

## **Study of Financial Literacy on Sustainable Business Performance of SMEs in Sri Lanka**

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### **ABSTRACT**

**Purpose** – the main objective of this study is to investigate a significantly the empirical impact of the financial literacy on the sustainable business performance. This paper also aims to theoretically and empirically assess a comprehensive FL and sustainable business performance. the model incorporates FL that considered as exogenous variables consist of Financial Knowledge, Financial Skills, Financial Attitude and Financial Behavior and endogenous variable is Sustainable Business Performance.

**Design /Methodology**- A structured questionnaire was issued to collect the data which was collected from 459 owner managers from eastern province, Sri Lanka were analyzed using a structural equation modeling. The owner managers provide data reflecting the degree to which they work with FL to impact sustainable business performance.

**Finding** – generally the all four variables: Financial Knowledge, Financial Skills, Financial Attitude and Financial Behavior were statistically supported with the Sustainable Business Performance in Sri Lankan context.

**Implication** – The owner-managers are provided with an approach to assess the combined effects of FL on Sustainable Business Performance. Financial Knowledge and Attitudes are identified as necessary foundation to reach Sustainable Business Performance.

**Originality / value** – a comprehensive FL model proposed and empirically assessed. the result of the study supports the proposition that FL practices are good business practice to improve Sustainable Business Performance

**Key words:** *Financial Knowledge, Financial Skills, Financial Attitude and Financial Behavior and Sustainable Business Performance*