Vol.3, Issue.2, (2025)

International Journal of Management Thinking

https://doi.org/10.56868/ijmt.v3i2.103

Behavioral Factors Influencing SME Financial Performance: Financial Decision-Making, Communication, and Advisory Support in Oman

Humaid Talib Rashid Al Musheifri [1*], Baharudin Kadir[2], Zaharuzaman Jamaluddin[3]

[1-2-3]Faculty of Business and Accountancy, Universiti Selangor (UNISEL), Selangor, Malaysia

Article Information

Article Type: Research Article

Dates:
Received: December 04, 2025
Revised: December 29, 2025
Accepted: January 09, 2026
Available online: January 27, 2026

Corresponding Author:
Humaid Talib Rashid Al Musheifri
almusheifri10@hotmail.com
https://orcid.org/0009-0000-6939-1423

ABSTRACT

This study examines how financial decision-making (FDM) and financial communication (FC) affect the financial performance of small and medium enterprises (SMEs) in Oman, drawing on Behavioral Finance. It also explores how Financial Behavior (FB) acts act as mediator and how access to financial advisory services (AFAS) influences these relationships. The research used a quantitative cross-sectional design, collecting data from 384 SME owners and managers across different sectors in Oman. The analysis was done with Partial Least Squares Structural Equation Modelling (PLS-SEM). The results show that financial decision-making and financial communication both play a key role in improving SME financial performance. Financial behavior partially mediates the relationship between financial decision-making, financial communication, and SME financial performance. This suggests that disciplined financial practices are essential for turning financial strategies and communication into better organizational results. This study adds to research on Behavioral finance and SMEs by offering evidence from an emerging economy. It highlights how behavioral discipline, clear communication, and advisory support help make SMEs more financially sustainable.

Keywords: Financial Decision-Making, Financial Communication, Financial Performance, Financial Behavior, Financial Advisory Services, Behavioral Finance Theory

1. INTRODUCTION

Small and Medium Enterprises (SMEs) are crucial for Oman's economic diversification, growth, job creation, and innovation (Ibrahim et al., 2025). Financial challenges delay growth and competitiveness for many Omani SMEs (Palalic et al., 2025). While traditional economic factors remain important, business owners increasingly see those internal factors, especially technology management and decision-making, significantly impact SME success. Behavioral Finance Theory suggests financial outcomes are shaped not only by logic, but also by mental shortcuts and psychological biases (Benayad & Aasri, 2023). The financial health of SMEs is often compromised by owners' psychological tendencies, particularly overconfidence and excessive conservatism (Al Balushi et al., 2019; Achaach et al.,2022); thus, more disciplined decision-making frameworks are required. While access to Financial Advisory Services (AFAS) can mitigate these biases by providing expert guidance (Lusardi & Mitchell, 2023), significant barriers such as high costs and limited availability persist in the local market.

The Omani market continues to face significant hurdles, including prohibitive costs and a lack of available service providers (Najaf et al., 2023; González-Prida et al. 2025). Although support initiatives such as "*Sharakah*," established by Royal Decree to promote SME development in Oman (Palalic et al., 2025), persist, research has yet to thoroughly investigate how financial behavior, communication, and advisory services interact to influence SME performance. Most existing studies treat financial literacy or funding in isolation. Additionally, there is a lack of research that addresses Oman's unique cultural context, including informal financing preferences and the effects of state-led support programs (Al Balushi et al., 2019; Alam & Alam, 2019).

This study explores important research gaps by examining how financial decision-making, communication, and behavior together affect the financial success of Omani SMEs. The main goals are to analyze how decision-making and communication directly influence performance. It also aims to examine how financial behavior mediates these effects and to assess whether access to financial advisory services can help reduce the impact of behavioral biases on financial success. This study introduces an integrated approach by applying Behavioral Finance Theory to an emerging Middle Eastern market. By identifying actionable levers, including behavioral drivers and advisory moderators, the research moves from theory to practical application. The findings aim to offer policymakers and organizations, such as *Sharakah,* evidence-based insights to enhance financial literacy programs and broaden access to advisory services. This research supports Oman's Vision 2040 by reinforcing SME financial resilience, maintaining their role as a key pillar of national economic growth.

2. LITERATURE REVIEW

2.1 Behavioral Finance Theory

Kahneman and Tversky's Prospect Theory (1979) is the basis for Behavioral Finance Theory. Their work showed that psychological factors and cognitive biases affect how people make financial decisions. Behavioral Finance Theory, which says that psychological factors, not just math, influence how people make financial decisions. The theory challenges the assumption that people always act rationally in financial situations. It suggests that mental shortcuts (heuristics), emotions, and cognitive biases often influence choices. This leads to irrational behavior and suboptimal outcomes (Barberis & Thaler, 2003). Further, the theory gives a robust framework for explaining how decision-making, communication, behavior, and advisory services affect the financial success of Omani SMEs (Benayad & Aasri, 2023).

In this study, Behavioral Finance Theory underpins the relationships between key terms. Financial Decision-Making (FDM) is the process by which SME owners and managers select financial options. Financial Communication (FC) is the sharing and dissemination of financial information. Financial Behavior (FB) refers to actions and attitudes influenced by cognitive biases. Access to Financial Advisory Services (AFAS) means the availability of expert guidance for SMEs (Rauwerda & De Graaf, 2021)

These are considered together when assessing SME financial performance (SMEFP) in Oman. Often, SME owners and managers rely on intuition instead of analysis when making financial decisions (Benayad & Aasri, 2023; Afroze & Sarker, 2025). The cognitive bias dimension aligns with FDM. SME owners may exhibit overconfidence, anchoring bias, and risk aversion in financial decisions, leading to suboptimal investment and funding choices (Benayad & Aasri, 2023). The information asymmetry dimension aligns with FC. However, SMEs often lack structured communication, leading to financial misinterpretations and limiting financing opportunities (Lusardi & Mitchell, 2023).

The behavioral response dimension aligns with FB, such as excessive risk-taking or bias-driven conservatism, which impacts financial performance (Manap et al., 2023). The external advisory support dimension aligns with AFAS. Advisory services help SMEs reduce bias-driven decision-making and align their financial strategies with sustainability. This comprehensive lens shows how psychological and cognitive factors influence SME financial decisions and behavior. By applying this theory, the study aims to address behavioral biases that affect SME financial performance. It provides insights for more effective decision-making frameworks in the SME sector (De Jong & Wagensveld, 2024).

2.2 SME Financial Performance

Small and Medium-sized Enterprises (SMEs) are vital for economic growth. Many factors affect their financial performance, but access to finance is key. However, high debt costs often limit SMEs' growth and sustainability. Even as more financial service providers emerge, loans remain expensive, making it hard for SMEs to compete (Beck & Demirguc-Kunt, 2006). Macroeconomic factors, such as inflation, also make it harder for SMEs to obtain credit and remain profitable (Kanyepe et al., 2025). Small- and medium-sized businesses in Japan are seeking more loans to invest in digital technology and mitigate the effects of inflation (Hilal et al., 2023).

Poor financial planning and risk management also lead to insolvency 29.0% of SMEs that lose a key client may face financial distress (Loerwald & Stemmann 2016; Otoo, 2024). These findings show SMEs need strategic, diverse financial plans to improve performance. Empirical studies show that effective financial decision-making (FDM) directly enhances SME financial performance. For example, De Mel et al. (2008) found that Sri Lankan microenterprises receiving cash grants achieve high annual returns, and McKenzie & Woodruff (2008) confirmed high returns for Mexican microenterprises with low start-up costs. Similarly, Bhimani (2020) notes that informed financial decisions help technology start-ups sustain a competitive advantage, all these supporting Behavioral Finance Theory, which states that cognitive biases and heuristics affect financial choices and outcomes. Therefore, we hypothesize that;

H1: *SMEs that engage in effective financial decision-making will experience significantly improved financial performance compared to those with less effective decision-making.*

The main contribution of this paper is to demonstrate that effective financial communication (FC), encompassing both financial and non-financial disclosures, is a key driver in enhancing SME financial performance by building stakeholder trust, clarifying internal information, and enabling rational decision-making. This contribution is empirically supported by prior findings (De Villiers et al., 2017; Jahromi & Jahromi, 2021) and underpinned by Behavioral Finance Theory, which underscores the importance of reducing biases and information asymmetry. Therefore, it is hypothesized that:

H2: *SMEs with effective financial communication practices are expected to demonstrate better financial performance than those with less effective practices*.

Financial behavior (FB) mediates the relationship between financial decision-making (FDM) and SME financial performance. Although effective financial decision-making provides strategic direction, managerial financial behaviors and implementation practices remain critical in determining organizational outcomes. Prior studies indicate that financial literacy and financial experience positively influence SME performance, with financial behavior acting as an important mediating mechanism (Purwidianti et al., 2022). Similarly, Sajuyigbe et al. (2024) found that financial behavior plays a significant role in linking financial literacy and organizational culture to SME performance.

From the perspective of Behavioral Finance Theory, financial decisions are often influenced by cognitive biases, heuristics, and behavioral tendencies, which subsequently shape financial practices and organizational outcomes. Consequently, even well-structured financial decisions require disciplined financial behavior, including effective budgeting, planning, and financial monitoring, to achieve improved performance outcomes. Therefore, the following hypothesis is proposed:

H3: *The relationship between financial decision-making and SME financial performance is mediated by financial behavior, such that effective decision-making enhances financial behavior, which subsequently improves financial performance.*

Financial behavior (FB) may mediate the relationship between financial communication (FC) to SME financial performance (SMEFP). When financial communication is effective, it clarifies information, increases transparency, and raises financial awareness among SMEs. These improvements can lead to better financial behavior and practices within the organization (De Villiers et al., 2017; Jahromi & Jahromi, 2021). According to Behavioral Finance Theory, the quality of communication can shape how people behave, their financial discipline, and the decisions managers make. These factors then impact how well an organization performs. SMEs with strong financial communication are more likely to support disciplined financial habits like budgeting, monitoring, and planning (Sarstedt et al., 2019). As a result, good financial communication may help improve SME financial performance by encouraging better financial behavior. Based on this, the following hypothesis is proposed:

H4: *Financial behavior acts as a link between financial communication and SME financial performance. When financial communication is effective, it leads to better financial behavior, which in turn improves SME financial performance.*

Access to Financial Advisory Services (AFAS) may strengthen the relationship between financial decision-making (FDM) and SME financial performance. Prior studies suggest that SMEs receiving professional financial advice are better able to evaluate financial alternatives, manage risks, and implement effective financial strategies (Thaler, 2018), thereby improving organizational outcomes (Durst & Henschel, 2020). External financial advisors can also provide specialized knowledge and strategic guidance that help SMEs navigate complex financial environments and reduce uncertainty in decision-making processes. From the perspective of Behavioral Finance Theory, advisory services may help SME owners mitigate cognitive biases and improve the quality of financial judgments. In addition, the Resource-Based View (RBV) suggests that external expertise and professional advisory support can function as valuable strategic resources that enhance organizational capabilities and competitive advantage (Barney, 1991). Consequently, SMEs with greater access to financial advisory services are more likely to translate effective financial decisions into stronger financial performance. Therefore, the following hypothesis is proposed:

H5: *The positive effect of financial decision-making on SME financial performance is stronger when SMEs have greater access to financial advisory services.*

Effective financial communication (FC) enables SMEs to disseminate clear, transparent, and reliable financial information, thereby improving stakeholder understanding, organizational alignment, and financial decision-making processes (De Villiers et al., 2017; Jahromi & Jahromi, 2021). Prior studies suggest that strong financial communication practices contribute positively to SME financial performance by reducing information asymmetry and enhancing stakeholder confidence. The effectiveness of financial communication may become even stronger when SMEs have access to financial advisory services (AFAS).

Professional financial advisors can help SMEs interpret financial information more effectively, improve communication quality, and provide guidance for strategic financial planning (Durst & Henschel, 2020; Otoo, 2024). Effective communication and advisory support may reduce behavioral biases and improve financial judgment, while the Resource-Based View (RBV) considers advisory expertise a valuable external resource that enhances organizational capabilities (Barney, 1991). Consequently, SMEs with greater access to financial advisory services are more likely to strengthen the positive impact of financial communication on financial performance. Therefore, the following hypothesis is proposed:

H6: *The positive impact of financial communication on SME financial performance is greater when access to financial advisory services is higher.*

2.3 Conceptual Framework

Figure 1 presents the conceptual framework that explains how the study variables connect. Financial Decision-Making (FDM) and Financial Communication (FC) are the independent variables, while SME Financial Performance (SMEFP) is the dependent variable. Financial Behavior (FB) serves as a mediator, and Access to Financial Advisory Services (AFAS) acts as a moderator, affecting the relationships between FDM, FC, and SMEFP. The framework, grounded in Behavioral Finance Theory, shows how cognitive biases, financial behavior, communication, and external advisory support all influence SME financial performance.

3. METHODOLOGY

3.1 Research Design

This study examines how Financial Decision-Making (FDM) and Financial Communication (FC) affect the financial performance of SMEs (SMEFP) in Oman. In the research model, Financial Behavior (FB) serves as a mediator, and access to Financial Advisory Services (AFAS) serves as a moderator. The research used a quantitative cross-sectional survey. The participants were SME owners and top managers from the retail, manufacturing, and service sectors.

3.2 Population, Sampling, and Sample Size

Convenience sampling was chosen because it was the most accessible way to reach SMEs in different sectors across Oman. The sample size was set at 384 respondents, following Krejcie and Morgan's (1970) guidelines. To achieve this, 750 self-administered questionnaires were distributed proportionally among SMEs of various sizes and sectors, with an expected response rate of about 50%. Questionnaires were handed out in person to help ensure clear responses and encourage participation. A total of 402 questionnaires were returned. After removing incomplete responses, 384 responses remained, yielding a usable response rate of 51.2%. This rate is higher than the recommended minimum for paper-based surveys (Nulty, 2008; Sekaran & Bougie, 2016).

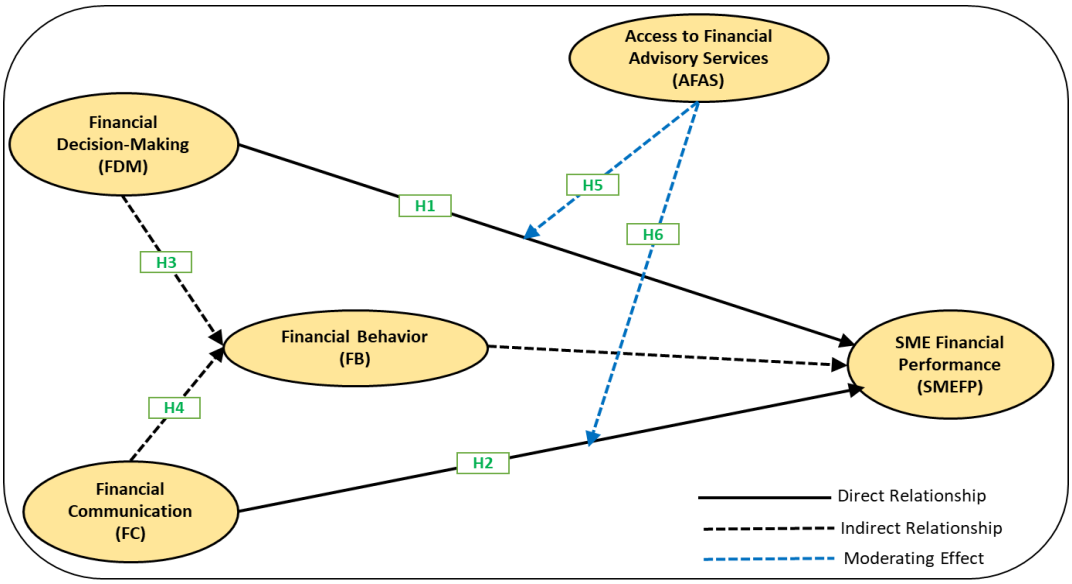

Figure 1: Conceptual Framework

3.3 Data Collection and Instrument

We collected data over two weeks period, by face to face to interaction with respondents to avoid manager influence and reduce response bias when answering the questionnaire. Participation was both voluntary and anonymous, and we did not collect any personally identifiable information. The study followed accepted ethical standards for voluntary participation and confidentiality. We collected data using a structured questionnaire with 5-point Likert-scale items, where 1 means "Strongly Disagree" and 5 means "Strongly Agree." The measurement items were adapted from previous studies as detailed in Table 1.

Table 1: Structure of the Questionnaire adopted

Construct	Code	No. of Items	Reference
Financial Decision-Making	FDM	6	Bhimani (2020); Benayad & Aasri (2023)
Financial Communication	FC	6	De Villiers et al. (2017); Jahromi & Jahromi (2021)
Financial Behavior	FB	6	Purwidianti et al. (2022); Sajuyigbe et al. (2024)
SME Financial Performance	SMEFP	6	Otoo (2024)
Access to Financial Advisory Services	AFAS	6	Durst & Henschel (2020); Kraus et al. (2020)

3.4 Data Analysis

We analyzed the data using Partial Least Squares Structural Equation Modelling (PLS-SEM) with SmartPLS 4.0. PLS-SEM was chosen because it is well-suited to predictive research models with complex mediating and moderating relationships and is effective with small-to-medium sample sizes (Hair et al.,2019; 2021). The analysis took place in two steps. First, we checked the measurement model for reliability, convergent validity, and discriminant validity. Next, we assessed the structural model to test the hypothesized relationships between the constructs.

Common Method Bias (CMB) was assessed using the Heterotrait-Monotrait (HTMT) ratio and inner Variance Inflation Factor (VIF) values, as suggested by Nitzl (2016) and Kock (2015). All HTMT values were below 0.90, with the highest at 0.80. All inner VIF values were also below 3.30, with the highest at 2.083. These results show that common method bias and multicollinearity were not major issues in this study.

4. RESULTS AND ANALYSIS

4.1 Demographic Profile of the Respondents

The demographic profile data shows that among the 384 respondents from SMEs in Oman, there was a diverse mix. Nearly half were young entrepreneurs aged 20 to 30 (46.61%). The gender split was almost even, with 52.08% male and 47.92% female. Sole proprietorships accounted for the largest share at 48.70%. For education, 39.84% had a high school education or less, and 24.74% had a bachelor's degree. Looking at industries, most SMEs were in manufacturing (33.85%), followed by services (23.18%) and consultancy (10.94%). These results show that many entrepreneurs are young and that manufacturing and service businesses are well represented.

4.2 Inter-Correlations of the Study Variables

Table 2 shows the descriptive statistics and correlations for the study variables. Each variable had a positive correlation with SME Financial Performance (SMEFP). Financial Behavior (FB) had the highest mean (M = 3.703, SD = 0.771), while Access to Financial Advisory Services (AFAS) had the lowest mean (M = 3.543, SD = 0.685). These results suggest that the surveyed SMEs generally reported moderate to high levels for the measured factors.

Table 2: Means, Standard Deviations, and Correlations of the Study Variables

Variables	FDM	FC	FB	AFAS	SMEFP	Mean	SD
FDM	1					3.609	0.724
FC	.409**	1				3.629	0.717
FB	.621**	.504**	1			3.703	0.771
AFAS	.405**	.342**	.300**	1		3.543	0.685
SMEFP	.679**	.616**	.770**	.411**	1	3.588	0.789

Note: n = 384, * p < .05, ** p < .01

4.3 Measurement Model Assessment

We assessed the measurement model's reliability and convergent validity using Cronbach's Alpha, Composite Reliability, factor loadings, and average variance extracted (AVE), as recommended by Hair et al. (2021). As shown in Figure 2 and Table 3, all Cronbach's Alpha and Composite Reliability values were above 0.70, showing good internal consistency. All factor loadings were above 0.70, and all AVEs were above 0.50, meeting the criteria for convergent validity (Hulland, 1999; Hair et al., 2021). These results show that the measurement model has adequate reliability and convergent validity.

Table 3: Reliability and Convergent Validity Assessment

Constructs	Items	F. L	CA	CR (rho_a)	CR (rho_c)	AVE
AFAS	AFAS1	0.724	0.930	0.932	0.945	0.743
AFAS	AFAS2	0.903	0.930	0.932	0.945	0.743
AFAS	AFAS3	0.881	0.930	0.932	0.945	0.743
AFAS	AFAS4	0.903	0.930	0.932	0.945	0.743
AFAS	AFAS5	0.846	0.930	0.932	0.945	0.743
AFAS	AFAS6	0.902	0.930	0.932	0.945	0.743
FB	FB1	0.908	0.966	0.968	0.972	0.855
FB	FB2	0.938	0.966	0.968	0.972	0.855
FB	FB3	0.946	0.966	0.968	0.972	0.855
FB	FB4	0.932	0.966	0.968	0.972	0.855
FB	FB5	0.860	0.966	0.968	0.972	0.855
FB	FB6	0.961	0.966	0.968	0.972	0.855
FC	FC1	0.791	0.943	0.947	0.955	0.780
FC	FC2	0.935	0.943	0.947	0.955	0.780
FC	FC3	0.897	0.943	0.947	0.955	0.780
FC	FC4	0.908	0.943	0.947	0.955	0.780
FC	FC5	0.823	0.943	0.947	0.955	0.780
FC	FC6	0.935	0.943	0.947	0.955	0.780
FDM	FDM1	0.851	0.951	0.952	0.961	0.805
FDM	FDM2	0.919	0.951	0.952	0.961	0.805
FDM	FDM3	0.905	0.951	0.952	0.961	0.805
FDM	FDM4	0.927	0.951	0.952	0.961	0.805
FDM	FDM5	0.830	0.951	0.952	0.961	0.805
FDM	FDM6	0.946	0.951	0.952	0.961	0.805
SMEFP	SMEFP1	0.894	0.961	0.963	0.969	0.840
SMEFP	SMEFP2	0.932	0.961	0.963	0.969	0.840
SMEFP	SMEFP3	0.928	0.961	0.963	0.969	0.840
SMEFP	SMEFP4	0.938	0.961	0.963	0.969	0.840
SMEFP	SMEFP5	0.843	0.961	0.963	0.969	0.840
SMEFP	SMEFP6	0.957	0.961	0.963	0.969	0.840

Notes: CR: Composite Reliability; AVE: Average Variance Extracted; CA: Cronbach's Alpha

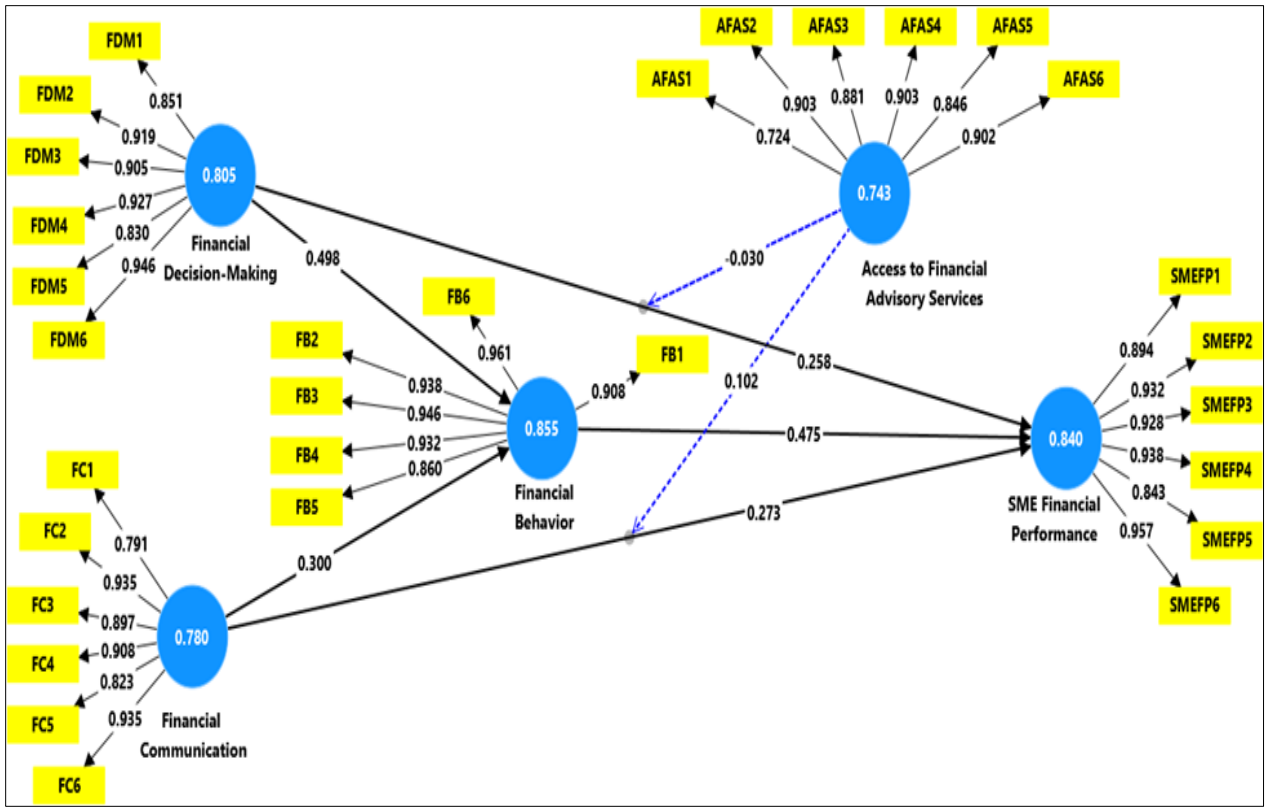

Figure 2: Measurement model showing outer loadings and average variance extracted (AVE) values from the PLS algorithm

4.4 Discriminant Validity

We assessed discriminant validity using the Heterotrait-Monotrait (HTMT) ratio, as recommended by Henseler et al. (2015). HTMT values below 0.90 show adequate discriminant validity among constructs. As shown in Table 4, all HTMT values were below this threshold, confirming that the constructs are empirically distinct and that discriminant validity was established.

Table 4: Discriminant Validity

Constructs	AFAS	FB	FC	FDM	SMEFP
AFAS					
FB	0.316				
FC	0.364	0.528			
FDM	0.429	0.648	0.432		
SMEFP	0.433	0.800	0.647	0.710	

4.5 Structural Model Assessment

Table 5 shows that the proposed model effectively explained SME Financial Performance (SMEFP) and Financial Behavior (FB). SMEFP had strong explanatory power ($R^2 = 0.737$; adjusted $R^2 = 0.733$), while FB showed moderate explanatory power ($R^2 = 0.461$; adjusted $R^2 = 0.458$). The effect size analysis showed that Financial Communication (FC) had a strong impact on FB ($F^2 = 0.333$), while FB had a substantial effect on SMEFP ($F^2 = 0.432$). Financial Decision-Making (FDM) had small to moderate effects on both FB ($F^2 = 0.120$) and SMEFP ($F^2 = 0.122$). Access to Financial Advisory Services (AFAS) had only small effects on FB ($F^2 = 0.027$) and SMEFP ($F^2 = 0.035$). The collinearity check found no major multicollinearity issues because all VIF values were below the recommended limit of 5.0. The highest VIF was 2.083, indicating acceptable collinearity in the model.

Table 5: Structural Model Assessment

Constructs	R^2	Adjusted R^2	F^2	VIF
SMEFP	0.737	0.733	—	—
FB	0.461	0.458	—	—
FC → FB	—	—	0.333	—
FB → SMEFP	—	—	0.432	—
FDM → FB	—	—	0.120	2.083
FDM → SMEFP	—	—	0.122	—
AFAS → FB	—	—	0.027	—
AFAS → SMEFP	—	—	0.035	—

Note: R^2 = coefficient of determination; F^2 = effect size; VIF = Variance inflation factor

4.6 Hypotheses Testing Results

We tested the hypotheses using bootstrapping with 10,000 resampling iterations. As shown in Table 5 and Figure 3, both H1 and H2 were supported. Financial Decision-Making (FDM) had a significant positive effect on SME Financial Performance (SMEFP) ($\beta = 0.258$, $t = 3.509$, $p < .001$). Financial Communication (FC) also had a significant positive effect on SMEFP ($\beta = 0.273$, $t = 2.491$, $p = 0.013$). The results indicate that Financial Behavior (FB) partly mediates the relationship between FDM and SMEFP (H3), with $\beta = 0.237$, $t = 3.636$, and $p < .001$. FB also partly mediates the link between FC and SMEFP (H4), with $\beta = 0.143$, $t = 1.986$, and $p = 0.048$.For the moderation effect, H5 was not supported, as Access to Financial Advisory Services (AFAS) did not significantly moderate the relationship between FDM and SMEFP ($\beta = -0.030$, $t = 0.668$, $p = 0.504$). However, H6 was supported, showing that AFAS significantly influenced the relationship between FC and SMEFP ($\beta = 0.102$, $t = 2.255$, $p = 0.025$). These results suggest that financial advisory services can strengthen the positive impact of financial communication on SME financial performance.

Table 6: Hypotheses Testing

Hypothesis	OS	SD	95% Bias Corrected Con. Interval		T	P	Decision	Mediation
			LL	UL				
H1: FDM > SMEFP	0.258	0.074	0.122	0.415	3.509	0.001	Supported	
H2: FC > SMEFP	0.273	0.110	0.027	0.475	2.491	0.013	Supported	
H3: FDM > FB > SMEFP	0.237	0.065	0.132	0.393	3.636	0.001	Supported	**Partial**
H4: FC > FB > SMEFP	0.143	0.072	0.036	0.323	1.986	0.048	Supported	**Partial**
H5: AFAS x FDM > SMEFP	-0.030	0.044	-0.109	0.067	0.668	0.504	Not Supported	
H6: AFAS x FC > SMEFP	0.102	0.045	0.020	0.192	2.255	0.025	Supported	

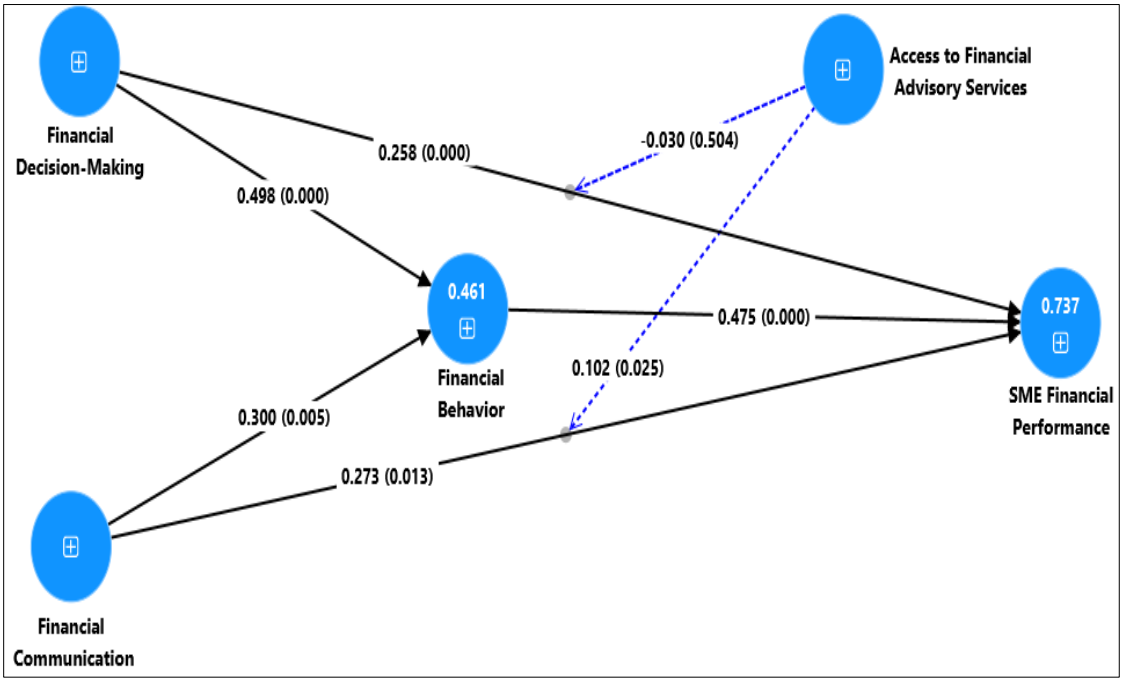

Figure 3: Structural Model Showing Path Coefficients and Significance Levels

4.7 Discussion

This study investigated how financial decision-making, financial communication, financial behavior, and access to financial advisory services affect the financial performance of SMEs in Oman, using Behavioral Finance Theory. The results show that financial decision-making and communication both have a strong positive impact on SME financial performance. This supports the idea that clear financial decisions and open communication help organizations become more stable, profitable, and sustainable. These results align with those of Otoo (2024), Jahromi and Jahromi (2021), and de Villiers et al. (2017), who found that effective financial planning and communication improve firm performance and reduce information gaps. The results also show that FB partly mediates the relationships between FDM, FC, and SMEFP.

This means that disciplined financial practices such as budgeting, planning, and monitoring are important for translating financial strategies into better performance. These findings support the work of Purwidianti et al. (2022) and Sajuyigbe et al. (2024), who emphasized the role of financial behavior in improving organizational effectiveness. In line with Behavioral Finance Theory, this study shows that behavioral tendencies and cognitive biases affect financial outcomes for SMEs.

In addition, AFAS strengthened the connection between FC and SMEFP, but it did not affect the link between FDM and SMEFP. This suggests that advisory services help more with improving communication and stakeholder understanding than with directly shaping financial decisions. Durst and Henschel (2020) and de Jong and Wagensveld (2024) found similar results. Overall, these findings show that combining financial literacy, behavioral discipline, clear communication, and advisory support is important for improving SME financial sustainability in emerging economies like Oman.

5. CONCLUSION AND RECOMMENDATIONS

This study looked at how financial decision-making, financial communication, financial behavior, and access to financial advisory services affect SME financial performance in Oman, using Behavioral Finance Theory. The results show that both financial decision-making and financial communication have a positive impact on SME financial performance. Financial behavior partly explains these effects, suggesting that disciplined financial practices help turn financial strategies into better organizational results. The study also finds that access to financial advisory services strengthens the link between financial communication and SME performance, but it does not significantly affect the connection between financial decision-making and performance. The study shows that improving financial literacy, building stronger financial habits, and making communication clearer are important for SMEs. Policymakers and SME support agencies are encouraged to offer easy-to-access advisory services and practical financial training to help SMEs grow sustainably. This research offers a behavior-focused perspective on SME financial sustainability, particularly in emerging economies such as Oman.

6. LIMITATIONS AND FUTURE STUDIES

There are a few limitations to this study. Because it uses a cross-sectional design, we cannot draw conclusions about cause and effect, and the results may not apply to other settings. Also, financial advisory services had only a small moderating effect, suggesting it would be useful to consider other types of external support. Future research could adopt a longitudinal design and consider additional behavioral and technological factors to further develop this model.

Author contributions: All authors equally contributed to this study
Ethical Statement: The Faculty of Business and Accountancy at Universiti Selangor (UNISEL), Malaysia, approved this study prior to data collection. Participation was voluntary, and respondents were assured that their identities and responses would remain confidential.
Competing Interests: The author declares that this work has no competing interests.
Grant/Funding information: The author declared that no grants supported this work.
Data Availability Statement: The associated data is available upon request from the corresponding author.
Declaration Statement of Generative AI: The authors confirm that generative AI tools were used solely for language editing and grammar improvement. AI was not involved in data collection, analysis, interpretation, or the generation of research results. All ideas, interpretations, and conclusions are the authors' responsibility.

REFERENCES

Achaach, H., Zghaida, A., & Kharbouch, O. (2022). The impact of financial communication on the financial performance of companies: development of a conceptual model. *International Journal of Accounting Finance Auditing Management and Economics, 3*(5-1), 113-132.

Afroze, T., & Sarker, M. A. R. (2025). Cognitive Biases and Firm Performance among Entrepreneurs in Bangladesh SMEs: Unwrapping the Mediating Role of Strategic Decision Making. *Khulna University Studies*, 89-100. https://doi.org/10.53808/KUS.2025.22.01.1296-mb

Al Balushi, Y., Locke, S., & Boulanouar, Z. (2019). Omani SME perceptions towards Islamic financing systems. *Qualitative Research in Financial Markets*, *11*(4), 369-386. https://doi.org/10.1108/QRFM-06-2018-0078

Alam, M. N., & Alam, N. (2019). Impact of small and medium enterprises on Oman economy. *International Journal of Economics and Business Research*, *17*(2), 140-152. https://doi.org/10.1504/IJEBR.2019.097648

Barberis, N., & Thaler, R. (2003). A survey of behavioral finance. *Handbook of the Economics of Finance, 1*, 1053-1128. https://doi.org/10.1016/S1574-0102(03)01027-6

Barney, J. (1991). Firm resources and sustained competitive advantage. *Journal of management*, *17*(1), 99-120. https://doi.org/10.1177/014920639101700108

Beck, T., & Demirguc-Kunt, A. (2006). Small and medium-size enterprises: Access to finance as a growth constraint. *Journal of Banking & finance*, *30*(11), 2931-2943. https://doi.org/10.1016/j.jbankfin.2006.05.009

Benayad, K., & Aasri, M. R. (2023). Behavioral biases and investment decisions of SMEs managers: empirical analysis within the Moroccan context. *International Journal of Financial Studies*, *11*(4), 120. https://doi.org/10.3390/ijfs11040120

Bhimani, A. (2020). Digital data and management accounting: why we need to rethink research methods. *Journal of management control*, *31*(1-2), 9-23. https://doi.org/10.1007/s00187-020-00295-z

De Jong, F., & Wagensveld, K. (2024). Sustainable financial advice for SMEs. *Circular Economy and Sustainability*, *4*(1), 777-789. https://doi.org/10.1007/s43615-023-00309-7

De Mel, S., McKenzie, D., & Woodruff, C. (2008). Returns to capital in microenterprises: evidence from a field experiment. *The Quarterly Journal of Economics*, *123*(4), 1329-1372. https://doi.org/10.1162/qjec.2008.123.4.1329

De Villiers, C., Hsiao, P. C. K., & Maroun, W. (2017). Developing a conceptual model of influences around integrated reporting, new insights and directions for future research. *Meditari Accountancy Research*, *25*(4), 450-460. https://doi.org/10.1108/MEDAR-07-2017-0183

Durst, S., & Henschel, T. (Eds.). (2020). *Knowledge risk management: From theory to praxis*. Springer. https://doi.org/10.1007/978-3-030-35121-2

González-Prida, V., Świecka, B., & Musallam, N. (2025). *Financial literacy and behavioral finance in emerging economies: Case studies from the GCC*. Springer Nature. https://doi.org/10.1007/978-981-10-0261-8_3

Hair, J. F., Hult, G. T. M., Ringle, C. M., Sarstedt, M., Danks, N. P., & Ray, S. (2021). Partial least squares structural equation modeling (PLS-SEM) using R: A workbook. *Springer International Publishing.*

Hair, J. F., Risher, J. J., Sarstedt, M., & Ringle, C. M. (2019). When to use and how to report the results of PLS-SEM. *European business review*, *31*(1), 2-24. https://doi.org/10.1108/EBR-11-2018-0203

Henseler, J., Ringle, C. M., & Sarstedt, M. (2015). A new criterion for assessing discriminant validity in variance-based structural equation modeling. *Journal of the academy of marketing science*, *43*(1), 115-135. https://doi.org/10.1007/s11747-014-0403-8

Hilal, T. O., Suwarni, R. N., & Hamdan, S. Y. (2023). Financial literacy and the growth of processing small and medium firms in Japan. *Journal of Finance and Accounting*, *7*(10), 12-20. https://doi.org/10.53819/81018102t5278.

Hulland, J. (1999). Use of partial least squares (PLS) in strategic management research: A review of four recent studies. *Strategic management journal*, *20*(2), 195-204. https://doi.org/10.1002/(SICI)1097-0266(199902)20:2%3C195::AID-SMJ13%3E3.0.CO;2-7

Ibrahim, F., Supian, K., Al Ubaidani, A. S., Al Abri, F., & Al hosni, W. (2025). Digital Marketing Capabilities and SME Performance in Oman's Logistics Industry: The Mediating Role of Crowdsourcing and Open Innovation. *International Journal of Management Thinking*, *3*(1), 61–84. https://doi.org/10.56868/ijmt.v3i1.97.

Jahromi, H. A., & Jahromi, N. A. (2021). The impact of effective organisational communications on financial performance. *International Journal of Business Excellence*, *24*(3), 373-383. https://doi.org/10.1504/IJBEX.2021.115842

Kahneman, D., & Tversky, A. (1979). Prospect theory: An analysis of decision under risk. Econometrica, 47(2), 263-291.

Kanyepe, J., Musasa, T., & Wilbert, M. (2025). Supply chain risk factors, technological capabilities, and firm performance of small to medium enterprises (SMEs). *Journal of Small Business Strategy*, *35*(1), 115-128. https://doi.org/10.53703/001c.125910

Kock, N. (2015). Common method bias in PLS-SEM: A full collinearity assessment approach. *International Journal of e-Collaboration (ijec)*, *11*(4), 1-10. https://doi.org/10.4018/ijec.2015100101

Kraus, S., Clauss, T., Breier, M., Gast, J., Zardini, A., & Tiberius, V. (2020). The economics of COVID-19: initial empirical evidence on how family firms in five European countries cope with the corona crisis. *International journal of entrepreneurial behavior & research*, *26*(5), 1067-1092. https://doi.org/10.1108/IJEBR-04-2020-0214

Krejcie, R. V., & Morgan, D. W. (1970). Sample size determination table. *Educational and psychological Measurement*, *30*(3), 607-610.

Loerwald, D., & Stemmann, M. (2016). Behavioral finance: Background and perspectives for financial education. In C. Aprea, V. Wuttke, K. Breuer, N. K. Koh, P. Davies, B. Greimel-Fuhrmann, & J. S. Lopus (Eds.), *International Handbook of Financial Literacy* (pp. 25–36). Springer. https://doi.org/10.1007/978-981-10-0261-8_3

Lusardi, A., & Mitchell, O. S. (2023). The importance of financial literacy: Opening a new field. *Journal of Economic Perspectives*, *37*(4), 137-154. https://doi.org/10.1257/jep.37.4.137

Manap, A., Sasmiyati, R. Y., Edy, N., Idris, N., & Pan, S. (2023). The Role of Fintech in Micro, Small and Medium Enterprises (MSMEs). *Journal of Economics*, *12*(01), 468–475. https://www.ejournal.seaninstitute.or.id/index.php/Ekonomi/article/view/1204

McKenzie, D., & Woodruff, C. (2008). Experimental evidence on returns to capital and access to finance in Mexico. *The World Bank Economic Review*, *22*(3), 457-482. https://doi.org/10.1093/wber/lhn017

Najaf, D., Kotteshwari, M., Mohammedi, S. S., Ved, V. V., & Muscat, O. (2023). Challenges faced by human capital with reference to labor market in Oman. *Journal of Research Administration*, *5*(2), 10343-10358.

Nitzl, C. (2016). The use of partial least squares structural equation modelling (PLS-SEM) in management accounting research: Directions for future theory development. *Journal of Accounting Literature*, *37*(1), 19-35. https://doi.org/10.1016/j.acclit.2016.09.003

Nulty, D. D. (2008). The adequacy of response rates to online and paper surveys: what can be done?. *Assessment & evaluation in higher education*, *33*(3), 301-314. https://doi.org/10.1080/02602930701293231

Otoo, F. N. K. (2024). Assessing the influence of financial management practices on organizational performance of small-and medium-scale enterprises. *Vilakshan-XIMB Journal of Management*, *21*(2), 162-188. https://doi.org/10.1108/XJM-09-2023-0192

Palalic, R., Al Riyami, S., & Umrani, W. (2025). Small and Medium Enterprises (SMEs) Development in Oman: Current Trends, Challenges, Opportunities and Future Prospects. In International Scientific Conference on Business and Economics, *Cham: Springer Nature Switzerland,* (pp. 327-342). https://doi.org/10.1007/978-3-032-04214-9_21

Purwidianti, W., Tubastuvi, N., Darmawan, A., & Rahmawati, I. Y. (2022). Does Financial Behavior Mediate the Relationship Between Financial Literacy and Financial Experience Towards Financial Performance of Small Businesses? In International Conference on Sustainable Innovation Track Accounting and Management Sciences (ICOSIAMS 2021) (235-241). *Atlantis Press*. https://doi.org/10.2991/aebmr.k.211225.033

Rauwerda, K., & De Graaf, F. J. (2021). Heuristics in financial decision-making: the selection of SME financing by advisers in an increasingly diverse market. *Management Decision*, *59*(7), 1728-1749. https://doi.org/10.1108/MD-09-2019-1269

Sajuyigbe, A. S., Oyedele, O., Oke, O. D., Sodeinde, G. M., Ayo-Oyebiyi, G. T., & Adeyemi, M. A. (2024). Financial behavior and SMEs performance: The mediating influence of financial literacy and organizational culture. *Journal of Business and Technology*, *8*(2). https://doi.org/10.4038/jbt.v8i2.126

Sarstedt, M., Hair Jr, J. F., Cheah, J. H., Becker, J. M., & Ringle, C. M. (2019). How to specify, estimate, and validate higher-order constructs in PLS-SEM. *Australasian marketing journal*, *27*(3), 197-211. https://doi.org/10.1016/j.ausmj.2019.05.003

Sekaran, U., & Bougie, R. (2016). Research methods for business: A skill building approach. *John wiley & sons.*

Thaler, R. H. (2018). Behavioral economics: Past, present, and future. *Journal of Institutional Economics*, *20*(38).