
Factors Affecting Small and Medium Enterprises' Financial Sustainability in South Africa

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Abstract

The dwindling growth of small businesses and their rate of failure in South Africa has been traced to poor financing. Thus, the factors affecting the financial sustainability of small and medium-sized enterprises in South Africa are examined in this study. Using purposive sampling, data were collected from 310 respondents, however six were incorrectly completed. The analysis was based on data collected from 304 respondents which cut across owners and/or managers from small and medium construction, manufacturing, retail, and agricultural enterprises. A quantitative research design that falls under the positivist paradigm was used. Specifically, through a descriptive and multivariate regression analysis, it was found that financial awareness, budgeting, accounting skills, and access to finance have positive and significant effects on the financial sustainability of SMEs with all the variables, having 0.005 probability values, respectively. Out of all the variables examined, budgeting and access to finance have the largest absolute values of 0.425 and 0.373, respectively. Thus, it was concluded that workshops, training, and seminars to improve the financial literacy of small and medium enterprises should be organised. This will improve owner's ability to deploy the accounting and budgeting skills and they will be exposed to meeting loan criteria and conditions from financial institutions. Also, adequate funds should be allocated to cater for the regular training and development of small business owners using the services of financial experts.

Keywords: *Financial deficiency; small businesses; economic stability; financial training and development; financial access*

Introduction

Small and medium-sized enterprises (SMEs) offer a significant contribution to economic growth through creating jobs, alleviating poverty, distribution of income, and innovation (Maneesha, 2020). To create a sound industrial sector in the economy, having a good SME sector becomes essential. Well-functioning SMEs are necessary for continuous and sustainable economic growth (Parvin, Asimiran, and Ayub, 2021). The rapid economic growth and greater profitability of developing markets provide SMEs with opportunities to be more successful in the markets, both domestically and internationally (Yeh, Hu, and Chen, 2021). SMEs in South Africa encourage people to be imaginative in finding innovative solutions to emerging social challenges that generate job opportunities, eradicate inequalities, and contribute to economic growth (Tuffour, Amoako, and Amartey, 2020). In SMEs, especially during the first five years of trade, there is a poor survival rate (Hossain, 2020). Kgosana (2013) observes that some small businesses in South Africa crumble within their first year of operation which leads to five out of seven businesses not surviving past the first year. Those businesses that survive this rate of failure, also face financial sustainability risks (Ortiz-de-Mandojana and Bansal, 2016). SMEs in developed countries have remained static instead of expanding and becoming much more advanced (Maksimov, Wang, and

Luo, 2017). Major problems faced by financial sustainability of SMEs include some of the features of a growing economy, including economic volatility, unpredictable exchange rates, increased transaction fees, immature information infrastructure, massive inequality, political instability, and rapidly deteriorating unilateralism in trade policy (Islam and Abd Wahab, 2021). Thus, scholars, as well as those specifically involved within that sector, have been interested in seeking ways to improve the financial sustainability of SMEs (Kgosana, 2013; Tuffour, Amoako, and Amartey, 2020; Islam and Abd Wahab, 2021).

Several researchers have continued to assess the factors impacting the success of SMEs as well as their financial sustainability (Al-Tit, Omri and Euch, 2019; Nyoni and Bonga, 2018; Douglas, Douglas, Muturi and Ochieng, 2017). Dauti, Dauti, and Krasniqi (2020) described financial awareness, budgeting, and accounting skills as valuable components that embolden managers to control financial markets and make well-informed financial decisions, minimising the likelihood of being misled in financial matters. Financial awareness, budgeting and accounting skills deployment will help management revitalise their understanding of financing as well as improve their access to the finance of a business such that appropriate decisions can be taken to prevent financial losses and financial frustration (Almansour, Almansour, and Almansour, 2019). Financial awareness in SMEs upsurges their access to financial resources by disseminating quick and efficient information. Also, the accessibility to financial information properly upsurges their access to financial resources to related parties, like bankers and lenders (Asandimitra and Kautsar, 2017). Mashal (2018) confirmed that financial awareness is necessary throughout customer interviews for loan applications as well as to persuade bankers. Furthermore, he affirmed that having a sound financial awareness helps SMEs to face the demands of shifts in business and financial markets. Financial awareness, therefore, strengthens the proximity and accessibility of SMEs to financial services, as well as making funding more accessible and promoting the development of a healthy capital structure, thus improving financial sustainability (Anderson, 2017).

In South Africa, the number of small businesses is not rising, and their rate of failure is the world's highest at 75 per cent (Lekhanya, 2016). This issue was reiterated by Estrin, Mickiewicz, Stephan, and Wright (2019), who asserted that in transition economies such as South Africa, entrepreneurship and SME development remain lower than in other developing countries. Scholars such as Bongomin, Ntayi, Munene, and Malinga (2017), Salaudeen (2018), Maziriri, Madinga and Mapuranga (2018), and Karagiorgos, Alexandra, Ignatiou, and Terzidou (2020) observed that the rate of failure is attributable to the fact that South African SMEs are unable to resolve the major obstacles of access to finance, budgeting and accounting skills and that ultimately gives birth to poor financial awareness, resulting in the inability to obtain the required resources that will contribute to SME sustainability. Unfortunately, South Africa's unemployment rate is the highest in the world due to SMEs being unsustainable (Ranchhod, 2019; Naidoo, 2021). This problem is because SMEs, which are the only businesses with the capacity to absorb large amounts of labour in South Africa, is not sustainable (Julien, 2018). Based on the above reasons, it is equally important that the factors influencing the financial sustainability of SMEs are analysed.

Given the minimal studies that have been undertaken on the same subject, in the context of South Africa, the research aims to provide general insight into the type of issues at hand in the developing world. It will also add to the subject as a fresh understanding of the factors affecting the survival of the world's small and medium businesses. Furthermore, the study's results will be important in order to improve the understanding of SMEs in South Africa and abroad.

Overview of Financial Sustainability of SMEs in South Africa

SMEs drive innovation, employment opportunities, and contribute significantly to the Gross Domestic Product (GDP) (Viljoen, Blaauw, and Schenck, 2019). Currently, around 5.6 million SMEs represent approximately 70 per cent to 80 per cent of the labour force in South Africa, representing 36 per cent of the South African GDP (Smit, 2017). Small businesses are a crucial element of "inclusive development and growth" in South Africa (Bhorat, Asmal, Lilenstein, and Van Der Zee, 2018). It is currently estimated that 98.5 per cent of SMEs make up the economy,

but only 28 per cent of jobs are created by SMEs (Langa and Govender, 2019). In the first quarter of 2019, small businesses in South Africa, as reported by the Small Enterprise Development Agency (SEDA) (2019), conducting business in Gauteng was at 35 per cent, followed by 15 per cent in KwaZulu-Natal and approximately 12 per cent in Limpopo. Other provinces include the Western Cape (11.3%), Eastern Cape (7.1%), Northern Cape (1.0%), Free State (4.1%), North-West (5.0%), and Mpumalanga (8.6%) (SEDA, 2019). In terms of the profitability of SMEs, the nominal turnover of SMEs rose by just 0.4 per cent year-on-year in the first quarter of 2019. This low percentage of turnover has made it possible for small and medium-sized businesses to tightly manage their spending by cutting all operating costs, excluding labour and capital. Therefore, the level of profits of SMEs remained constant (SEDA, 2019).

However, funding remains one of the problems faced by the small business sector in South Africa. Worldwide, the downturn in economic growth has contributed to a decrease in the financing of small businesses. The global economy decreased from 3.4 per cent to 3.0 per cent in 2019, which also impacted South Africa's economic growth productivity. Moreover, in South Africa, the current state of the economy, in terms of static growth, growing operating costs such as energy prices, the South African rand declining against other foreign currencies, and high levels of unemployment, highlight the fact that larger businesses are also facing survival challenges (SEDA, 2019).

Literature Review and Hypotheses Development

Financial Awareness and the Financial Sustainability of SMEs

There is indeed a significant amount of research showing that financial awareness is positively linked to sustainable businesses (Anderson, 2017; Schönborn, Berlin, Pinzone, Hanisch, Georgoulis and Lanz, 2019). Financially conscious companies have a greater understanding of the financial implications of strategic issues; their efficiency is thus better. Gong, Gao, Koh, Sutcliffe, and Cullen (2019) revealed that financial knowledge, in both developed and emerging nations, is critical for the survival of SMEs. Bad financial management practices triggered low financial awareness and contributed to repeated financial errors (Schönborn *et al.*, 2019). Gong *et al.* (2019) opined that to adapt to accelerated economic changes, financial awareness is required. Equally, Flores-Hernández, Cambra-Fierro, and Vázquez-Carrasco (2020) concluded that individuals with good financial experience were more likely to invest and more likely to do so efficiently in diverse assets. In addition, financial knowledge, as well as firm efficiency, is a significant factor in wealth generation. Therefore, incorporating decision-making, long-term financial planning, and financial understanding has become one of the most powerful driving factors (Tarkhanova, 2018). Business owners with financial awareness are more likely to use sound financial management strategies to improve the growth and sustainability of their businesses (Menike, 2018). The correlation between financial awareness and corporate financial sustainability was also identified by Kasbun, Teh, and San Ong (2017). Therefore, financial awareness is also anticipated to have a positive impact on the sustainability of SMEs.

Budgeting and the Financial Sustainability of SMEs

Budgeting is a comprehensive and quantified action plan in preparation for an upcoming accounting period where the purpose of the company is to be accomplished (Zamri, Mansor, and Ab Rahman, 2018). The aims of the financial objectives are also to set and forecast what will occur in the future, to accomplish the next plan (Cohen, McKay, and Wolfe, 2017). After all, budgets are necessary to identify demand growth, cash flow, projected revenue, and cost projections over a long or short time, depending on management expectations (Kimanzi and Gamede, 2020). Budgeting provides a framework for directing and assessing performance among organisational units, the operations of individuals as well as giving detailed information for decision-making (Mwanza, 2017). It is a complex financial instrument for decision-making with a potential impact on the financial performance of a business, particularly for large companies, but a well-designed budget can be very successful for SMEs (Sandberg, 2014).

For example, a systematic budgeting process would analyse the performance of small and medium-sized companies by including real and budgeted performance, which in turn could have a positive effect on SMEs (Meric and Gersil, 2018). In addition, budgetary engagement increases the administrative efficiency of small and medium-sized businesses and improves sharing and knowledge exchange at all levels of management. In order to maintain financial stability, business priorities and their impact on business profitability; budget preparation and control are equally necessary for every form of business (Zamri, Mansor, and Ab Rahman, 2018). Financial formulation and decisions in general improve the feasibility of the business for SMEs and the performance of large businesses (Britzelmaier, Pöpplow, and Andraschko, 2020). Financial viability makes and assesses what improvements need to be made to produce more benefit, the amount of funds needed as an investment or working capital, whether the investment carried out will repay the amount, and so on (Muharam and Tarrazon, 2017). By taking decisions according to the current financial situation, budgeting allows an SME to seek ideas and dreams for the future and offers an idea to explore new goods in the market by minimising costs and assessing the financial risks (Meric and Gersil, 2018).

Access to Finance and the Financial Sustainability of SMEs

There is ongoing research on the financial restrictions faced by SMEs. One of the main limitations for the sustainability of SMEs has been described as access to finance (Ye and Kulathunga, 2019). Andrieş, Marcu, Oprea, and Tofan (2018) have shown that poorly developed financial markets, as well as inadequate financial instruments in developing economies, have led to poor distribution between business organisations of financial sources. Access to finance is characterised as access to banking services, in the form of deposits on demand, loans, payments, or insurance (Khan and Anuar, 2018). When businesses are able to use financial services that are accessible, functional, and satisfy their financial obligations, they have good access to finance (Ye and Kulathunga, 2019). Many SMEs are established to private financial resources, family members, relatives, and friends also provide financial capital in exchange for a stake in the company (Stensrud, 2017). As a business expands, more financial resources are needed for growth, innovation and to guarantee the business's survival (Burlea-Schiopoiu and Mihai, 2019). Accessing sources of financing, such as banks, stock markets, or other credit providers, is more challenging for SMEs than it is for larger organisations (Schmidt, Mason, Bruwer, and Aspelung, 2017). While all companies require financial capital to start, thrive, and expand, access to external financial resources for small and medium-sized businesses is difficult and expensive, and the accessibility of such resources has deteriorated sharply (Chowdhury and Alam, 2017). Restricted access to finance has therefore been identified as one of the key obstacles to the full realisation of SMEs' capacity (Anton and Bostan, 2017).

In the literature, the value of access to finance to the financial sustainability of SMEs is well known. In order for SMEs to ensure a sustainable performance expectation, Andrieş *et al.* (2018) noted that access to finance was extremely important. Access to finance increases the competitiveness of companies by promoting market entry, growing entrepreneurial practices, enhancing innovation capability, and developing skills in risk management. Adegboye and Iweriebor (2018) found that providing loans at concessional interest rates to small businesses improved their access to finance, thereby boosting their efficiency. In addition, Brixiová, Kangoye, and Yogo (2020) indicated that the higher availability and efficiency of funding sources encouraged the introduction of measures for a circular economy in enterprises.

Accounting Skills and the Financial Sustainability of SMEs

A review of the current research body shows that the importance of keeping proper accounting records, the rationales for keeping accounting records, the degree of record-keeping, and the existence of accounting systems maintained by SMEs are known, although minimal accounting skills research is available (Kimanzi and Gamede, 2020). It was extrapolated that several small business owners do not understand the value of accounting skills as well as the accounting function, which is often the beginning of business failure (Okoye, Uniamikogbo and Sunday, 2017). This statement supports the view that the introduction of an efficient accounting system and adequate accounting skills will add value to the success and sustainability of a business.

Abuka, Tunga, and Nwandu (2020) stressed the importance of keeping proper account books as it helps small businesses provide details on which to make judgments. The study revealed the absence of sufficient accounting skills to maintain records has led to the closure of certain firms, making it a major problem for business performance (Kimanzi and Gamede, 2020). The standard of accounting information used within the SME, has a productive correlation with the success and survival of an enterprise, according to Boutellis-Taft (2019). Likewise, due to the extreme uncertainty usually associated with their situation, such as precarious cash benefits, positions, and dependence on short-term borrowing, it has been stressed that there is a need for financial details for small and micro business units (Sardar, 2017).

The review of the literature on this subject has found that while many studies in the past have concentrated on sustainable entrepreneurship in various countries, there has been a dearth of studies on the concurrent impacts of financial awareness, accounting skills, budgeting, and access to finance towards SME financial sustainability. Thus, the stated null hypotheses will be tested in this study.

H₀₁: Financial awareness does not affect the financial sustainability of SMEs in South Africa.

H₀₂: Accounting skills do not affect the financial sustainability of SMEs in South Africa.

H₀₃: Budgeting does not affect the financial sustainability of SMEs in South Africa.

H₀₄: Access to finance does not affect the financial sustainability of SMEs in South Africa.

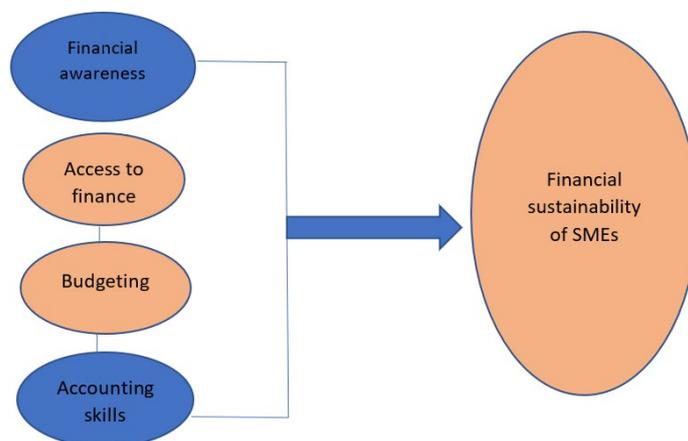


Figure 1: Conceptual framework to link factors affecting SMEs’ financial sustainability

Source: Authors’ Design (2021)

The above conceptual framework depicts the relationship between financial awareness, access to finance, budgeting accounting skills (independent variables), and the financial sustainability of SMEs (dependent variable).

Theoretical Framework: Pecking Order Theory

The Pecking Order theory suggested by Myers (1984) postulates that managers of businesses prefer internal financing to external financing and if the internal funds are inadequate, then debt financing is preferred over equity financing (Frank and Goyal, 2003). Funding is one of the main concerns of most businesses and this makes it the most significant aspect of every business (Zoppa and McMahon, 2002). While debt financing involves borrowing money, equity involves selling a stake in a company in the hope of securing financial backing. Abdullazade (2019) indicated that firms prefer to use debt financing to fix small financing issues but resort to equity financing for large deficits. The Pecking Order Theory explains the capital structure decision and financing behaviour of firms (Nguyen, Ho, and Vo, 2019). Since most SMEs are challenged with securing funds (access to finances) and skills to managing those funds (financial awareness,

accounting skills and budgeting skills) to ensure SME's financial stability, it is significant to look at factors that guarantee access to funds as well as factors affecting the effective management of these funds. For these reasons, this theory underpins this study.

Methodology

A quantitative research design was employed together with the positivist paradigm. From the target population of 700 SMEs, the Cochran formula was adopted to select a sample size of 321. Each prospective participant, listed in the Durban Chamber of Commerce and Industry (DCCI) catalogue, was initially invited to participate via email. SMEs from the KwaZulu-Natal manufacturing, retail, construction, and agricultural sectors were chosen to examine factors affecting the financial sustainability of South Africa's SMEs. The study used a purposive sampling technique to select the SMEs where owners or suitable representatives were picked. The primary data were obtained from questionnaires. Cronbach alpha was used to test the reliability of the research instruments. For this paper, a total of 321 questionnaires were administered to the study's population. 310 questionnaires were returned. Six (6) of the questionnaires were not properly completed and were discarded. The remaining 304, which constituted a 98 per cent response rate, were coded and analysed for this study. The Statistical Package for Social Sciences (SPSS) was used for data analysis through descriptive analysis and regression analysis.

Table 1: Details of Targeted Sample Size and Respondents

Nature of SMEs	Nature of participants	Target sample size
Manufacturing	Owner of the SMEs or manager	115
Construction	Owner of the SMEs or manager	30
Agriculture	Owner of the SMEs or manager	33
Retail sector	Owner of the SMEs or manager	126
Total		321

Source: Author's compilation (2021)

Analysis and Discussion of Findings

Demographic Analysis: This section presents a description and analysis of demographic data from the survey's respondents such as gender, age group, marital status, educational background, nature of SME, staff strength, work experience, years in business, and a number of employees. The descriptive analysis of the demographic information is presented using frequencies and percentages shown in the figures.

Gender: A total of 158, representing 52 per cent of the survey's respondents were male, while 146 (48%) were female. This indicates that many of the survey respondents were male. Figure 2 shows the graphic detail of the survey respondents' gender.

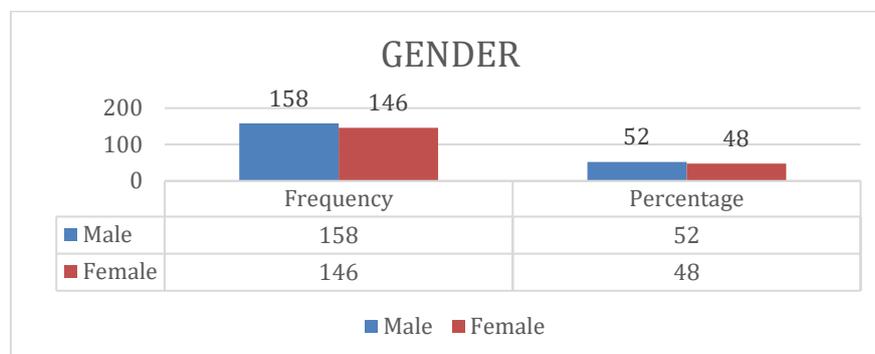


Figure 2: Gender

Age Group: The survey's respondents were asked to indicate their age category. The analysed data revealed that 16 (5.3%) were 20 years old and above, 92 (30.3%) were 21-30 years, 119 (39.1%) were 31-40 years, while 77 (25.3%) were above 40 years of age. The respondents' age groups are indicated in Figure 3.

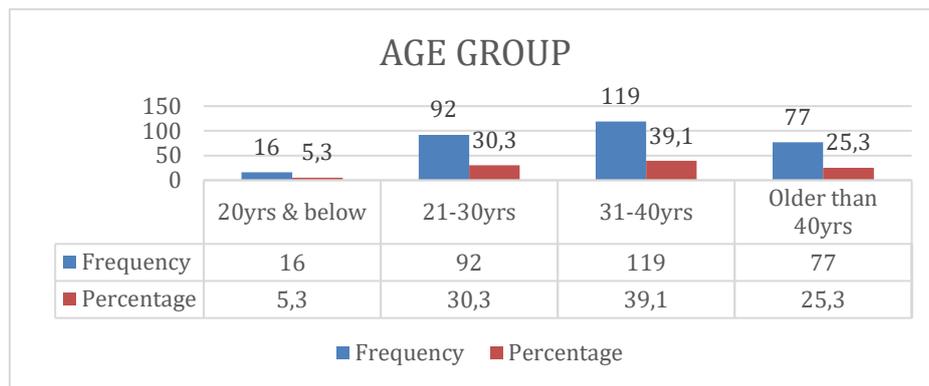


Figure 3: Age Group

Marital Status: The survey's respondents were asked to indicate their marital status. The analysed data revealed that 135 (44.4%) were single, 137 (45.1%) were married, 20 (6.6%) were divorced, while 12 (3.9%) were widowed. The respondents' marital status is indicated in Figure 4.

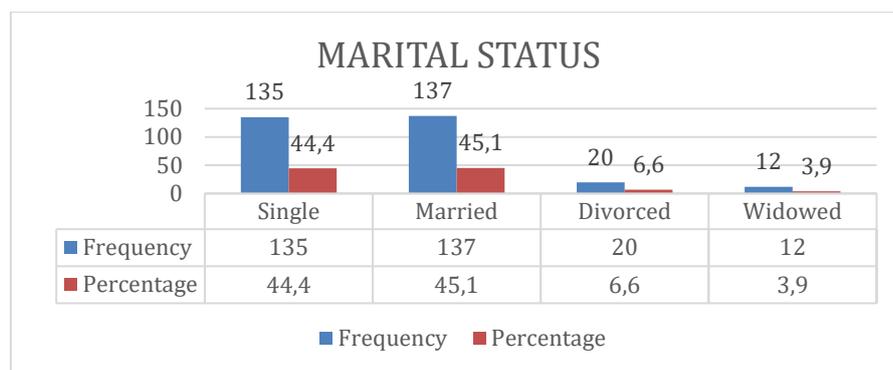


Figure 4: Marital Status

Educational Background: The survey's respondents were asked to indicate their educational background. The analysed data revealed that 81 (26.6%) hold a matric certificate, 76 (25%) have a national diploma, 89 (29.3%) a degree, 29 (9.5%) a master's degree, 25 (8.2%) a PhD, while 4 (1.3% per cent) hold other certificates. The respondent's educational background is indicated in Figure 5 below.

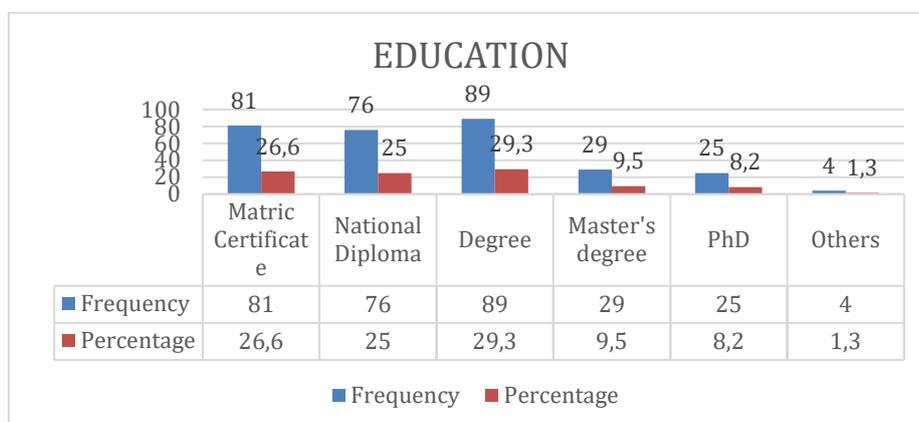


Figure 5: Educational Background

Nature of the SMEs: The survey's respondents were asked to indicate the nature of their SMEs. The analysed data revealed that 97 (31.9%) were in the retail sector, 72 (23.7%) in construction, 48 (15.8%) in agriculture, 86 (28.3%) in manufacturing, while 1 (0.3%) was in another sector. The nature of SMEs is indicated in Figure 6.

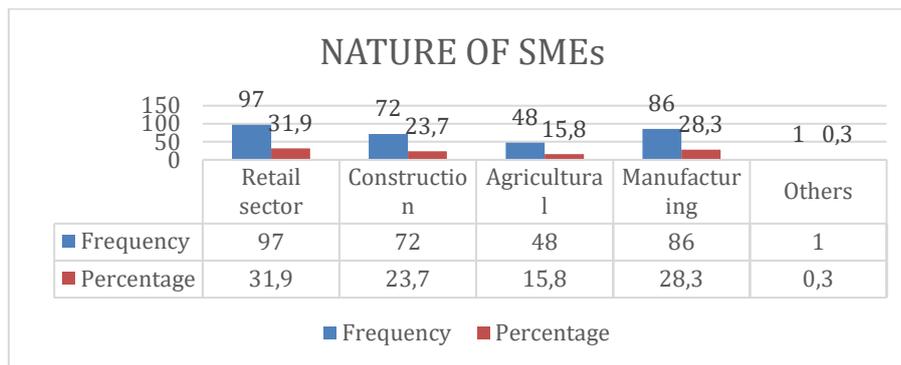


Figure 6: Nature of SMEs

Work Experience: The survey's respondents were asked to indicate their work experience. The analysed data revealed that 107 (35.2%) had 1-5 years' experience, 125 (41.1%) had 6-10 years, 55 (18.1%) had 11-15 years, while 17 (5.6%) had more than 15 years' experience. The respondents' work experience is indicated in Figure 7.

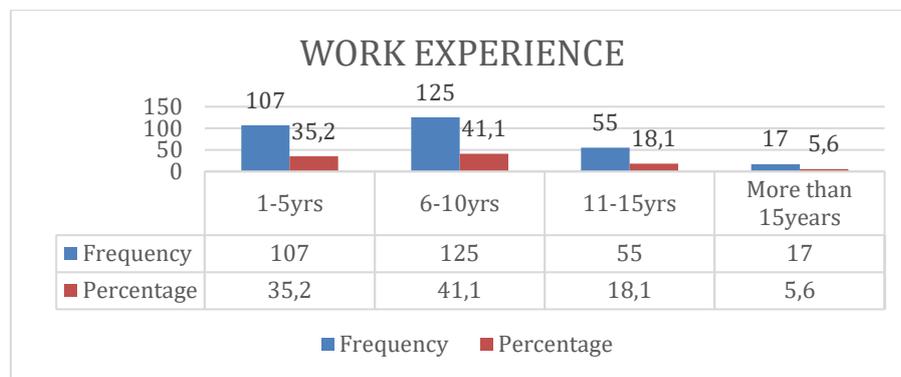


Figure 7: Work Experience

Years in Business: The survey's respondents were asked to indicate their number of years in business. The analysed data revealed that 80 (26.3%) had been in business for 1-2 years, 88 (28.9%) for 2-3 years, 83 (27.3%) for 3-4 years, while 53 (17.4%) had been in business for more than 5 years. The respondents' years in business are indicated in Figure 8.

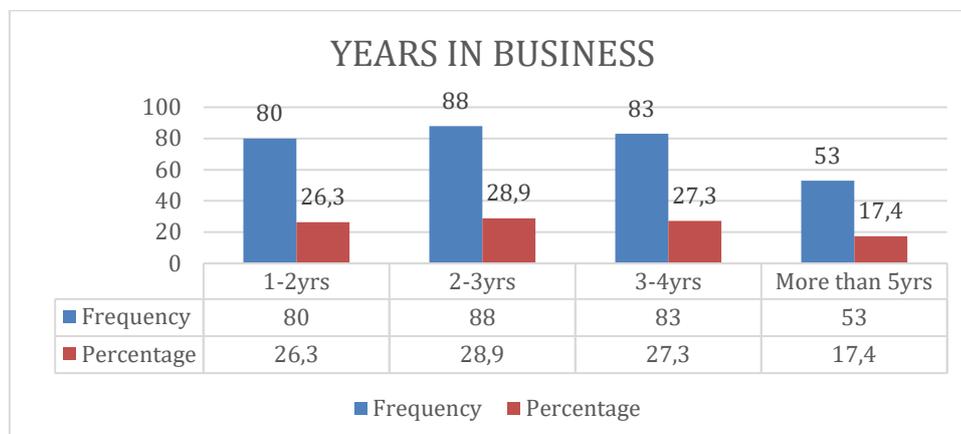


Figure 8: Years in Business

Staff Strength: The survey’s respondents were asked to indicate their staff strength (that is, the number of employees they hire). The analysed data revealed that 145 (47.7%) had worked for 1-10 years, 50 (29.6%) for 11-20 years, 60 (19.7%) for 21-40 years, while nine (3%) had worked for more than 41 years. The respondents’ staff strength is indicated in Figure 9.

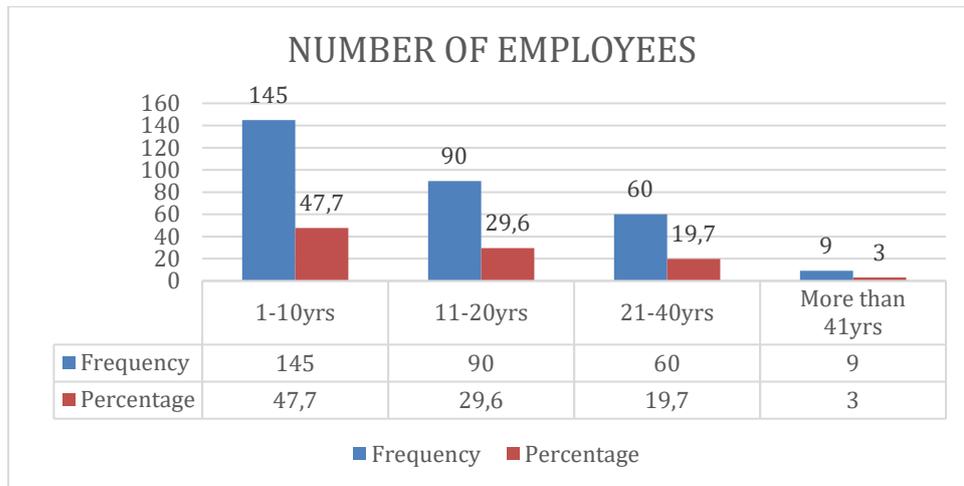


Figure 9: Staff Strength

Regression Analysis: Factors affecting the financial sustainability of SMEs in South Africa.

Table 2 shows Multivariate Regression Output of financial awareness, accounting skills, budgeting, and access to finance as a predictor of financial sustainability.

Variables	B	Beta	T	p-value	R ²	F	Df	p-value
Constant	6.424		4.250	<0.005	0.642	88.881	4; 399	<0.005
Financial awareness	0.148	0.192	2.944	<0.005				
Accounting skills	0.302	0.309	6.141	<0.005				
Budgeting	0.425	0.444	8.788	<0.005				
Access to finance	0.373	0.163	3.760	<0.005				

- a. **Predictor: (Constant), Financial Awareness, Accounting skills, Budgeting and Access to finance**
- b. **DV: SMEs’ financial sustainability**

The outcome shows the regression model, with four independent variables, where budgeting and access to finance have the largest absolute value at 0.425 and 0.373 respectively, which indicates a unique account for the largest proportion of the variance in the regression model. The significant effect of financial awareness on financial sustainability is in line with the findings of a study by Usama and Yusoff (2018), which observed that financial awareness had a clear and great effect on the financial sustainability of Nigerian SMEs, and a study by Kulathunga *et al.* (2020) which also noticed that financial awareness had a significant influence on the performance of SMEs. The results of this study are therefore consistent with those of Usama and Yusoff (2019) who have defined financial awareness as an essential component of the intellectual capital of organisations and have concluded that intellectual capital has had a major impact on the financial sustainability of SMEs. In addition, financial awareness greatly enhances the competitiveness of SMEs as it means that they can deal with unexpected financial crises and rapidly evolving financial and credit markets (Akanbi, 2021). The results are also consistent with those of Ahmed, Noreen, Ramakrishnan, and Abdullah (2021) who discovered that SMEs were able to recognise and invest in lucrative market opportunities through financial awareness. They also concluded that financial awareness strengthens the practices of financial management and mitigates financial failures, thus aiming to boost the profitability of SMEs along its financial sustainability.

The researchers discovered the positive effect of access to finance on the financial sustainability of SMEs, aligned with the findings of a study by Adomako, Danso, and Ofori Damoah (2016), which showed that the profitability of SMEs was influenced by financial access. The study's findings are also consistent with Boubakri and Saffar (2016), who stated that access to finance has had a significant influence on the success of SMEs. According to Yoshino and Taghizadeh-Hesary (2018), access to finance is more difficult for SMEs than it is for larger organisations. These difficulties of accessing finance can cause SMEs to turn to improper financing sources and thereby minimising their financial sustainability. In addition, access to finance influences SMEs' growth and innovation (Brown and Lee, 2019). Overall, the evidence shows that, in today's dynamic market climate, SMEs with greater access to finance are better positioned to maintain their success and thrive. Access to appropriate, reliable financial services are difficult for SMEs in emerging markets (Song, Yu, and Lu, 2018). It is also clear that inadequate access to financing for SMEs in developing economies, leads to poor performance and increased rates of failure. The study's results are therefore compatible with those of Irwin and Abraham and Schmukler (2017), who concluded that access to finance is a huge impediment to SMEs' financial sustainability.

The researchers have found a positive effect of budgeting on SMEs' financial sustainability. These findings are in line with the observations of Zor, Linder, and Enderich (2019), who observed that budgets were the most frequently used in SMEs of developed countries, which lead them to be sustainable. The above findings are in accordance with that of Hamdan, Chen, and Anshari (2020), who observed that budgets were used mainly for performance preparation, monitoring, evaluation, and assessment. They appear to vary from the results of Pierrot (2019), who discovered that confusion was the key inhibiting factor in budget planning and usage. The explanation for the inconsistency may be because the study by Madichie, Mpiti, and Rambe (2019) was undertaken in the small township of Kagiso amongst SMEs and was therefore not reflective of SMEs in South Africa.

The researchers have found a positive effect of accounting skills on SMEs' financial sustainability. The creation and understanding of accounting tasks, such as the ability to retain and use simple accounting records, is so essential to the owners/managers of SMEs that, without these skills, the owners of SMEs might wake up one day to find that they have used up the working capital. The results revealed that SMEs require accounting skills to improve their business acumen and boost their financial efficiency. The results agree with Saraiva, Bezerra, and Beiruth (2020), who argued that the cultivation of accounting skills by SMEs' managers and operators, enhances their business understanding, thereby allowing them to have a thorough knowledge of the business. While Karagiorgos, Alexandra, Ignatiou, and Terzidou (2020) argue that the possession of these abilities would strengthen their companies as well as eradicate early failure, Gidado and Babakura (2019) argue that gaining these skills would encourage them to work efficiently, professionally, cost-effectively, and successfully in the process of carrying out everyday business transactions.

Conclusion

From the analysis conducted in this study, all the null hypotheses are rejected as the variables have a significant effect on the financial sustainability of the SMEs examined. There are two main reasons why financial awareness is critical to the financial sustainability of SMEs. Firstly, financial awareness has a direct influence on SMEs' financial sustainability, independently of access to finance. Secondly, financial awareness directly influences access to finance and in turn, indirectly affects financial sustainability. The implications of these findings for owners and managers of SMEs and policymakers who are interested in improving the financial sustainability of SMEs are discussed below.

Workshops, training, and seminars to improve the financial awareness of SME staff should be organised and included in the annual training and development schedule of SMEs. The programmes should cover bookkeeping, financial statement analysis, risk analysis, cash flow analysis, business environment analysis, investment management, and development of project proposals, as these topics are relevant to the financial awareness of organisations. Poor financial awareness amongst business owners and managers and the lack of knowledge required to judge

risks, may, in practice, limit their access to opportunities to achieve very high returns in the business. SME owners with high levels of financial awareness are more likely to be involved in strategic risk-taking, which may enhance sustainability. Although programmes for financial and accounting staff should not be compromised, the employees of other departments should be encouraged to participate in financial awareness programmes. Special programmes, such as 'finance for non-finance employees' could be developed in order to provide all employees with basic financial management knowledge.

Access to finance was also identified as an important factor in SME's financial sustainability. Banks as well as non-bank banking firms view SMEs as high-risk investments. As a corollary, SME's paucity of collateral will tend to be a substantial barrier to obtaining financing. The increased cost of securing loans for SMEs coincides with collateral restrictions. Both of these reasons will continue to be significant barriers to SMEs obtaining financing. SMEs could improve their access to finance by maintaining proper accounts. This would make it easier for them to access formal sources of finance and thus avoid relying on expensive, informal sources. The researchers suggest, therefore, that SMEs should implement sophisticated accounting systems and build strong relationships with bankers and other financial institutions. Such relationships would assist SMEs to keep up to date with financial supportive programmes introduced by different organisations. Thus, SMEs can overcome the problem of an equity gap by using the most appropriate source of finance. SMEs should also look for alternate sources of capital, according to the study. It is critical for SMEs to take more initiative and become less reliant on traditional sources of funding, such as bank loans. Crowd fundraising may be used as a supplementary funding mechanism. Crowd funding is a new and crucial kind of financing in which a group of individuals contribute to a contingency fund by making tiny contributions in the form of stock purchases.

Budgets are also often utilised for enterprise surveillance, performance evaluation, strategic development, and decision-making improvement, according to the findings. The findings also reveal that budgets are thought to be highly effective, and that a lack of top management support and skilled staff are the two primary issues preventing budget formulation. The decision-makers should also learn about the varied applications of budgets, their perceived usefulness, and the barriers that prevent SMEs from utilising these resources. This knowledge should not only increase their understanding of the necessity of budgeting, but also assist them to assess their own budgeting practices in order to determine if they should strengthen, alter, or keep doing what they are doing.

On the other hand, it was concluded that the acquisition of fundamental accounting skills by entrepreneurs or owners of SMEs is of the utmost importance given the numerous contributions to owners of SMEs. These skills will enhance and promote the managerial stability of owners of SMEs as they will become well informed in keeping fundamental accounting records for effective profitability of their business ventures thereby sustaining entrepreneurial development. Accounting skills are inevitable skills needed by every owner of an SME if they are to excel in their business endeavour.

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