient of Determination

Model		Unstandardised Coefficients B	Unstandardised Coefficients Std. Error	Standardised Coefficients Beta	t	Sig.
1	(Constant)	-8.133	0.827		-9.832	0.000
	Log_(Bookkeeping literacy)	1.460	0.335	0.350	4.353	0.001
	Log_(Budgeting literacy)	0.058	0.035	0.066	1.634	0.104
	Log_(Banking services literacy)	0.252	0.043	0.283	5.890	0.002
	Log_(Debt management literacy)	1.902	0.513	0.302	3.711	0.000

a. Dependent Variable: MSMEs growth: In sales revenue and accumulated assets.
(Source: Researcher's Computation, 2021).

The established regression equation was, $Y= f(B_0+B_1X_1+B_2X_2+B_3X_3+B_4X_4)$. However, due to the data being not normally distributed, logarithm was applied to the proxies leaving the equation at $Y = -8.133 + 1.460Log\_X_1 + 0.058Log\_X_2 + 0.252Log\_X_3 + 1.902Log\_X_4$.

From the above regression equation, it was revealed that holding the proxies of Financial Literacy in this model, which are bookkeeping literacy, budgeting literacy, banking services literacy and debt management literacy to a constant zero, Growth of MSMEs would stand at -8.133. Such that, a unit increase in bookkeeping literacy would lead to an increase in Growth of MSMEs by a factor of 1.123; with bookkeeping literacy being significant. Also, a unit increase in budgeting literacy may lead to an increase in the Growth of MSMEs by a factor of 0.058, however, the *t*-test revealed that budgeting literacy is not significant; being that the significance of budgeting literacy (10.4%) is above the study 5% significance level. Furthermore, a unit increase in banking services literacy would significantly lead to an increase in the Growth of MSMEs by a factor of 0.252, and a unit increase in debt management literacy would lead to a significant increase in the Growth of MSMEs by a factor of 1.902. This depicts that debt management literacy continues to have the leading effect on MSMEs performance, followed by bookkeeping skills and banking services literacy.

At 5% level of significance and 95% level of confidence, bookkeeping literacy, banking services literacy and debt management literacy are significant in explaining the relationship between financial literacy and growth of MSMEs in Murg Shopping Mall, Abuja since their levels of significance are below the base significance level of 0.05. However, budgeting literacy appeared to be insignificant towards the growth of MSMEs in Murg Shopping Mall, Abuja since its level of significance is above the base significance level of 0.05.

5. Conclusion and Recommendations

From the findings of this study, the growth of micro, small and medium enterprises (MSMEs) was affected by Financial Literacy comprising of bookkeeping literacy, banking services literacy and debt management literacy. And among the proxies of Financial Literacy tested, debt management literacy had the leading impact on the Growth of MSMEs; this is made possible by MSMEs adequately taking advantage of the variety of credit products and services, such as loan supports for expansion, fair payback terms from financial technology companies and many others. Bookkeeping literacy also helps MSMEs in budgeting accurately, preparing for tax, maintaining organised records, easily seeing business targets etc. which results in growth; likewise, for banking services literacy.

Meanwhile, some MSMEs who may have financial literate managers and are not growing may be as a result of them focusing on budgeting, rather than debt management, bookkeeping and/or banking services. From the results of the study, budgeting appeared to be the only insignificant proxy of financial literacy with regards to MSMEs growth. Furthermore, irrespective of the educational background of MSMEs owners, managers or sales representatives, practices that suggest financial literacy can be developed from interaction with relevant stakeholders like bankers or customers or financial experts which may, in turn, lead to growth.

5.1. Recommendations

The study recommends the following:

- Since the study showed that debt management literacy had the leading effect on MSMEs growth, followed by bookkeeping literacy and banking services literacy, there is the need for MSMEs to be trained in these areas to promote growth. Governments or organisations who wish to carry out effective corporate social responsibilities to promote MSMEs should train them in the aspects of debt management literacy, banking services literacy and bookkeeping literacy. This has positive economic implications. According to Anigbogu *et al* (2014), MSMEs contribute greatly to generating employment and overall growth of the GDP of nations. Such that when MSMEs grow, it has a direct impact on national economic growth.
- Financially literate MSMEs who may not be growing should reassess their financial literacy skills and develop in the areas of debt management, bookkeeping and banking services, as opposed to budgeting literacy.
- Financial institutions especially banks and financial technology companies should provide training to MSMEs to build their knowledge on the existing financial products and services, and also how MSMEs can take advantage of existing financial products and services to maximise growth.
- Women contribute about 28% of the MSMEs in the Murg shopping mall, therefore the need for women empowerment initiatives on financial literacy to be provided is imperative. Such an initiative would help grow the women-owned MSMEs in the area.

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