

Review of: "The Role of Financial Literacy on Sustainable Development of Micro, Small and Medium Enterprises (MSMEs) in Africa"

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Potential competing interests: No potential competing interests to declare.

ARTICLE REVIEW

OF

"The Role of Financial Literacy on Sustainable Development of Micro, Small and Medium Enterprises (MSMEs) in Africa"

REVIEWED

BY

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Major Strengths

Introduction

The introduction begins by addressing a critical issue – the challenges faced by MSMEs in Africa, particularly their limited access to financial resources. This problem statement immediately captures the reader's attention and highlights the importance of the topic. The introduction emphasizes the relevance and significance of the topic by showcasing the pivotal role MSMEs play in African economies. It points out how they contribute to economic growth, employment, and poverty reduction, making it clear why their sustainable development is crucial. The introduction also identifies a research gap, indicating that while there's existing research on the subject, further exploration is needed to understand the specific mechanisms through which financial literacy impacts sustainable development outcomes. This recognition of the need for more research sets the stage for the article's objectives and the direction of the study.

Literature Review

The literature review provides a clear and concise definition of key concepts, such as financial literacy and MSMEs in Africa. It also establishes the hypothesis according to the subdimensions of financial literacy. This clarity helps readers understand the foundations of the study. The review cites relevant sources and references (e.g., OECD, AfDB) to support the definitions and claims made. This enhances the article's credibility and shows that the arguments are grounded in existing research.

The literature review covers multiple dimensions of financial literacy, including knowledge, skills, and attitude, and their relationships with the sustainable development of MSMEs. This comprehensive approach provides a well-rounded understanding of the topic. The review is logically structured, with subsections clearly demarcated for financial knowledge, financial skills, and financial attitude. This organization makes it easy for readers to follow the arguments. The hypotheses developed based on the literature review are clear and specific, making it evident what the study intends to investigate. Each hypothesis is linked to the respective financial literacy dimension.

Research Methodology

The research design is well-defined, and the choice of a co-relational design for examining the relationship between variables is appropriate for the research question about financial literacy and MSMEs' sustainable development. The use of a quantitative research approach aligns with the research objectives, which aim to measure and quantify data to analyze the relationships between financial literacy and sustainable development. This approach provides a structured and systematic way to gather and analyze data. The article provides clear information about the sampling design, including the target population, sampling method, and sample size. This transparency enhances the credibility of the study and helps readers understand the basis for sample selection.

Results and Discussion

The results section provides a comprehensive overview of the data analysis process, including descriptive statistics, correlation analysis, and the ordered probit regression model. It effectively communicates the statistical findings to the reader. The interpretation of the regression coefficients is well-explained, making it easy for readers to understand the impact of financial knowledge, financial skills, and financial attitude on the sustainable development of MSMEs. The interpretations are supported by references to previous research, which adds credibility to the discussion. The discussion consistently supports the research hypotheses, reinforcing the alignment between the research objectives, analysis, and findings. The discussion frequently references empirical research to support the findings, making it clear that the results are in line with existing literature on financial literacy and business performance.

Major Weaknesses:

Research Methodology

Sampling Method Rationale: While the article mentions that 1,080 MSMEs were selected purposively from 54 African countries, it would be beneficial to provide a more detailed rationale for why this specific sampling method was chosen. The justification for the choice of this sample size and method should be included to ensure the robustness of the research as this is quantitative research (formulas such as that of Pallant, (2005), Yamane, (1973) and Slovin's formula can be considered)

Although the article mentions that 850 MSME operators were the source of primary data, it doesn't explain the reason for the difference between the 850 operators mentioned in this section and the 1,080 MSMEs mentioned in the sampling design table. This inconsistency needs to be addressed for clarity.

Additionally, no preliminary analysis was done. Since the foundation of the analysis assumed of regression, pre-tests such as linearity, normality, collinearity, homoscedasticity, and auto-correlation should be checked.

Additionally, the analysis failed to pretest for validity and reliability of the constructs used in measuring the variables. Measurements like the Cronbach Alpha, convergent and composite reliability, Average Variance Extracted, the component factor analysis and the Hetero-Monotrait Matrix (HTMT) can be used to test for all these so that only qualifying indicators can be used in running the actual analysis.

Also, the from the character of the writing, it is implied that the researchers collected data with a structured questionnaire (survey). If so, can a description of the questionnaire and what questions used to be introduced? Whether it the scale was adopted, adapted or it was constructed by the researchers. The demographic statistics of the respondents can also be introduced and discussed.

Results and Discussion

The study pursued a directional hypothesis but undertook the analysis at a two tailed level of significance which contradicts the precepts of hypothesis testing. The analysis was mistakenly run with a directional hypothesis test with a two-tailed significance level, you would be making an unusual choice because the two-tailed significance level is typically used when you have a non-directional expectation. In such a case, you should use a one-tailed test with your directional hypothesis. Using a non-directional hypothesis in this context with a one-tailed significance level might not be meaningful or appropriate because it contradicts the expectation of a specific direction. As such, the analysis should be re-run again.

In the section where you discuss financial attitude, there is a typographical error where "financial knowledge" is repeated instead of "financial attitude." It should be corrected for clarity.

Limitations to the research and suggestions for further or future research can be introduced at the end of

Contribution to the Field

The literature review effectively lays the groundwork for the study by providing a solid theoretical foundation for investigating the impact of financial literacy on the sustainable development of MSMEs in Africa. The hypotheses derived from the review set clear expectations for the study's outcomes and contribute to the existing knowledge in the field. To further enhance its contribution, the article could benefit from a more extensive discussion of existing empirical research and practical implications for policymakers and practitioners in the MSME sector. The results and discussion contribute significantly to the field by providing evidence of the positive relationship between financial knowledge, financial skills, financial attitude, and the sustainable development of MSMEs. The discussion aligns the findings with existing literature and emphasizes the practical implications of these relationships for MSME owners and policymakers. To further enhance its contribution, the article could acknowledge potential limitations and suggest areas for future research, especially in the context of Africa.

Overall Assessment

The article exhibits notable strengths in its introduction, where it effectively highlights the significance of the research topic and identifies research gaps, thus setting the stage for the study. The literature review provides a clear foundation by defining key concepts and offering a comprehensive understanding of financial literacy's dimensions. The research methodology is well-structured, and the quantitative approach chosen aligns with the research objectives. The results and discussion sections offer a comprehensive and well-explained analysis of the statistical findings, supported by references to previous research. However, there are some weaknesses in the research methodology, particularly in terms of justifying the sampling method and addressing inconsistencies in sample size. The absence of preliminary analysis and validity and reliability testing is a notable limitation. The application of a directional hypothesis with a two-tailed significance level also requires correction. Overall, the article demonstrates strong potential but would benefit from addressing these weaknesses to enhance its credibility and impact in the field.