

FINANCIAL LITERACY AND ENVIRONMENTAL SUSTAINABILITY IN SPANISH SMEs

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Abstract

Studying factors contributing to the success of sustainable actions in SMEs is a hot topic in the academic world. As far as we know, an adequate level of financial literacy of CEOs can contribute to the company's environmental sustainability. However, there is little research confirming this relationship. Applying structural equation modelling to a sample of 318 Spanish SMEs, we study the relationship between financial literacy and environmental sustainability by exploring the mediating role of process innovation. The results confirmed that applying process innovation in the firm explains the positive link between financial literacy and environmental sustainability.

Keywords: Financial literacy; process innovation; sustainability; SMEs.