

**Revisiting the role of Financial Literacy on SMEs Performance: The mediating roles of firms' risk orientation and alleviating financial constraints**

<b>Daniel Ruiz-Palomo</b>	<b>Julio Diéguez-Soto</b>	<b>Domingo García Pérez de Lema</b>
Universidad de Málaga	Universidad de Málaga	Universidad Politécnica de Cartagena

**Keywords**

Financial Literacy; Performance; Financial Constraints; Risk-Taking Orientation; SMEs

**Abstract**

This research aims to analyse the effect of the CEO's financial literacy on SME firm performance and the mediating roles of both the CEO risk-taking orientation and the alleviation of financial constraints. Using a sample of 310 Spanish SMEs, our findings show that both the risk-taking orientation and the reduction of financial constraints play a partial mediating role in understanding the relationship between financial literacy and firm performance. Thus, when CEO is more financially literate, it might produce a higher risk-taking propensity and, simultaneously, facilitate access to external financing, which, indeed, are much more likely to generate better performance in SMEs.