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

Aisha Nansamba

Research question/Policy

- Examine the relationship between financial literacy and the sustainable development of Micro, Small and Medium Enterprises (MSMEs) in Africa. This is an interesting focus to support policy re/formulation and resource allocation towards sustainable growth of MSMEs.
- Target Population: Small and Medium Enterprise (MSMEs) in Africa
- How: Using a regression analysis to investigate the effect of financial knowledge, financial skills and financial experience on MSMEs sustainable development.

Review of Literature:

Financial Literacy and MSMEs in Africa

- Below is a list of additional literature sources that could be reviewed for details about business practices

  - McKenzie, David, and Christopher Woodruff. 2014. "What Are We Learning from Business Training and Entrepreneurship Evaluations around the Developing World?" The World Bank Research Observer 29 (1): 48–82
  - Calderon, Gabriela, Jesse M. Cunha, and Giacomo De Giorgi. 2018. "Business Literacy and Development: Evidence from a Randomized Controlled Trial in Rural Mexico." Economic Development and Cultural Change 68 (2): 507–40.
  - Campos, Francisco, Michael Frese, Markus Goldstein, Leonardo Iacovone, Hillary C. Johnson, David McKenzie, and Mona Mensmann. 2017. "Teaching Personal Initiative Beats Traditional Training in Boosting Small Business in West Africa." Science 357 (6357): 1287– 90
  - Bassi, Vittorio, and Aisha Nansamba. 2022. "Screening and Signalling Non-Cognitive Skills: Experimental Evidence from Uganda." The Economic Journal 132 (642): 471–511.
  - McKenzie, David, and Susana Puerto. 2021. "Growing Markets through Business Training for Female Entrepreneurs: A Market-Level Randomized Experiment in Kenya." American Economic Journal: Applied Economics 13 (2): 297–332.
  - Dammert, C, Ana., and Nansamba, A., Feb 2023. Skills training and business outcomes: Experimental Evidence from Liberia. World Development, Vol 162 106120. https://doi.org/10.1016/j.worlddev.2022.106120

Empirical Review and Hypothesis

- It would be helpful to provide the working definition of the dependent variable (Sustainable Development).

Conceptual Framework

- The Dependent variable contains five variables – are these considered as an index or separate parameters! Need to clarify as this would affect the size of the effects.

Materials and Methods

- Use of co-relational design to examine the effects of financial literacy on sustainable development of MSMEs is helpful in literature in the absence of an experimental design.

Research Design

Data sources and Collection Tools

Sampling Design

- Rich target population of 55.8 Million MSMEs in Africa and sampling frame source Africa MSMEs Pulse Survey report (2023).
- Would be helpful to clarify on the representation of the sample size (if it's adequate enough). On what basis was purposive sampling applied. Generally would need to describe how the sample size was determined
- More details should be provided about the sampling frame. i.e the list of the 54 countries (geography, location, basic background characteristics in the respective countries) for a better description and reference to the sample.

Results

- High none response rate. It's important that this is explained to inform planning for other surveys and processes
- Impressive how the statistical terms (Pseudo R-squared, regression, correlation, coefficient etc are being clearly explained) which makes it easy for any reader to understand the results.
- Relevant results that are needed to inform investments in financial literacy trainings among MSMEs. However, the construct of Sustainable development should be clarified if it's being considered as an Index (comprising of all the parameters/variables that are included in the conceptual framework). Otherwise the definition/composition of sustainable development in the analysis isn't clear.