



Financial Literacy and Financial Well-being for the Owners of Small and Micro-Enterprises in Damietta Governorate

Research extracted from a master's thesis

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Financial Literacy and Financial Well-being for the Owners of Small and Micro-Enterprises in Damietta Governorate

Ahmed Eid; Dr. Mohamed Al-Hendawy and Dr. Maha Misbah

Abstract:

Purpose: The main purpose of this study is to explore the financial well-being of the owners of small and micro-enterprises (MSEs). Also, it aims to measure the relationship between the dimensions of financial literacy and their financial well-being.

Methodology: The population of the study is represented by the owners of small and micro-enterprises in the Damietta governorate. A questionnaire was used to collect data from 384 micro and small enterprises. The data was analyzed, and the model was tested using structural equation modeling (SEM).

Findings: Results of the study identified a significant relationship between the dimensions of financial literacy and financial well-being, and those with a high level of financial literacy enjoy better financial well-being.

Recommendations and Further Direction: Based on the results identified, the study presents recommendations that could help improve the financial well-being of the owners of small and micro-enterprises. Also, it offers some directions for future research.

Keywords: Financial Literacy, Financial Well-being, Micro and Small Enterprises.

Introduction:

Individual well-being is a significant goal of developmental strategies. Especially with the instability of the global economy and the increasing financial constraints, people face nowadays (Philippas & Avdoulas, 2020); financial well-being gripped the attention of policymakers, academics, and employers as finance is the ultimate measure of the individual's well-being (Abrantes-Braga & Veludo-de-Oliveira, 2019).

Financial well-being is "the perception of being able to sustain current and anticipated desired living standards and financial freedom" (Brüggen et al., 2017). The absence of financial well-being leads to unstable life and transforms any small financial problem into an ongoing financial difficulty and psychological problems (Zia-ur-Rehman et al., 2021). These problems affect individuals and cause physical and mental harm; on the other hand, those who enjoy high financial well-being are more productive and better dealers with their credit risks (Netemeyer et al., 2018).

Individuals' financial well-being depends on their ability to make the right financial decisions; so financial literacy, which is "a measure of the individual understanding of major financial concepts and how it influences the management of their personal finances" (Huston, 2010), is considered an important antecedent for financial well-being. Financially literate are more capable of making enlightened financial decisions (Philippas & Avdoulas, 2020). Moreover, financial literacy empowers people to craft their finances to achieve their financial objectives (Goyal & Kumar, 2021).

The importance of this study manifests in the significance of financial well-being, whether on the individual level or the community as a whole. On the individual level, it positively influences people's health, happiness, quality of life, and overall well-being. Moreover, it has an effect on the community as a whole, as when a community enjoys a high level of financial well-being, people tend to increase their consumption and diminish their dependence on public aid (Castro-González et al., 2020).

The Micro, small, and medium enterprises (MSMEs) sector is considered one of the most critical sectors in Egypt. According to the ministry of industry¹, there are 2.5 million enterprises in Egypt that range between micro, small, and medium, whether included in the formal system or not. The informal sector represents 20% of these enterprises. This vital sector offers employment opportunities for 75% of the Egyptian workforce, and 17% of these enterprises contribute to our national exports. The Egyptian government gives special care to this sector as it is one of the fast-growing fields of the Egyptian economy and boosts the nation's ability to achieve sustainable development goals. Despite the significance of MSMEs for the Egyptian economy, they face financial challenges.

According to Zaazou and Salman Abdou (2022), the main challenge facing these enterprises is the financial aspects due to the absence of the lenders' confidence in these MSMEs and the unattainability of reliable collateral. However, as the CBE has launched many initiatives to support these enterprises in overcoming these barriers and improving the financial system's infrastructure, this study aims to shed the light on the owners of these enterprises, as they are the other side of this equation. It measures how their financial literacy affects their financial well-being.

Literature review and study hypotheses:

Financial literacy is not an emerging term. However, its importance has increased dramatically, especially after the world financial crisis in 2008. In addition to this crisis, the continuous development of the financial system and the emersion of new complex financial products makes it inevitable for everyday life (Lusardi et al., 2017).

¹ The strategy of the Ministry of Trade and Industry to promote industrial development and foreign trade 2016/2020.

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In social science, to operationalize or measure an abstract term, we have to define it first. However, the large body of financial literacy literature review has failed to reach a generally accepted definition of this concept (Huston, 2010). Then, we will go first through the definition of literacy in general.

Traditionally, the term literacy refers to one's ability to read and write. In the vastest view, it means the capability of understanding and using certain skills. Also, it is linked to a set of skills such as statistical, financial, and computer literacy, to name a few.

Moving to financial literacy. It is not a new concept; it has emerged since the beginning of the twenty-first century in the study conducted by Jelly (1958). Although the study did not mention the term "financial literacy", it asserted the importance of the competence people should have in managing their money.

Financial literacy is "a measure in which the individual has an understanding of major financial concepts and applies them in the management of their personal finances" (Huston, 2010; Remund, 2010).

Also, Chu et al. said, "It is the degree to which individuals have the end understanding of basic financial information and services needed to make appropriate financial decisions" (2017). Moreover, Servon and Kaestner (2008) defined financial literacy as "a person's ability to understand and make use of financial concepts."

Further, it plays a vital role in guiding positive financial behaviors. Those with a low level of financial literacy are more likely to be involved in irresponsible management behavior and poor investment decisions (Aren & Dinç Aydemir, 2014). Individuals who had not mastered financial literacy could face difficulties in arduous economic times and would not have enough money to spend (Lusardi & Mitchell, 2014). The subprime mortgage crisis in 2008 represents excellent proof.

Also, as people's FL increases, they become highly perceptive to saving and investment decisions (Lusardi & Mitchell, 2007) and more proficient in their financial choices (Lusardi & Tufano, 2015). Furthermore, as ordinary face-to-face financial services are replaced with electronic transactions, individuals must have the knowledge needed for these services. Even those who depend on financial intermediaries (financial advisors) have to be financially literate to understand and evaluate what is being delivered to them (Aren & Dinç Aydemir, 2014).

On the other hand, as the world economic recovery from the current turmoil is a priority, citizens' healthy spending and saving habits have occupied significant importance for regulators, policymakers, and companies (Brüggen et al., 2017) as people's finance is the ultimate measure of their well-being, which is their satisfaction from overall aspects of life (Abrantes-Braga & Veludo-de-Oliveira, 2019; CFPB, 2015; Netemeyer et al., 2018).

The concepts of financial well-being varied throughout the literature. For instance, Mokhtar et al. (2015) conceptualized it as an abstract concept used to clarify an individual financial situation. Also, it was defined as a role of personal characteristics, objective qualities, perceived traits, and assessed attributes of the financial territory (Porter and Garman, 1993).

Individual's financial well-being is defined by the Consumer Financial Protection Bureau (CFPB) (2017) as "a state of being wherein a person can fully meet current and ongoing financial obligations, can feel secure in their financial future, and can make choices that allow them to enjoy life". Financial well-being can be classified into objective or subjective financial well-being.

Objective well-being is related to the individual's material resources (Oswald & Wu, 2010; Prawitz et al., 2006). It is an impartial reflection of the people's financial situation (Rutherford & Fox, 2010). On the other hand, subjective well-being explicit the satisfaction state of the current financial

situation and the perceived comprehension of the debt and saving to generate dynamic information related to the individual's financial condition (Mahendru, 2021; Sorgente & Lanz, 2019). Muleke and Muriithi (2013) showed this by conceptualizing financial well-being as a state of mind that measures a person's satisfaction with his financial matters.

Moreover, Joo (2008) defined financial well-being as a state of being financially healthy, happy, and free from worry. Apparently, the majority of the financial well-being literature focused on the subjective part more than the objective one because of the limited scope of objective well-being in explaining people's reactions and perceptions toward their financial condition (Barnard et al., 2010; Mahendru, 2021) however; some researchers defined FWB based on both the objective and subjective parts. For instance, a state of being whereby a person can fully meet his current commitments, feel secure in the financial future, and make the choice that makes him enjoy life (Mahendru, 2021).

Based on what was mentioned above, this study concentrates on the subjective part of the financial well-being as it is more suitable for the study and goes with the definition of Consumer Financial Protection Bureau (CFPB) (2017) as "a state of being wherein a person can fully meet current and ongoing financial obligations, can feel secure in their financial future, and can make choices that allow them to enjoy life". Many reports and surveys addressed its importance.

The financial well-being of the people is considered a crucial determinant of their overall well-being and an indicator of their financial wellness; hence, it influences the well-being of the community as a whole. Accordingly, financial well-being's role resides in its various outcomes at both the individual level and the level of society as a whole (Ali et al., 2015; Brügggen et al., 2017). On the individual level, it affects people's quality of life,

happiness, and overall well-being (Hubler et al., 2016). Also, it reflects individuals' ability to experience financial freedom and to make decisions that guarantee to enjoy life (CFPB, 2015). On the community level, those with a high level of financial well-being are more likely to cut off dependence on public subsidies and increase their consumption, and thus their general welfare will increase (Sacks et al., 2012). Moreover, achieving financial well-being on the community level contributes to the efficiency and prosperity of the national economy (Ali et al., 2015). Financial literacy is essential in supporting individuals' financial positions and well-being.

Financially literate individuals are more likely to understand financial products considered complex by the financially illiterate (Wang et al., 2011). Further, financially literate people are more likely to diversify their investment risk and prepare for their retirement (Guiso and Jappelli, 2005; Lusardi & Mitchell, 2007), which will, in turn, enhance their financial well-being. Plenty of studies agreed with this.

In a study conducted in Australia; to test the direct and indirect through consumption patterns and financial behavior the influence of financial literacy on financial well-being. Xue et al. (2019) asserted that financial literacy plays a major role in people's satisfaction with their current financial situation. In addition, it alters and improves financial behavior and increases the positive influence of satisfying more non-essential needs on financial well-being.

The study of Mahendru (2021) goes in line with these results. This study aimed to present a new conceptualization of financial well-being and overcome the challenge of financial well-being measurement. It realized that financial literacy and financial capability are strongly linked to financial well-being and that the programs of developing financial literacy and financial capability will ultimately develop financial well-being.

Finally, as people's finance is the ultimate measure of their well-being (Netemeyer et al., 2018) and as micro and small enterprises (MSEs) are a crucial sector of the Egyptian economy, this study aims to measure the level of financial well-being for the owners of MSEs. Moreover, as there is no agreement about the role of financial literacy in shaping financial well-being, this study aims to fill this gap and focuses on identifying the role of financial literacy in shaping financial well-being and its influence on MSEs owners' perception of current money management stress and their future financial security expectations.

Based on the above, the study presents the following hypothesis:

H1: Financial literacy positively influences Financial Well-being.

H1.1: Basic Financial Literacy significantly influences the Current Money Management Stress.

H1.2 Basic Financial Literacy significantly influences Future Financial Security.

H1.3: Advanced Financial Literacy significantly influences the Current Money Management Stress.

H1.4: Advanced Financial Literacy significantly influences Future Financial Security.

3.2 population and sampling:

This study was applied to the owners of micro and small enterprises (of all fields, for instance: furniture, food industries, engineering and mechanical industries, chemical industries, marble, clothes, and mattresses and sponges) operating in Damietta governorate. The number of micro and small enterprises in Damietta is 86879² , according to the Central Agency for Public Mobilization and Statistics study.

² Studying the reality of small and medium enterprises in Egypt during the period (2009-2015)

Owners of MSE represent the population of the study. Also, due to the high diversity among population units, the study follows a purposive sampling technique as the data needed for answering the questions of this study is not available with all of the population units. The sample of the study has focused mainly on those who have a commercial registration and a tax card as they are more likely to deal or have already dealt with a bank or the social fund for development.

Besides, as the population exceeds 1000000, so at a confidence level of 95% and a standard deviation of 5%, the sample size should equal 384 (Saunders et al., 2016). For collecting the data, the researcher distributed 550 questionnaires, from which he received 395 yielding a response rate of 71.82%. 11 incomplete questionnaires were eliminated. The following table (1) presents the demographic characteristics of respondents.

Data collection tools

This study depended on a well-structured questionnaire for measuring the influence of financial literacy dimensions on the dimensions of financial well-being.

3.3.1 Financial Literacy scale:

For measuring the dimensions of financial literacy, the study depended on the scale presented by van Rooij et al. (2012), which consists of two dimensions of financial literacy that are (a) Basic financial literacy and (b) Advanced financial literacy, and edited it to comply with the objective of the study. Answers to this scale follow a five-point Likert scale ranging from (1) strongly disagree to (5) strongly agree.

3.3.2 Financial Well-being scale:

The level of financial well-being was determined using the scale adopted by Netemeyer et al. (2018). It splits financial well-being into two dimensions which are (a) Current money management stress and (b) Expected future financial security. For answering current money management stress, respondents were given a five-point Likert scale that starts with (1) never and ends with (5) always. on the other hand, answers to the expected future financial security scale follow a five-point Likert scale from (1) strongly disagree to (5) strongly agree.

Reliability and Validity of measurement scales.

The first stage is to measure the instrument's quality in terms of the items' factor loading, internal consistency, and discriminant validity. Factor loading for the items greater than 0.6 is generally acceptable (Hair, J. F., Hult, G. T. M., Ringle, C. M., & Sarstedt, 2017). Items less than 0.6 were removed. Cronbach alpha uses the intercorrelation of the observed indicator variables to estimate reliability (Hair, J. F., Hult, G. T. M., Ringle, C. M., & Sarstedt, 2017). Items with Cronbach alpha of 0.6 or more are accepted (Ursachi et al., 2015).

The results presented in table (2) verify that Cronbach alpha's value for basic financial literacy is 0.796 and 0.674 for advanced financial literacy, indicating that the financial literacy scale has an acceptable level of internal consistency.

Cronbach alpha of the current money management stress is 0.839 and for future financial security is 0.882. This means that the financial well-being scale shows a high internal consistency.

Composite reliability for the dimensions of financial literacy, table 2 shows that composite reliability for basic financial literacy is 0.880 and for advanced financial literacy 0.819, which clarifies the high level of composite reliability of financial literacy's dimensions.

According to the results stated in table (2), the composite reliability of current money management stress is 0.886 and for future financial security 0.928. The composite reliability of the dimensions of financial well-being is high.

**Table (1):
Demographic characteristics of respondents**

	Statement	Frequency	Percent
Gender	Male	319	83.1%
	Female	65	16.9%
Marital Status	Single	92	24%
	Married	292	76%
Age	Less than 30	81	21.1%
	From 30 – 40	125	32.6%
	From 40 – 50	121	31.5%
	More than 50	57	14.8%
Education Level	Without a degree	26	6.8%
	Average degree	82	21.4%
	High degree	276	71.9%
Project activity	Industrial	184	47.9%
	Commercial	156	40.6%
	Service	44	11.5%
Age of the enterprise	Less than 2 years	39	10.2%
	2 years or more	345	89.8%
The annual turnover of the project	Less than 1 million	238	69.19%
	1 to 50 million	104	30.23%
The invested capital	Less than 50 thousand	29	69.05%
	From 50 thousand to 3 million	13	30.95%

Table (2)
Internal Consistency and Composite Reliability tests

Code of the sentence	Statements	Outer loading
Financial Literacy		
	Basic Financial Literacy Cronbach alpha = 0.796 CR = 0.880 AVE=0.710	
FLB1	I calculate my deposit with the bank according to the interest rate on it.	0.886
FLB2	I seek to increase my money according to a compound interest rate.	
FLB6	Optimal use of my money prompts me to invest it faster.	0.843
	Advanced Financial Literacy Cronbach alpha = 0.674 CR = 0.819 AVE=0.603	0.799
FLA1	The support provided to enterprises varies depending on the type of activity.	0.710
FLA2	I can calculate the total rate of interest offered by banks	
FLA3	I follow the initiatives provided by banks to support small enterprises.	0.806
		0.809
Financial Well-being		
	Current Money Management Stress Cronbach alpha = 0.839 CR = 0.886 AVE=0.608	
FWC1	My financial situation prevents me from utilizing available market opportunities.	0.791

Continue...

Table (2) continue ...
Internal Consistency and Composite Reliability tests

Code of the sentence	Statements	Outer loading
FWC3	I feel completely unable to manage my finances.	0.767
FWC2	My financial situation controls my business.	0.785
FWC4	My financial stress prevents me from enjoying life.	0.773
FWC5	My expenses exceed my income level.	0.781
	Expected Future Financial Security	
	Cronbach alpha = 0.882 CR = 0.928	
	AVE=0.811	0.834
FWF2	I can secure my financial future.	0.937
FWF4	I can save enough money to secure the rest of my life.	
FWF5	I will be financially secure even after the activity has stopped.	0.926

A common tool for measuring convergent validity is the average variance extracted (AVE) which is the grand mean value of the squared loading of the indicators. This value should not be less than 0.50 (Hair, J. F., Hult, G. T. M., Ringle, C. M., & Sarstedt, 2017).

For the dimensions of financial literacy, according to the table (2), the financial literacy scale has a high level of convergent validity as AVE for basic financial literacy equals 0.710 and for advanced financial literacy equals 0.603.

As AVE for current money management stress is 0.608 and for future financial security is 0.811. This indicates that the scale used for measuring financial well-being has a high level of convergent validity.

The third indicator of discriminant validity is the Heterotrait-Monotrait ratio HTMT. According to Hair et al. (2017), values above 0.90 indicate a lack of discriminant validity.

From the above results, it can be concluded that the study's questionnaire is valid and reliable and can be applied to the study sample.

The study follows three indicators for measuring discriminant validity: Cross-loading, Fornell-Lacker Criterion, and Heterotrait-Monotrait Ratio.

The highest values of Cross-loading should lie in the front of each location (Hair et al., 2017). As shown in table (3), there is no overlap between the expressions of the variables used in the study. Fornell-Lacker Criterion is based on the idea that a variable shares more variance with its associated indicators. To be accepted, the value of the square root of the AVE values should be greater than the highest correlation with any other variable (Hair et al., 2017). According to Table (4), the square root of each construct's AVE is greater than the correlation with other variables.

First: Descriptive Statistics of the Study Variables:

Table (6) provides a summary of the descriptive statistics of the study variables as it describes the mean and standard deviation for the variables. It showed the significance of all correlation coefficients at a level of significance of 1%. Moreover, it shows Correlation Matrix Between the study variables which was done using Pearson's correlation coefficient.

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Table (3)
Cross loading Matrix

Code of the sentence	Basic Financial Literacy	Advanced Financial Literacy	Current Money Management Stress	Future Financial Security
FLB1	0.883	0.547	0.528	0.428
FLB2	0.843	0.539	0.434	0.364
FLB6	0.799	0.493	0.402	0.359
FLA1	0.453	0.71	0.339	0.302
FLA2	0.533	0.806	0.404	0.335
FLA3	0.475	0.809	0.471	0.447
FWC1	0.384	0.423	0.791	0.582
FWC2	0.413	0.451	0.785	0.538
FWC3	0.519	0.41	0.767	0.479
FWC4	0.4	0.393	0.773	0.561
FWC5	0.389	0.379	0.781	0.549
FWF2	0.354	0.396	0.614	0.834
FWF4	0.439	0.457	0.629	0.937
FWF5	0.438	0.427	0.63	0.926

Table (4)
Fornell-Larcker criterion

	Advanced Financial Literacy	Basic Financial Literacy	Current Money Management Stress	Future Financial Security
Advanced Financial Literacy	0.776			
Basic Financial Literacy	0.625	0.843		
Current Money Management Stress	0.529	0.545	0.779	
Future Financial Security	0.475	0.458	0.692	0.9

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Table (5)
Heterotrait-Monotrait ratio (HTMT)

	Advanced Financial Literacy	Basic Financial Literacy	Current Money Management Stress	Future Financial Security
Advanced Financial Literacy				
Basic Financial Literacy	0.854			
Current Money Management Stress	0.689	0.655		
Future Financial Security	0.601	0.541	0.81	

Table 6
Correlation Matrix Between the study variables

Variables	Mean	Std	BF	AFL	CM	FFS
Basic Financial Literacy (BFL)	4.20	0.783	1			
Advanced Financial Literacy (AFL)	3.97	0.8699	.626**	1		
Current Money Management Stress (CMMS)	3.92	0.7725	.531**	.527*	1	
Future Financial Security (FFS)	3.71	0.9190	.454**	.471*	.696*	1

** Correlation is significant at the 0.01 level.

Second: Testing Hypotheses of the study

The findings of the study variables identified a relationship between the dimensions of financial literacy and that of financial well-being. Basic financial literacy explains significantly the change in both current money management stress and future financial security ($R^2 = 0.299$, $R^2 = 0.208$ respectively) and ($F^2 = 0.117$, $R^2 = 0.058$ respectively). As anticipated, H1.1 and H1.2 were supported (Std. Beta = 0.352, Std. Error = 0.071, and $P = 0.000$; Std. Beta = 0.265, Std. Error = 0.064, and $P = 0.000$). Moreover, similar results were identified between advanced financial literacy and current money management stress and future financial security ($R^2 = 0.279$, $R^2 = 0.220$ respectively) and ($F^2 = 0.09$, $F^2 = 0.08$ respectively) and as Std. Beta = 0.309, Std. Error = 0.064, and $P = 0.000$; Std. Beta = 0.309, Std. Error = 0.067, and $P = 0.000$ respectively. Then H1.3, and H1.4 were supported. Then although the relationships between the dimensions were not strong, the main hypothesis, which is Dimensions of Financial Literacy significantly influence Financial Well-being's dimensions, is accepted.

Table 7

The results of testing the influence of Financial Literacy's dimensions on the dimensions of Financial Well-being

	Std. Beta	Std. Error	T Statistics	P Values	F ²	
AFL -> CMMS	0.309	0.064	4.843	0.000	0.09	Supported
AFL -> FFS	0.309	0.067	4.618	0.000	0.08	Supported
BFL -> CMMS	0.352	0.071	4.918	0.000	0.117	Supported
BFL -> FFS	0.265	0.064	4.164	0.000	0.058	Supported

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Respondents age (Std. Beta =0.003, T = 0.057, and P =0.477, and Std. Beta = -0.018, T = 0.306, and P = 0.380), gender (Std. Beta = 0.009, T = 0.282, and P =0.389, and Std. Beta = 0.004, T = 0.096, and P = 0.462), and marital status (Std. Beta = -0.006, T = 0.111, and P =0.456, and Std. Beta = 0.013, T = 0.228, and P = 0.410) do not have a significant effect over their money management stress and future financial security respectively. Regarding their education (Std. Beta = 0.132, T =2.526, and P =0.006, and Std. Beta = 0.102, T = 1.637, and P = 0.051), the results clarified that their education significantly influences their current money management stress and insignificantly influences their future financial security.

For the variables related to the enterprise characteristics, enterprise age does not have a significant influence on current money management stress and future financial security (Std. Beta = 0.052, T = 1.28, and P =0.101, and Std. Beta = 0.008, T = 0.157, and P = 0.438). Enterprise type has a significant influence on current money management stress (Std. Beta = 0.085, T = 1.919, and P =0.028) but it has no influence on future financial security (Std. Beta = 0.036, T = 0.74, and P =0.23). Finally, enterprise size has a significant influence on both current money management stress and future financial security (Std. Beta = 0.134, T = 3.537, and P =0.000, and Std. Beta = 0.133, T = 3.275, and P = 0.001).

Third: Predictive Relevance Q²

Q² value is an indicator of the predictive relevance or the out-of-sample predictive power (Hair et al., 2013).

Table 8
Results of Q²

Variables	Q ²
Current money management stress	0.209
Future Financial Security	0.213

Discussion

Results of the study show that financial literacy dimensions significantly influence financial well-being dimensions. The basic level of financial literacy has a significant negative influence on current money management stress and a significant positive influence on future financial security. Moreover, advanced financial literacy has a significant negative influence on current money management stress and positive influence on future financial security.

These results indicate that MSEs' owners with a basic financial literacy are less likely to perceive financial distress when managing their money and more likely to be satisfied with their current financial situation. Moreover, those who have an advanced level of financial literacy are less likely to perceive financial distress and more likely to be financially secure in the future.

The result of H1.1 can be justified that those with a high level of basic financial literacy and more capable of calculating interest rates and inflation rate are more willing to make an informed decision, are more capable for managing their financial affairs and less likely to feel financially stressed when getting involved in managing their money. Regarding H1.2, individuals with a high level of basic financial literacy will have a well-established financial plan for managing their financial matters. This, in turn, makes them more confident regarding their financial future and more confident of their ability to deal with unexpected financial obstacles; hence they are more likely to experience future financial security.

On the other hand, H1.3 identified that advanced financial literacy significantly influences current money management stress. A possible justification for that is; owners of MSEs with an advanced level of financial literacy, follow the initiatives of the Central Bank to support enterprises and

the conditions to be included in such services, are more capable for benefiting from these services and, in turn, they will rely on such services which are of a low cost in comparison with the informal alternatives. These initiatives and facilities lessen the stress of managing money for the owners of such projects. Finally, H1.4 clarified that advanced financial literacy significantly influences future financial security. The researcher thinks that as the level of advanced financial literacy for owners of MSEs increases, their ability to evaluate financial services and financial situations increases. Hence, this helps them think better and generates solutions and alternatives for their financial troubles so their anxiety concerning their future financial decreases and their perception of their future financial security increases.

This result aligns with that of Xue et al. (2019). They clarified that financial literacy improves financial well-being either directly or through smoothing and modifying consumption patterns; hence, people are more satisfied with their current financial status. Moreover, Mahendru (2021), Hales (2021), and Philippas and Avdoulas (2020) concluded similar results.

The study asserted that only the level of education for micro and small enterprises' owner influences their everyday money management stress while that their age, gender, and marital status do not influence their financial well-being. The influence of their education can be justified as being educated means that those respondents have the part science of management, as finance is the art and science of money management, so they are more capable of dealing with the financial distress and the stress resulting from the money management.

Furthermore, from the characteristics related to the enterprise, only the enterprise size affects both current money management stress and future financial security. This can be justified as with the increase of the enterprise size, its resources increase, and in turn, their owners are less likely to feel

harassed when managing their money and are more likely to feel more security regarding their future. Moreover, their enterprise age does not influence the enterprise owners' financial well-being. The researcher thinks this result may be a result of the significant fluctuations in the Egyptian economy and the relative shortage of resources which made the aged enterprises suffer like the new ones. For the enterprise type, the results clarified that the type of the enterprise has a weak significant influence on the owners' current money management stress; however, its influence on their future financial security is insignificant. The reason for this could be that regardless of the type of enterprise, respondents think any financial obstacle will make them insecure. However, regarding current money management stress, those working in the service field do not experience money management stress relative to those working in commercial and industrial fields.

Second: Recommendations

Due to the financial development strategy, the government follows nowadays, and the changing in its role, the state has abandoned the role of the appointee and adopted the role of the mentor for people in general and the owners of MSEs in particular as MSEs represent an important driver for the Egyptian economy. Based on that and according to the results of the study, the researcher presents the following recommendations.

First of all, adopting a strategy that helps improve the level of financial literacy for the owners of MSEs either through conducting awareness campaigns, adding a mandatory course of financial literacy, or conducting advertising campaigns to improve the owners of MSEs' level of financial literacy.

Establish special programs for the owners of micro-enterprises as they are easily influenced by the economic conditions and more likely to experience financial distress and insecurity. Moreover, providing the

necessary aid and support to owners of small and micro-enterprises, especially in the wake of the Coronavirus crisis, ravaged the economic situation and harmed many owners of small and micro-enterprises. Also, the state should intervene by opening foreign markets for the small and micro-enterprise sectors and help in marketing these products.

Finally, expanding programs to support industrial and commercial project owners, as they are most vulnerable to financial pressures.

Limitations and Future Directions:

This study is a cross-sectional study that has followed a purposive sampling technique as not all the owners of small and micro enterprises have been chosen. So, the results concluded by this study should be treated carefully, especially in generalizing the results. Hence, the researcher suggests that this study should be reconducted on different samples to confirm the results identified by the study.

The researcher directs future studies to conduct a longitudinal study to have more precise results of this model. Moreover, the researcher suggests applying this study to other samples to prove the results identified by this study to help in generalizing the results.

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Appendix 1:

The scales used for measuring financial literacy and financial well-being are as follows:

Financial Literacy Scale Dimensions: Basic Financial Literacy and Advanced Financial Literacy. They Follow a Five-point scale of items ("Strongly agree" to "Strongly disagree").

Financial Literacy Dimensions
Basic Financial Literacy
I calculate my deposit with the bank according to the interest rate.
I seek to increase my money according to a compound interest rate.
I take into account the annual inflation rate of my purchases of goods.
I find that the money invested in the certificate of deposit is more liquid than the money invested in the checking account.
I think that the value of today's pound may not be the same in the future.
Optimal use of my money prompts me to invest it faster.
Advanced Financial Literacy
The support provided to projects varies depending on the type of activity.
I can calculate the total rate of interest offered by banks
I follow the initiatives provided by banks to support small projects.
More than one partner may borrow on the same project.

Financial Well-being Scale Dimensions: Current Money Management Stress and Future Financial Security. They Follow a Five-point scale items ("Strongly agree" to "Strongly disagree").

Current money management stress: Five-point scale items ("Strongly Agree" to "Strongly Disagree")

Financial Literacy Dimensions
Current money management stress
My financial situation prevents me from seizing available market opportunities.
My financial situation controls my business.
I feel completely unable to manage my finances.
My financial stress prevents me from enjoying life.
My expenses exceed my income level.

Future financial security: Five-point scale items ("Always" to "Never")

Financial Literacy Dimensions
Future financial security
I feel more financially secure with the increased experience in my business.
I can secure my financial future.
I strived to achieve my planned financial goals.
I can save enough money to secure the rest of my life.
I will be financially secure even after the activity has stopped.

المعرفة المالية والرفاهية المالية لأصحاب المشروعات الصغيرة والمتناهية الصغر بمحافظة دمياط

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الملخص

الغرض: يتمثل الغرض الرئيسي من هذه الدراسة في دراسة الرفاهية المالية لأصحاب المشروعات الصغيرة والمتناهية الصغر، كما تهدف إلى قياس العلاقة بين أبعاد المعرفة والرفاهة المالية.

المنهجية: يتمثل مجتمع الدراسة في أصحاب المشروعات الصغيرة ومتناهية الصغر بمحافظة دمياط. كما تم استخدام استبيان لجمع البيانات من أصحاب ٣٨٤ مؤسسة متناهية الصغر وصغيرة الحجم. كذلك وقد تم تحليل البيانات، واختبار نموذج الدراسة باستخدام نمذجة المعادلة الهيكلية (SEM).

النتائج: توصلت الدراسة إلى وجود علاقة معنوية بين أبعاد المعرفة المالية والرفاهية المالية وان أصحاب المشروعات الذين يتمتعون بمستوى عالٍ من المعرفة المالية يتمتعون بمستوى أفضل من الرفاهية المالية.

التوصيات والمقترحات للبحوث المستقبلية: وفقا للنتائج، تقدم الدراسة مجموعة من التوصيات يمكن أن تساعد في تحسين الرفاهية المالية لأصحاب المشروعات الصغيرة ومتناهية الصغر. كما تقدم بعض التوجيهات للأبحاث المستقبلية.

الكلمات المفتاحية: المعرفة المالية – الرفاهية المالية – المشروعات الصغيرة والمتناهية الصغر.