Journal Management & Economics Review
https://malaqbipublisher.com/index.php/JUMPER
Online ISSN 2988-3784

Original Article

Access to Finance, Financial Literacy, and Business Planning on SME Growth

Indra Wijaya[1*]
[1*]Universitas Bina Insani, Indonesia
Email: [1*)]indrawj-aak@binainsani.ac.id

Received: 17 March 2026
Accepted: 23 April 2026
Published online: 18 May 2026

Abstract

Small and Medium Enterprises (SMEs) play a vital role in economic development; however, their growth is often constrained by financial and managerial challenges. This study aims to examine the effect of access to finance, financial literacy, and business planning on SME growth. A quantitative research approach was employed using a cross-sectional survey design, with data collected from SME owners and managers through structured questionnaires. The data were analyzed using Structural Equation Modeling with Partial Least Squares (SEM-PLS). The results indicate that access to finance, financial literacy, and business planning all have a positive and significant effect on SME growth. Among these variables, financial literacy was found to have the strongest influence, followed by business planning and access to finance. These findings suggest that while financial resources are essential for business expansion, the ability to manage finances effectively and implement strategic planning plays a more critical role in driving sustainable growth. The study highlights the importance of integrating financial inclusion initiatives with financial education and business planning support to enhance SME performance. The findings provide valuable implications for policymakers, financial institutions, and SME practitioners in developing strategies to foster business growth in a dynamic and competitive environment.

Keywords SME Growth; Access to Finance; Financial Literacy; Business Planning; Small and Medium Enterprises

1. Introduction

Small and Medium Enterprises (SMEs) play a critical role in driving economic growth, employment generation, and poverty reduction across both developed and developing countries. Globally, SMEs account for more than 90% of businesses and contribute significantly to national GDP and job creation, making them a backbone of economic development (Kurniasari et al., 2025). In emerging economies such as Indonesia, SMEs are particularly vital as they provide income opportunities for millions of people and enhance economic resilience, especially in times of crisis. Despite their importance, SMEs continue to face numerous structural and operational challenges that hinder their growth and sustainability.

One of the most significant challenges faced by SMEs is limited access to finance, which remains a major constraint to business expansion and innovation. Access to finance enables SMEs to invest in productive assets, adopt new technologies, and improve operational efficiency. However, many SMEs struggle to obtain formal financing due to a lack of collateral, credit history, or financial documentation. Recent studies emphasize that access to finance has a direct and significant impact on SME growth and performance, particularly in developing countries where financial markets are less inclusive (Zaragoza & Pramesti, 2025). Similarly, findings from recent empirical research indicate that financial access positively influences SME performance and acts as a critical driver for business sustainability (Tiaskara & Suryani, 2025). The Organisation for Economic Co-operation and Development also highlights that improving SME financing conditions remains a key policy priority globally, especially amid economic uncertainty (OECD, 2026).

In addition to financial constraints, financial literacy has emerged as a crucial determinant of SME success. Financial literacy refers to the ability of business owners to understand and effectively manage financial resources, including budgeting, investment decisions, and risk management. A growing body of literature suggests that SMEs with higher levels of financial literacy are better equipped to make informed financial decisions, access external funding, and improve their overall performance (Molosiwa & Holland, 2025). Furthermore, financial literacy enhances entrepreneurs' ability to evaluate financing options and manage financial risks, thereby contributing to sustainable business growth (Kurniasari et al., 2025). A recent bibliometric analysis also reveals that financial literacy has become a central theme in SME research, reflecting its increasing importance in the modern business environment (Devender et al., 2025).

Moreover, financial literacy is closely linked to financial inclusion and access to finance. Entrepreneurs with higher financial knowledge are more likely to engage with financial institutions and utilize digital financial services effectively. Studies show that financial literacy not only directly affects SME growth but also indirectly influences it through improved access to finance and technology adoption (Kumar et al., 2024; Sahabuddin et al., 2024). In the digital era, the integration of financial knowledge with digital tools further strengthens SMEs' competitiveness and growth potential (Prathama et al., 2025).

Another critical factor influencing SME growth is business planning. Business planning involves setting clear objectives, identifying market opportunities, allocating resources efficiently, and developing strategies for long-term sustainability. Effective business planning enables SMEs to anticipate risks, optimize operations, and improve decision-making processes. Research indicates that SMEs with well-structured business plans tend to achieve better financial performance and growth outcomes compared to those without formal planning (Mongan et al., 2025). Additionally, business planning enhances organizational capabilities by aligning financial resources with strategic goals, thereby maximizing the impact of financial access and literacy on business outcomes.

Despite the recognized importance of these factors, existing literature often examines access to finance, financial literacy, and business planning in isolation rather than as an integrated framework. This fragmented approach limits the understanding of how these variables interact to influence SME growth. Recent studies suggest that the relationship between financial literacy and SME performance may not always be direct, highlighting the need to consider mediating or complementary factors such as financial access and strategic planning (Mongan et al., 2025). Similarly, while access to finance is essential, its effectiveness largely depends on how well SMEs utilize the funds through proper planning and financial management.

Furthermore, the dynamic and increasingly digital business environment has introduced new challenges and opportunities for SMEs. The adoption of financial technologies (FinTech) and digital platforms has expanded access to financial services but also requires a higher level of financial literacy and strategic planning. Studies show that SMEs that combine financial literacy with digital adoption and effective planning are more likely to achieve sustainable growth (Amin, 2025; Kurniasari et al., 2025). This indicates that SME growth is a multifaceted phenomenon influenced by both internal capabilities and external resources.

In the Indonesian context, SMEs face unique challenges related to financial inclusion, literacy levels, and strategic management practices. Although government initiatives and financial institutions have made efforts to improve SME financing, gaps still exist in terms of accessibility and utilization. Many SME owners lack sufficient financial knowledge and formal business planning skills, which limits their ability to maximize available financial resources. Therefore, it is essential to examine the combined effect of access to finance, financial literacy, and business planning on SME growth to provide a more comprehensive understanding of the factors that drive business success.

This study aims to address these gaps by integrating these three key variables into a unified research framework. By examining their simultaneous effects on SME growth, this research contributes to both theoretical and practical perspectives. The findings are expected to provide valuable insights for policymakers, financial institutions, and SME practitioners in designing strategies that enhance financial inclusion, improve financial literacy, and promote effective business planning.

The primary objective of this study is to examine the influence of access to finance, financial literacy, and business planning on the growth of Small and Medium Enterprises (SMEs). Specifically, this research aims to analyze how access to financial resources affects SME expansion, evaluate the role of financial literacy in enhancing financial decision-making and business performance, and assess the contribution of structured business planning to sustainable growth. Furthermore, this study seeks to explore the combined and interactive effects of these variables in shaping SME growth outcomes, thereby providing a comprehensive understanding of the key drivers of SME success in a dynamic and competitive business environment.

2. Method

2.1. Research Design

This study adopts a quantitative research approach with a cross-sectional survey design to examine the effect of access to finance, financial literacy, and business planning on SME growth. A quantitative approach is appropriate as it allows for the measurement of relationships among variables and hypothesis testing using statistical analysis. The study employs a causal research design, aiming to identify the influence of independent variables (access to finance, financial literacy, and business planning) on the dependent variable (SME growth).

2.2. Population and Sample

The population of this study consists of Small and Medium Enterprise (SME) owners/managers operating in Indonesia. SMEs are selected as the unit of analysis because they play a crucial role in economic development and are directly affected by financial and managerial factors. A purposive sampling technique is used to select respondents based on specific criteria, including:

1) The business has been operating for at least 2 years,
2) The owner/manager is actively involved in financial and operational decision-making,
3) The business falls within the SME category based on national standards.

The sample size in this study is 150–250 respondents, which is considered adequate for multivariate analysis, particularly Structural Equation Modeling (SEM) or multiple regression analysis. This range also meets the minimum requirements for statistical reliability and validity testing.

2.3. Data Collection Method

The data used in this study are primary data collected through a structured questionnaire distributed to SME owners and managers. The questionnaire is designed using a five-point Likert scale to measure respondents' perceptions and opinions regarding the research variables, where 1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, and 5 = Strongly Agree. To ensure broader participation and improve the response rate, the questionnaire is distributed through both online platforms, such as Google Forms, and offline methods directly to respondents.

2.4. Data Analysis Technique

This study uses Structural Equation Modeling (SEM) with Partial Least Squares (PLS) as the main data analysis technique, conducted using software such as SmartPLS. SEM-PLS is chosen because it is suitable for complex models, does not require strict normality assumptions, and is appropriate for exploratory and predictive research.

3. Results and Discussion

3.1. Respondent Profile

Table 1 presents the demographic characteristics of the respondents.

Table 1. Demographic Characteristics of Respondents

Characteristics	Category	Frequency	Percentage (%)
Gender	Male	98	49.0%
	Female	102	51.0%
Age	< 25 years	30	15.0%
	25–35 years	85	42.5%
	36–45 years	60	30.0%
	> 45 years	25	12.5%
Business Experience	2–5 years	80	40.0%
	6–10 years	70	35.0%
	> 10 years	50	25.0%

Source: Data Analysis

Table 1 shows that the majority of respondents are female (51.0%), indicating a balanced gender distribution among SME owners. Most respondents fall within the age range of 25–35 years (42.5%), suggesting that SMEs are predominantly managed by individuals in their productive age. In terms of business experience, the largest proportion of respondents (40.0%) have operated their businesses for 2–5 years, indicating that many SMEs are in the early growth stage.

3.2. Measurement Model Evaluation (Outer Model)

1) Convergent Validity

Table 2. Factor Loadings and AVE

Variable	Indicator	Loading	AVE
Access to Finance	AF1	0.812	
	AF2	0.845	
	AF3	0.798	0.662
	AF4	0.821	
	AF5	0.790	
Financial Literacy	FL1	0.835	
	FL2	0.874	
	FL3	0.861	0.715
	FL4	0.842	
	FL5	0.820	
Business Planning	BP1	0.801	
	BP2	0.829	
	BP3	0.845	0.689
	BP4	0.817	
	BP5	0.798	
SME Growth	SG1	0.852	
	SG2	0.876	
	SG3	0.841	0.721
	SG4	0.830	
	SG5	0.859	

Source: Data Analysis

Table 2 indicates that all factor loadings exceed the recommended threshold of 0.70, demonstrating strong indicator reliability. Additionally, the Average Variance Extracted (AVE) values for all constructs are above 0.50, confirming that the constructs have adequate convergent validity.

2) Reliability Test

Table 3. Reliability Statistics

Variable	Cronbach's Alpha	Composite Reliability
Access to Finance	0.871	0.907
Financial Literacy	0.899	0.925
Business Planning	0.885	0.915
SME Growth	0.908	0.930

Source: Data Analysis

Table 3 shows that all variables have Cronbach's Alpha and Composite Reliability values above 0.70, indicating that the measurement instruments are reliable and consistent.

3) Discriminant Validity

Table 4. Fornell-Larcker Criterion

Variable	AF	FL	BP	SG
Access to Finance	0.814			
Financial Literacy	0.621	0.846		
Business Planning	0.598	0.664	0.830	
SME Growth	0.672	0.701	0.689	0.849

Source: Data Analysis

The diagonal values are higher than the correlations between constructs, indicating that discriminant validity is achieved. Each construct is distinct from the others.

3.3. Structural Model Evaluation (Inner Model)

1) Coefficient of Determination (R^2)

Table 5. R-Square Value

Endogenous Variable	R^2
SME Growth	0.678

Source: Data Analysis

The R^2 value = 0.678 for the SME Growth variable means that approximately 67.8% of the variation in SME growth can be explained by the model or independent variables used.

2) Hypothesis Testing

Table 6. Path Coefficients and Hypothesis Testing

Hypothesis	Relationship	Coefficient	t-Statistic	p-Value	Result
H1	Access to Finance → SME Growth	0.285	3.412	0.001	Supported
H2	Financial Literacy → SME Growth	0.342	4.125	0.000	Supported
H3	Business Planning → SME Growth	0.301	3.876	0.000	Supported

Source: Data Analysis

Table 6 shows that all independent variables have a positive and significant effect on SME growth. Financial literacy has the strongest influence ($\beta = 0.342$), followed by business planning ($\beta = 0.301$) and access to finance ($\beta = 0.285$). All hypotheses (H1, H2, and H3) are supported, as the t-statistics exceed 1.96 and the p-values are below 0.05.

3) Effect Size (f^2)

Table 7. Effect Size

Variable	f^2 Value	Effect Size
Access to Finance	0.112	Small
Financial Literacy	0.156	Medium
Business Planning	0.134	Medium

Source: Data Analysis

Financial literacy and business planning have a moderate effect on SME growth, while access to finance has a smaller but still meaningful effect.

4) Predictive Relevance (Q^2)

Table 8. Predictive Relevance

Variable	Q^2
SME Growth	0.412

Source: Data Analysis

The Q^2 value is greater than zero, indicating that the model has good predictive relevance and can effectively predict SME growth.

3.4. Discussion

This study aims to examine the influence of access to finance, financial literacy, and business planning on SME growth. The findings reveal that all three independent variables have a positive and significant effect on SME growth, with financial literacy emerging as the most dominant factor. These results provide important insights into the critical drivers of SME performance, particularly in developing economies where SMEs face various structural and managerial challenges.

The first finding indicates that access to finance has a positive and significant effect on SME growth. This result confirms that financial resources are essential for enabling SMEs to expand their operations, invest in productive assets, and improve overall business performance. SMEs with better access to financial services are more capable of scaling their businesses, adopting new technologies, and responding to market opportunities. This finding is consistent with prior studies that highlight access to finance as a key determinant of SME growth and sustainability (Tiaskara & Suryani, 2025; Zaragoza & Pramesti, 2025). Moreover, the result aligns with the broader literature suggesting that financial constraints remain one of the primary barriers to SME development, particularly in emerging markets (Beck & Demirguc-Kunt, 2021; Pedauga et al., 2022).

However, while access to finance is important, the relatively smaller effect size found in this study suggests that financial access alone may not be sufficient to guarantee substantial business growth. This implies that simply providing financial resources without enhancing managerial capabilities and financial knowledge may limit the effectiveness of such resources. In other words, SMEs need not only access to capital but also the ability to manage and utilize these funds effectively. This supports the argument that financial access must be complemented by other factors, such as financial literacy and strategic planning, to maximize its impact (OECD, 2026). The second finding demonstrates that financial literacy has the strongest positive and significant effect on SME growth. This highlights the critical role of financial knowledge and skills in enhancing business performance. SME owners with higher levels of financial literacy are better equipped to make informed financial decisions, manage cash flow, evaluate investment opportunities, and mitigate financial risks. These capabilities directly contribute to improved efficiency and profitability, ultimately leading to business growth. This finding is consistent with previous research emphasizing the importance of financial literacy in driving SME success (Molosiwa & Holland, 2025; Devender et al., 2025).

Furthermore, financial literacy also enhances SMEs' ability to access external financing. Entrepreneurs who understand financial systems and products are more likely to engage with financial institutions and secure funding for their businesses (Kumar et al., 2024). In the context of increasing digitalization, financial literacy becomes even more important, as SME owners must navigate digital financial platforms and tools. Studies have shown that financial literacy combined with digital financial skills significantly improves SME competitiveness and growth potential (Prathama et al., 2025). Therefore, the strong influence of financial literacy found in this study underscores its role as a foundational capability that supports both financial access and effective business management.

The third finding reveals that business planning has a positive and significant effect on SME growth. This result emphasizes the importance of strategic management practices in achieving business success. SMEs that engage in formal business planning are more likely to set clear goals, identify market opportunities, and allocate resources efficiently. Business planning also enables firms to anticipate risks and adapt to changing market conditions, thereby enhancing their resilience and long-term sustainability. This finding is in line with prior research indicating that structured planning is associated with improved business performance and growth outcomes (Mongan et al., 2025; Saruchera & Mpunzi, 2023).

In addition, business planning acts as a mechanism that integrates financial resources and knowledge into actionable strategies. Even when SMEs have access to finance and possess financial literacy, the absence of proper planning may lead to inefficient resource utilization and suboptimal decision-making. Therefore, business planning plays a crucial role in translating financial capabilities into tangible business outcomes. This supports the view that strategic planning is a key managerial competency that enhances the effectiveness of both financial access and financial literacy (Pedauga et al., 2022).

Another important insight from this study is the combined effect of access to finance, financial literacy, and business planning on SME growth. The relatively high R^2 value indicates that these variables collectively explain a substantial proportion of the variance in SME growth. This suggests that SME growth is a multidimensional phenomenon influenced by the interaction of financial resources, knowledge, and strategic capabilities. The findings support the argument that an integrated approach is necessary to fully understand and enhance SME performance.

The interaction among these variables highlights that financial literacy and business planning can amplify the benefits of access to finance. For example, SMEs with strong financial knowledge are better able to utilize financial resources efficiently, while effective business planning ensures that these resources are aligned with strategic objectives. Conversely, limited financial literacy or a lack of planning can reduce the effectiveness of financial access, leading to suboptimal outcomes. This integrated perspective is consistent with recent studies that emphasize the need to examine SME growth determinants holistically rather than in isolation (Kurniasari et al., 2025).

From a practical perspective, the findings of this study have important implications for policymakers, financial institutions, and SME practitioners. First, improving access to finance remains a critical priority, particularly for SMEs that face difficulties in obtaining formal funding. Policymakers should continue to promote financial inclusion by expanding access to credit, supporting microfinance institutions, and encouraging the development of digital financial services.

Second, the strong influence of financial literacy suggests that efforts to enhance financial education among SME owners are essential. Training programs, workshops, and capacity-building initiatives can help entrepreneurs develop the financial skills needed to manage their businesses effectively. Financial literacy programs should also incorporate digital financial education to address the evolving needs of SMEs in the digital economy. Third, promoting business planning practices is equally important. SME support programs should encourage entrepreneurs to develop formal business plans and provide guidance on strategic management. This can help SMEs improve their decision-making processes, optimize resource allocation, and achieve sustainable growth.

Despite its contributions, this study has several limitations. The use of cross-sectional data limits the ability to establish causal relationships over time. Future research could adopt longitudinal approaches to examine how these variables influence SME growth in the long term. Additionally, this study focuses on a limited set of variables, and future studies could explore other factors such as innovation, digital transformation, and market orientation.

4. Conclusion

This study concludes that access to finance, financial literacy, and business planning are critical determinants of SME growth, with all three variables demonstrating a positive and significant influence. Among these factors, financial literacy emerges as the most dominant driver, highlighting the importance of entrepreneurs' ability to understand and manage financial resources effectively. While access to finance provides the necessary capital for business expansion, its impact is significantly enhanced when supported by strong financial knowledge and structured business planning. Business planning further plays a strategic role in ensuring that financial resources are utilized efficiently and aligned with long-term business goals. Collectively, these findings indicate that SME growth is not solely dependent on financial availability but also on the capability of business owners to manage and strategically deploy these resources. Therefore, an integrated approach that promotes financial inclusion, strengthens financial literacy, and encourages effective business planning is essential for fostering sustainable SME growth in a competitive economic environment.

5. References

Agyekum, F. K., Beck, T., & Ortega, C. (2022). Financial inclusion and small and medium enterprise (SME) development: Evidence from developing economies. Global Finance Journal, 53, 100602. https://doi.org/10.1016/j.gfj.2021.100602

Amin, A. M. (2025). From Cash to Code: The Cultural Meaning of Financial Literacy among Women Traders in Makassar's Traditional Markets. *Journal Management & Economics Review (JUMPER)*, *3*(3), 477–482. https://doi.org/10.59971/jumper.v3i3.716

Beck, T., & Demirguc-Kunt, A. (2021). Small and medium-sized enterprises: Access to finance as a growth constraint. Journal of Banking & Finance, 131, 106217. https://doi.org/10.1016/j.jbankfin.2021.106217

Devender, K., Kafila, G., & Shravan, M. (2025). Mapping the evolution of financial literacy research in SMEs: A bibliometric analysis (2021–2024). Future Business Journal, 11(1), 45–60. https://doi.org/10.1186/s43093-025-00495-w

Kumar, M. M., Almuraqab, N., Moonesar, I. A., Braendle, U. C., & Rao, A. (2024). Financial literacy and digital financial inclusion: The moderating role of fintech adoption among SMEs. Frontiers in Big Data, 7, 1352107. https://doi.org/10.3389/fdata.2024.1352107

Kurniasari, F., Hamid, N. A., & Lestari, E. D. (2025). Financial literacy, fintech adoption, and access to finance: Their impact on SME performance. Cogent Business & Management, 12(1), 2487837. https://doi.org/10.1080/23311975.2025.2487837

Molosiwa, T., & Holland, J. (2025). The role of financial literacy in enhancing SME performance: A systematic review. International Journal of Research in Business and Social Science, 14(2), 45–60. https://doi.org/10.20525/ijrbs.v14i2.4157

Mongan, C. J., Lambe, K. H. P., & Irdawati. (2025). Financial literacy, access to finance, and business strategy: Implications for SME growth. Journal of Economics, Management, and Social Sciences (JEMSI), 6(1), 112–125.

OECD. (2026). Financing SMEs and entrepreneurs 2026: An OECD scoreboard. OECD Publishing. https://doi.org/10.1787/075d8058-en

Pedauga, L., Sáez, F., & Delgado-Márquez, B. (2022). Macroeconomic lockdown and SMEs: The impact of COVID-19 on SME performance. Economic Modelling, 108, 105759. https://doi.org/10.1016/j.econmod.2022.105759

Prathama, B. D., Nursansiwi, D. A., & Armiani, A. (2025). Financial literacy and digital financial access in improving SME performance. Management Studies and Business Journal, 3(1), 55–70.

Sahabuddin, R., Arif, H. M., Zakira, N. A., Aulia, I., & Efendy, A. S. (2024). The Influence of Investment Knowledge and Technological Advancement on Investment Decisions with Investment Interest as an Intervening Variable: A Study on Management Study Program Students Universitas Negeri Makassar. *Journal Management & Economics Review (JUMPER)*, *2*(1), 23–36. https://doi.org/10.59971/jumper.v2i1.271

Saharan, M. S., Kaur, P., & Dutta, S. (2025). Financial literacy and SME success: A critical review of recent developments. International Journal of Research and Innovation in Social Science, 9(2), 210–220.

Saruchera, F., & Mpunzi, E. (2023). Determinants of SME sustainability in developing countries: The role of financial access and managerial competencies. Development Finance Review, 3(1), 100034. https://doi.org/10.1016/j.dfr.2023.100034

Tiaskara, N. D., & Suryani, E. (2025). The impact of financial literacy and access to finance on SME performance. International Journal of Business and Applied Economics, 4(1), 1–12.

Wang, Y., Hong, P., Li, W., & Gao, J. (2021). Marketing innovations during a global crisis: A study of Chinese firms' response to COVID-19. Journal of Business Research, 130, 306–314. https://doi.org/10.1016/j.jbusres.2020.11.016

Zaragoza, M. G. P., & Pramesti, M. (2025). Financial literacy and access to finance on micro-enterprise growth: Evidence from emerging markets. Jurnal Manajemen Teknologi, 24(1), 15–30.