

Does Economic Literacy Matter for Firm Performance and Competitive Advantage: A Systematic Review

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ABSTRACT

Purpose: Economic literacy, the ability to comprehend and apply economic concepts for informed decision-making, plays a pivotal role in enhancing a firm's dynamic capability to navigate a volatile business environment and gain a competitive edge.

Methodology: The systematic review, following the PRISMA 2020 protocol, investigates the influence of economic literacy on firms' performance and competitive advantage. Utilizing specific keywords related to economic literacy, firm performance, and competitive advantage, a comprehensive search across relevant databases yielded 107 articles. Through systematic literature review techniques, 28 studies were included in the final analysis.

Results: The findings highlight a positive impact of economic literacy on firm performance, enabling organizations to set realistic goals, identify key performance indicators, and experience accelerated growth. Firms with higher degrees of economic literacy exhibit notably faster expansion rates.

Novelty and contribution: This review underscores the critical importance of economic literacy for firms striving to compete in an uncertain economic landscape. The research framework contributes to providing a deeper insight and understanding of how economic literacy serves as a strategic asset, empowering organizations to thrive amidst dynamic market conditions. The framework explicitly indicates the chain link and interplay among economic literacy on firms' performance and competitive advantage.

Keywords: Competitive Advantage, Economic Literacy, Financial Literacy, Organizational Performance, PRISMA, Systematic Literature Review

1.0 INTRODUCTION

In today's rapidly evolving business environment, achieving sustainable organizational performance requires a comprehensive understanding of internal and external economic dynamics. Among the various competencies essential for success, economic literacy has emerged as a critical determinant of firm performance and competitiveness. On a macroeconomic scale, small and medium-sized enterprises (SMEs) constitute the backbone of many economies, yet their sustainability is often threatened when entrepreneurs and managers lack sufficient economic literacy to navigate complex financial and market systems (Dahmen & Rodríguez, 2014). Scholars and policymakers alike recognize that economic literacy enables firms to

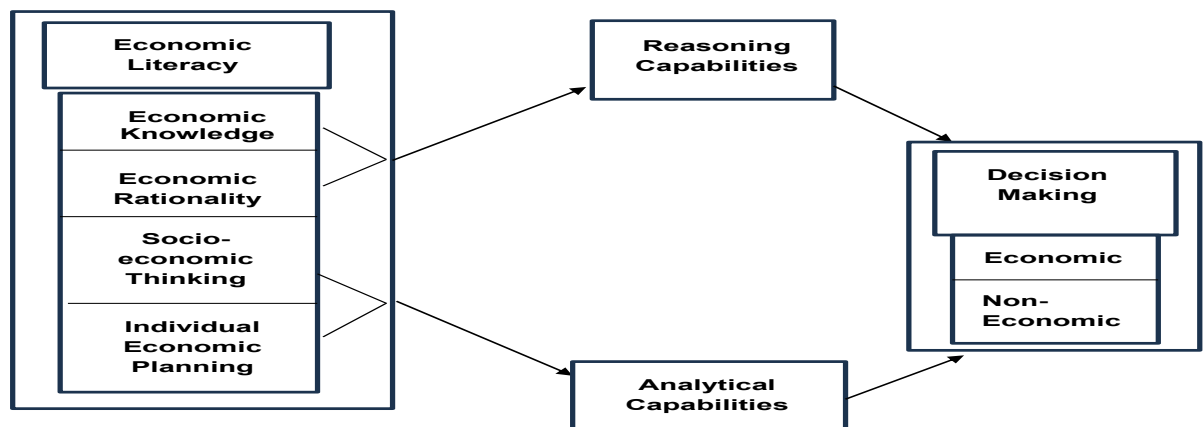
manage uncertainty, make informed financial decisions, and adapt strategically to shifting economic conditions (Hazlina Ahmad et al., 2010).

Grounded in Resource-Based Theory (RBT), this study considers economic literacy a strategic organizational resource that enhances firms' capabilities to acquire, allocate, and utilize other productive resources effectively. From this perspective, economically literate firms are better positioned to interpret market signals, assess risks, and develop innovative responses that promote sustained competitiveness (Brinckmann et al., 2011; Szilagyi, 1980). Economic literacy thus functions not only as a managerial competence but also as an enabler of strategic learning and dynamic adaptation (Effiong, 2021).

McCowage & Dwyer (2022) define economic literacy as understanding and being aware of economic ideas and concepts as well as how they are used in real-world situations. It comprises the ability to analyze economic trends, make well-informed judgments about one's personal and professional financial concerns, and take an active role in public conversations about economics. According to Atkinson (2017), literacy is defined as having the ability to read and write in addition to having knowledge and expertise in a particular field. The degree to which a person understands basic economic principles and is capable of managing their personal finances through prudent long-term financial planning and appropriate short-term decision-making, while also being aware of life events and changing economic conditions, is known as economic literacy (Remund 2010).

According to Allen et al. (2012), economic literacy includes the awareness, information, skill, attitude, and conduct needed to make wise financial decisions that would ultimately result in one's own financial well-being. This is consistent with the viewpoint of Lusardi and de Bassa Scheresberg (2013), who argues that economic literacy is the awareness, information, skill, attitude, and conduct necessary to make wise financial decisions and, in the end, achieve economic well-being. But according to Allen et al. (2012), economic literacy includes the awareness, information, skill, attitude, and conduct needed to make wise financial decisions that would ultimately result in one's own financial well-being. This is consistent with the viewpoint of Lusardi and de Bassa Scheresberg (2013), who argues that economic literacy is the awareness, information, skill, attitude, and conduct necessary to make wise financial decisions and, in the end, achieve economic well-being.

Effiong (2021) argues that economic literacy plays a crucial role in improving an organization's dynamic capabilities and organizational performance by fostering a greater understanding of economic concepts and financial ramifications. Economic literacy also makes it possible to make informed decisions about risk management and resource allocation, which enhances strategic decision-making. It promotes an innovative and adaptive culture within the company by encouraging learning and creativity



Source: Bamiro et al. (2024) Figure 1: Economic Literacy Transmission Mechanism.

The figure 1. indicates that economic literacy enhances individual reasoning and analytical skills, fostering improved decision-making in both economic and non-economic aspects of daily life. In the modern world, economic literacy plays a crucial role in enabling individuals to make informed and rational economic decisions (Budiwati et al. 2020). According to McCowage & Dwyer (2022), boosting economic literacy helps people and organizations make better informed financial decisions, increase the effect of public policy, and obtain a deeper understanding of the economy. All of these things lead to increased adaptability and competitiveness. Thus, prioritizing economic literacy can lead to improved resource allocation, heightened readiness for unforeseen events, and heightened competitiveness, ultimately putting businesses in a position for long-term success and expansion (Nohong et al. 2019). Research indicates a direct correlation between entrepreneurial economic literacy and the business performance of entrepreneurs (Kappler et al. 2013). Additionally, other studies reveal indirect relationships between economic literacy and entrepreneurs' performance through interactions with factors like financial inclusion and financial awareness. Moreover, there is evidence suggesting that entrepreneurial economic literacy plays a crucial role in improving access to and utilization of financial services, thereby enabling enterprises to discover and capitalize on growth opportunities (Nunoo & Andoh 2011).

Despite increasing scholarly attention, limited empirical and systematic evidence exists on how economic literacy influences firm performance and competitive advantage. Most prior studies have concentrated on individual or entrepreneurial financial literacy, neglecting the broader firm-level perspective (Agyapong & Attram, 2019). This paper addresses this gap by systematically reviewing existing literature to synthesize findings, clarify theoretical linkages, and identify emerging research directions. The study aims to provide a holistic understanding of the role of economic literacy in shaping organizational performance and competitive positioning across contexts. The research is guided by the following questions: Does economic literacy impact organizational performance? Does economic literacy influence a firm's competitive advantage? And what framework can be used to examine the interplay among economic literacy, competitive advantage, and firm performance?

2.0 LITERATURE REVIEW

2.1. Firm Performance

Performance is the capacity to meet predetermined goals. Consequently, the ability of a company to achieve anticipated results in relation to its intended outputs is referred to as firm performance, which also includes results pertaining to financial performance, market performance, and shareholder return (Esiebugie et al. 2018). Firm performance also refers to an organization's capacity to fulfill or surpass the predetermined targets or goals set by its investors over a predetermined time frame. This allows the organization to accomplish extra or distinctive aims important to market advancement (Eniola & Entebang, 2016). Furthermore, according to Desiyanti & Kassim (2020), firm performance is trustworthy data that indicates the success and efficacy of a planned endeavor. It is the constant measurement of outcomes and effects. In contrast, Prisca (2016) views firm performance as both a multidimensional notion and a crucial occurrence in commercial philosophies. However, success in general is associated with achieving objectives in any area of human life chances (Borghans et al. 2019).

2.2. Competitive Advantage

According to Do (2020), competitive advantage is the strategic advantage that a business holds over its competitors, enabling it to surpass them and attain superior performance outcomes. This advantage is established through a blend of distinctive attributes and resources that contribute value both to the company and its customers.

Competitive advantage stands as a crucial and fundamental element for the sustained success of enterprises over the long term. Consequently, organizations consistently cultivate their capabilities to strengthen their competitive edge, even in the face of potential hindrances or attempts at imitation by

competitors (Agbenyo et al. 2018). The competitiveness of a firm is defined by its capacity to attain its objectives, typically outlined in various specific conditions (Barney, 1991). The prosperity of the firm is determined by its possession of a competitive advantage, which can be assessed through both objective and subjective criteria. Objective measures encompass return on investment, market share, profit, and sales, while subjective criteria involve the firm's reputation among customers, suppliers, competitors, and enhancements in the quality of services provided (Barney, 1997).

According to Nguyen et al. (2021), a distinctive competitive advantage sets an enterprise apart from its competitors, leading to superior outcomes, this pivotal factor is essential for long-term success and survival, distinguishing the enterprise from its rivals. The competitive advantages inherent in the enterprise yield advantages like cost efficiency, surpassing the benefits offered by competing products. Consequently, this factor enables the enterprise to deliver high value to its customers, resulting in increased profits for the organization (Nguyen & Tran 2018).

2.3. Interrelationship between Firm Performance and Competitive Advantage

Competitive advantage and firm performance are distinct concepts, with a seemingly intricate relationship, as noted by Ma (2000). However, numerous studies have consistently indicated a significant correlation between competitive advantage and performance (Bowen & Ostroff 2004; Morgan et al. 2004; Ray et al. 2004).

The relationship between firm performance and competitive advantage is a dynamic and reciprocal relationship that significantly influences the trajectory of a business (Azeem et al. 2021). Competitive advantage, often rooted in a firm's distinctive competencies, innovation, cost leadership, or superior market positioning, serves as a catalyst for improved performance (Nguyen et al. 2021).

When a firm possesses a strong competitive advantage, it can differentiate itself from competitors, attract customers, and often command premium prices (Pei et al. 2020), this differentiation can lead to increased market share, enhanced profitability, and overall superior financial performance. Additionally, a well-established competitive advantage provides a buffer against external pressures, helping a firm weather economic downturns or competitive challenges more effectively (Borghans et al. 2019). According to Clauss et al. (2021), understanding and managing the interrelationship between competitive advantage and firm performance is essential for sustaining a long-term competitive position in the ever-evolving business landscape.

2.4. Theoretical Underpinning

The Knowledge-Based View (KBV) emerges as an extension of the Resource-Based View (RBV), originally proposed by Penrose (1959) to explain firm heterogeneity in resource possession and utilization. While RBV emphasizes tangible and intangible resources as the basis for competitive advantage, KBV, as advanced by Grant (1996), highlights knowledge as the most strategically significant resource. Knowledge, unlike physical assets, is characterized by its transferability, aggregative potential, and appropriability. Hence, firms that effectively create, integrate, and apply knowledge resources are more likely to achieve sustained superior performance.

From this perspective, economic literacy represents a vital form of organizational knowledge—a collective understanding of economic principles, financial systems, and market dynamics that guides managerial decision-making. KBV suggests that firms possessing higher levels of such knowledge-based resources can interpret market signals more accurately, respond to environmental volatility, and design innovative strategies that strengthen their competitiveness. Economic literacy thus becomes a strategic knowledge asset, enabling firms to convert information into valuable insights that enhance performance.

Furthermore, KBV underscores the role of knowledge integration and sharing across organizational levels (Nonaka et al., 2006). In this regard, the diffusion of economic literacy among employees, managers, and decision-makers enhances collective problem-solving capacity and promotes adaptive learning, both of which are key mechanisms of sustained competitive advantage. Therefore, this paper applies the Knowledge-Based View to conceptualize economic literacy as a strategic, knowledge-based capability that

contributes to firm performance and competitive advantage through knowledge creation, transfer, and application.

3.0 METHODOLOGY

To assess relevant articles that address the influence of economic literacy on organizational performance, customer satisfaction, and organizational learning and growth, the study employs systematic literature review. This study employs the PRISMA 2020 checklist for systematic literature as stated by Bamiro et al. (2023), Rus et al. (2023), and Utaminingsih et al. (2023). For conducting systematic literature reviews, the PRISMA framework offers a standardized method that includes a thorough set of guidelines (Kassymova et al., 2023).

3.1. Search Strategy

To find academic publications and online repositories that particularly address the research study, a thorough search was carried out using the databases SCOPUS, Web of Science, and Google Scholar. The search approach was founded on earlier analyses of the economic literacy literature. Economic literacy AND organizational performance, economic impact AND organization performance, economic impact AND firm performance, economic impact AND organization growth, competitive advantage, and economic literacy AND competitive advantage were among the keywords used in the search.

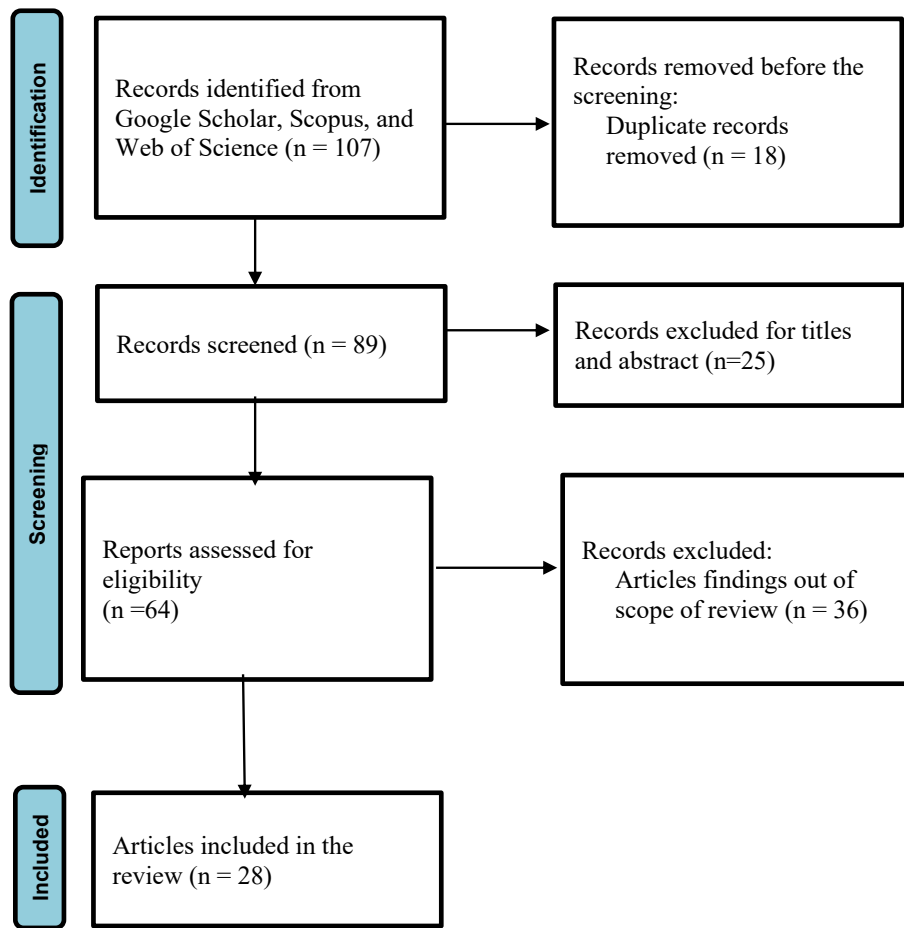
3.2. Inclusion and Exclusion Criteria

The screening process entailed assessing articles through their titles and abstracts to determine their relevance to the research topic. Exclusions were applied to conference papers, unrelated content, and duplicates. Articles meeting inclusion criteria underwent additional scrutiny, focusing on methodology, results, and discussion sections to evaluate their appropriateness for addressing the research questions. Eligibility criteria included research articles written in English, while conference proceedings, dissertation, student project, books, and book chapters were excluded. The study encompassed publications from various countries spanning the years 2014-2023.

3.3. Selection Process

The initial search using specific keywords yielded 107 articles. Subsequently, the articles underwent screening based on titles and abstracts to evaluate their relevance to the research topic. Following this procedure, 89 papers were left for additional assessment, signifying the initial exclusion phase. The full texts of the 89 chosen papers were then carefully examined. To ascertain their appropriateness in answering the research questions, the methodology, results, and discussion sections were thoroughly examined. Books, duplicates, conference papers, and articles unrelated to the research topic were not included in the final selection. 28 papers were found to be pertinent and included in the systematic literature review after the exclusion criteria were applied.

A standardized format was used to extract and arrange the key data from the chosen papers, such as author names, publication year, research methods, findings, and implications. The selected papers were synthesized to offer a comprehensive overview of the current knowledge on the research topic. Figure 2. Shows the detailed PRISMA flow diagram of the literature search.



Source: Authors Computation

Figure 2: PRISMA flow diagram.

3 RESULTS

Table 1 below presents the various characteristics of the published papers, including authors' information, affiliations, and paper attributes.

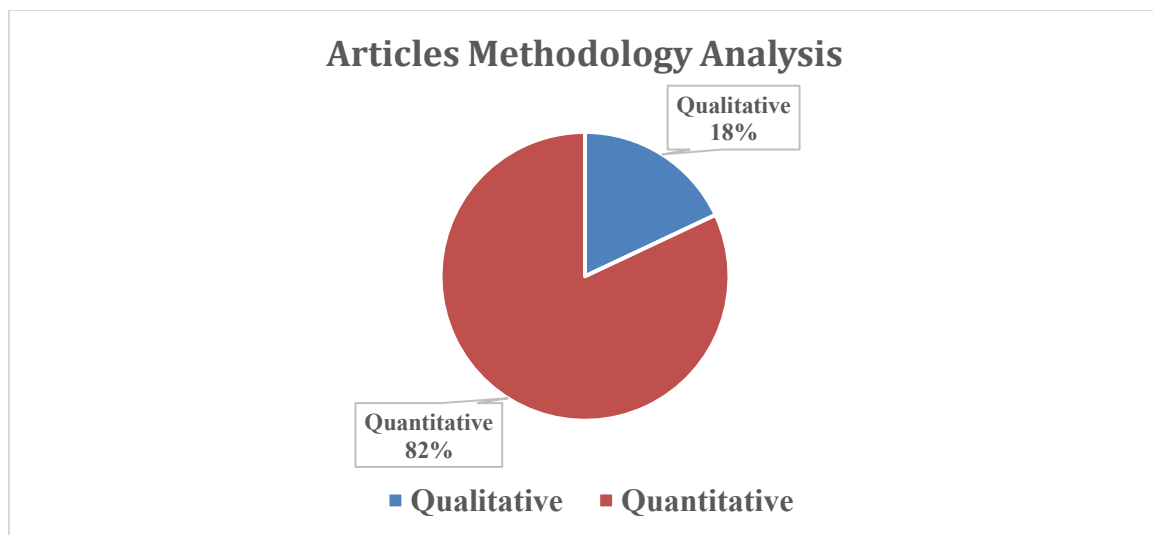
Table 1 - Data Extraction Table

S/ N	Authors & (Years)	Method	Country	Journal
1	Graña-Alvarez et al. (2022)	Qualitative	Spain, Chile	Journal of Small Business Management
2	Usama and Yusoff (2019)	Quantitative	Malaysia	International Journal of Research and Innovation in Social Science
3	Agyapong & Attram (2019)	Quantitative	Ghana	Journal of Global Entrepreneurship Research
4	Quintiliani et al. (2018).	Quantitative	Italy	Journal of Small Business Management
5	Desiyanti & Kassim (2020)	Quantitative	Indonesia	International Journal of Academic Research in Accounting, Finance and Management Sciences
6	Ali & Li (2021)	Quantitative	UAE, China	Journal of Asian Finance, Economics and Business
7	William (2021)	Qualitative	Nigeria	Journal of Computer and applied science.
8	Irikefe and Opusunju (2021)	Quantitative	Nigeria	International Journal of Research Publications
9	Nohong et al. (2019)	Quantitative	Indonesia, UAE	Revista Espacios
10	Agyei (2018)	Quantitative	Ghana	Cogent Economics & Finance
11	Morounfoluwa (2023)	Quantitative	Nigeria	International Journal of Novel Research in Marketing Management and Economics
12	Arinda (2019)	Quantitative	Uganda	Doctoral dissertation
13	Adomako and Danso (2014)	Quantitative	Ghana	International Journal of Management & Organizational Studies
14	Astrini and Puspitasari (2022)	Quantitative	Indonesia	Asian Journal of Economics, Business and Accounting
15	Usama and Yusoff (2018)	Quantitative	Malaysia	International Journal of Entrepreneurship and Business Innovation
16	Esiebugie et al (2018)	Quantitative	Nigeria	International Journal of Economics, Business and Management Research
17	Eniola and Entebang (2016)	Qualitative	Nigeria, Malaysia	International Journal of Research Studies in Management

18	Suffari and Tahir (2021)	Qualitative	Malaysia	International Journal of Accounting, Finance, and Business (IJAFB)
19	Payne (2022)	Quantitative	USA	Research Explorer-A Blind Review & Refereed Quarterly International Journal
20	Agung et al. (2020)	Quantitative	Indonesia	Academy of Accounting and Financial Studies Journal
21	Hutahayan (2020)	Quantitative	Indonesia	Asia Pacific Management Review
22	Siti et al. (2019)	Quantitative	Indonesia	Journal of Advanced Management Science
23	Marina et al. (2014)	Qualitative	Indonesia	Journal of Asian Scientific Research
24	Buchdadi et al. (2020)	Quantitative	Indonesia	Academy of Accounting and Financial Studies Journal
25	Yang et al. (2018)	Quantitative	China, Pakistan	Journal of Risk and Financial Management
26	Resmi et al. (2019)	Quantitative	Indonesia	International Journal of Entrepreneurship
27	Farida et al. (2019)	Quantitative	Indonesia	International Journal of Scientific & Technology Research
28	Taftiyan and BaghiNasab (2023)	Quantitative	Iran	Journal of Development and Capital

3.1. Articles Methodology Analysis

The descriptive characteristics of the articles under examination are displayed in Figure 3 below, 5 publications utilized a qualitative methodology, and 23 studies embraced a quantitative methodology.



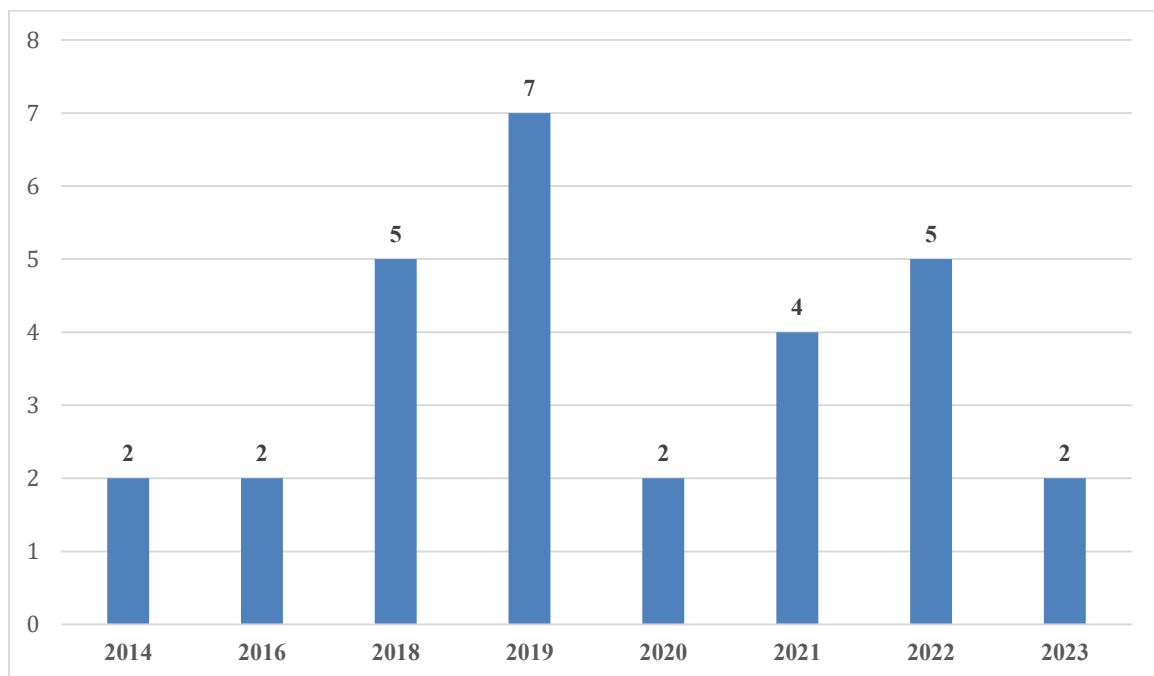
Source: Authors Computation Figure 3. Articles methodology analysis.

3.2. Year of Publication

Table 2 and Figure 4 indicated that 9 papers were published between 2014 and 2018, complemented by the 21 more recent articles published from 2019 to 2023. The remarkable upswing in the volume of publications within this temporal span serves as a clear indicator of the burgeoning interest surrounding this particular subject matter.

Table 2. Year of Publication

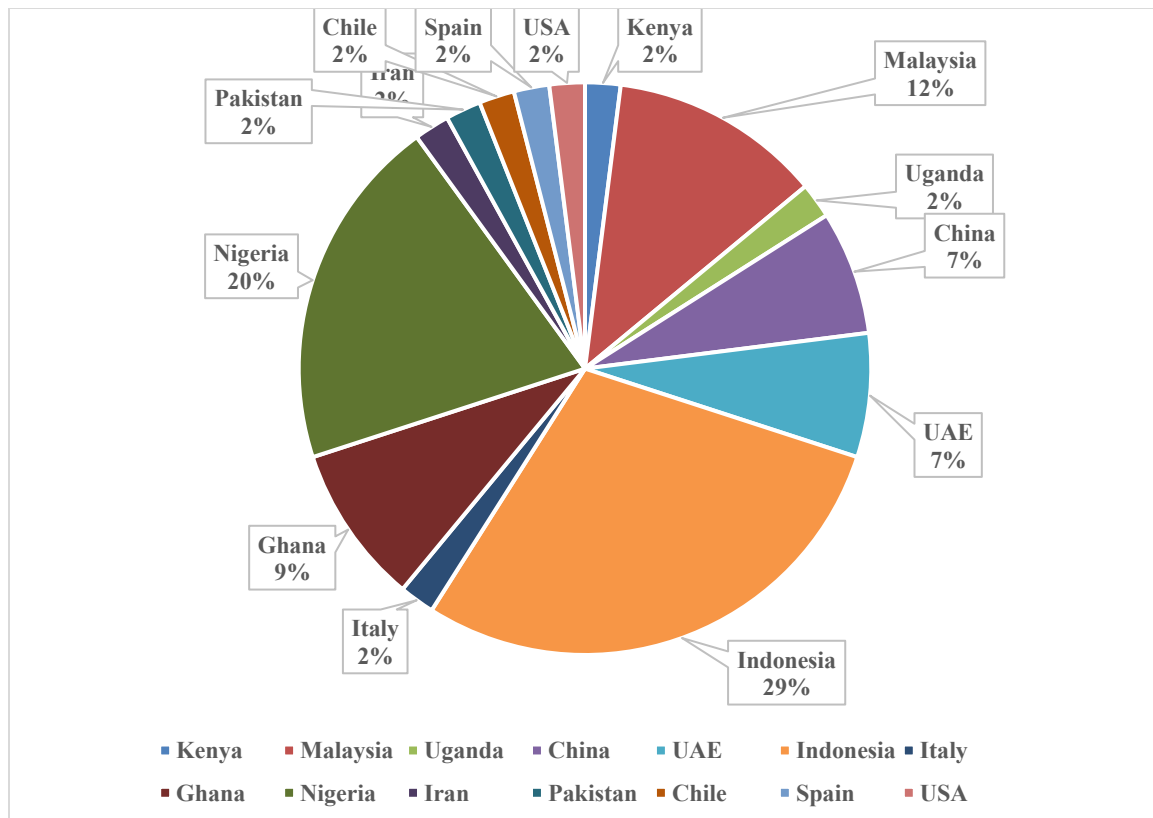
Year	Number of Journals
2014	2
2016	1
2018	5
2019	7
2020	2
2021	4
2022	5
2023	2



Source: Authors Computation Figure 4: Year of Publication Chart

3.3. Research Country Affiliation

This research investigates the geographical distribution of research articles on the subject. Notably, Indonesia stands out as the most active contributor, with 10 publications, followed by Nigeria with seven articles. Ghana provides three, while China and the UAE each have two. Additionally, several countries, including Iran, Pakistan, Italy, Uganda, Malaysia, Sri Lanka, Kenya, the USA, Chile, and Spain, have one article each. These findings underscore the heightened research interest in the subject among scholars in Indonesia and Nigeria. This trend reflects the growing recognition of economic literacy as a crucial driver of entrepreneurship, financial inclusion, and sustainable growth in developing economies, where financial education and institutional capacity remain limited. The concentration of studies in these contexts signals a developmental emphasis, highlighting how economic literacy is viewed as a strategic tool for enhancing firm resilience and competitiveness in resource-constrained environments. However, it also underscores a potential contextual imbalance, suggesting the need for more research in developed economies to strengthen the generalizability of findings and provide comparative insights across different economic settings.



Source: Authors Computation **Figure 5: Research Country by Affiliation**

3.4. Authors Country Affiliation

The examined article exhibits a multi-authored composition, with authors hailing from various geographical locations. Spain is represented by six authors, while Malaysia has a substantial presence with seven contributors. Ghana is represented by five authors, Nigeria by eight, and Italy by three. Remarkably, Indonesia emerges as the country with the largest number of authors, boasting a notable tally of eighteen. There are two authors who are from the United Arab Emirates (UAE) and China. However, numerous nations such as Chile, Uganda, South Africa, Tanzania, Kenya, the United States (USA), and are each represented by a single author.

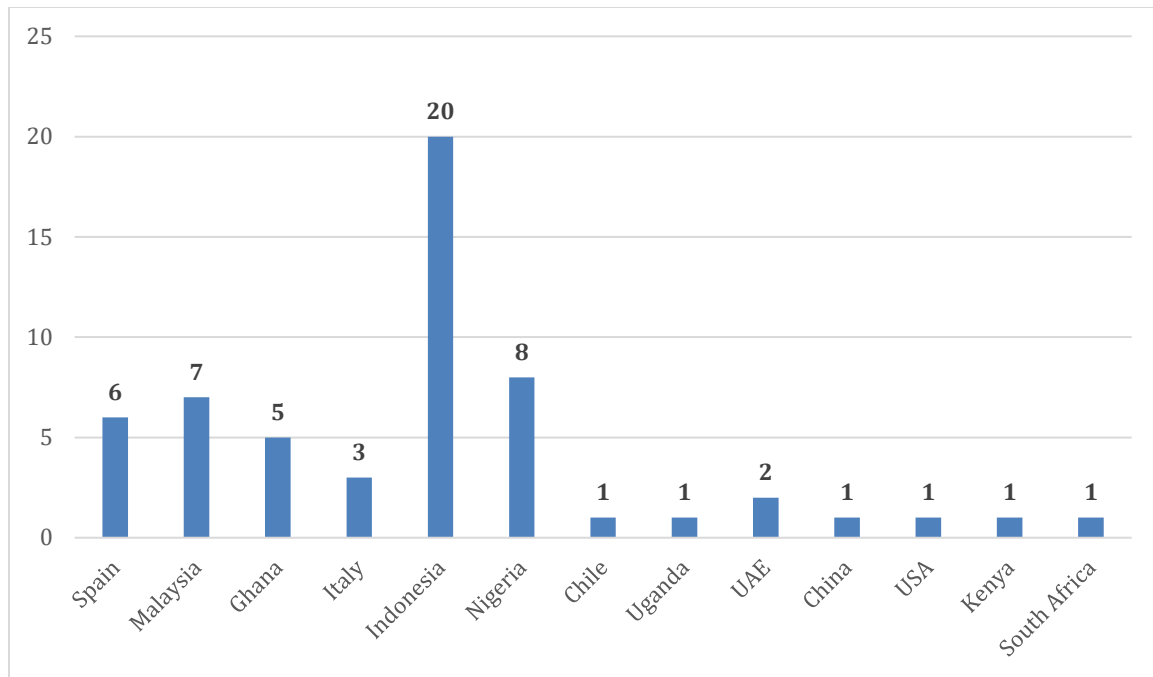


Figure 6. Authors country affiliation. Source: By author

4.0 DISCUSSIONS OF RESULT

4.1. Does Economic Literacy Impact Organizational Performance?

The impact of economic literacy on organizational performance has been widely recognized in the literature as a critical determinant of firms' success. Economic literacy enhances financial decision-making, risk management, and resource allocation, which collectively strengthen a firm's adaptive capacity and long-term sustainability. Scholars consistently find that organizations with higher levels of economic literacy are better equipped to navigate financial uncertainty and maintain superior performance outcomes (Buchdadi et al., 2020; Graña-Alvarez et al., 2022; William, 2021; Usama & Yusoff 2018).

A growing body of evidence supports the positive association between economic literacy and organizational performance across various contexts. For instance, studies conducted in developing economies reveal that economically literate entrepreneurs and managers are more capable of managing credit risks, responding to market shocks, and sustaining growth (Farida et al., 2019; Usama & Yusoff, 2019). Similarly, Agyei (2018) and Quintiliani et al. (2018) demonstrate that economic literacy fosters prudent saving, efficient capital utilization, and improved profitability among small and medium-sized enterprises (SMEs). These findings suggest that economic literacy serves as both a financial management skill and a strategic capability that enhances organizational resilience and competitiveness.

Moreover, researchers have linked economic literacy to psychological and behavioral factors that underpin performance. Hutahayan (2020) found that individuals with stronger economic understanding exhibit greater risk awareness and are more confident in entrepreneurial decision-making. Eniola and Entebang (2016) further emphasized that firms characterized by higher economic literacy experience faster organizational growth due to improved financial discipline and strategic planning. Collectively, these studies reinforce the notion that economic literacy contributes not only to financial outcomes but also to the development of innovative and adaptive organizational cultures.

The reviewed evidence consistently demonstrates that economic literacy has a significant and positive impact on organizational performance. Firms that cultivate economic awareness among their leaders and employees are more likely to achieve superior financial outcomes, maintain operational flexibility, and sustain competitive advantage. Therefore, economic literacy can be viewed as a strategic

knowledge asset, aligning with the Knowledge-Based View (KBV) theory, which positions knowledge as a fundamental driver of firm performance and competitiveness.

4.2. Does Economic Literacy Impact Firm Competitive Advantage?

Economic literacy serves as a strategic capability that strengthens a firm's capacity to achieve and sustain competitive advantage. By equipping managers and employees with the ability to interpret and respond to economic dynamics, organizations become better positioned to anticipate market trends, manage financial risks, and capitalize on emerging opportunities (Desiyanti & Kassim, 2020). This alignment between economic understanding and strategic adaptability forms a critical pathway through which firms secure a distinctive edge in competitive environments.

The reviewed studies converge on the argument that economic literacy enhances competitive positioning primarily through improved decision-making, efficient resource allocation, and risk mitigation. Yang et al. (2018) and Nohong et al. (2019) reveal that firms with economically literate managers demonstrate superior strategic agility, enabling them to respond proactively to fluctuating market and financial conditions. Similarly, Resmi et al. (2019) find that both financial and tax literacy are essential for the sustainability and competitive strength of creative MSMEs, particularly in industries requiring constant innovation such as the do-it-yourself (DIY) sector. Their findings suggest that when firms integrate economic knowledge into pricing, cost management, and fiscal compliance, they not only enhance operational efficiency but also create barriers to imitation that sustain long-term advantage.

Taftiyan and BaghiNasab (2023) further expand this perspective by demonstrating that economic literacy mediates the relationship between financial decision-making, capital structure, and risk management. This suggests that literacy is not merely a supplementary skill but a strategic enabler that links financial practices with sustained competitiveness. In contrast, Farida et al. (2019) argue that while financial literacy alone may not directly guarantee a competitive advantage, its interaction with broader strategic and managerial competencies such as innovation and market awareness, collectively drives competitiveness. Taken together, these studies indicate that economic literacy contributes to competitive advantage through multiple mechanisms: (i) facilitating informed strategic and financial decisions, (ii) improving risk management and resource utilization, and (iii) fostering innovation and market responsiveness. Therefore, firms that embed economic literacy into their organizational culture and decision-making frameworks are more likely to achieve sustained competitive advantage in dynamic and uncertain business environments.

4.3 What framework examine the interplay among economic literacy, competitive advantage and firm performance?

The intricate relationship among economic literacy, competitive advantage, and firm performance reflects a dynamic process in which knowledge-driven decision-making enhances organizational value creation. Drawing from the Resource-Based View (RBV) and the Knowledge-Based View (KBV), this framework positions economic literacy as a critical intangible resource that strengthens firms' strategic and operational capabilities. The RBV asserts that sustainable performance advantages arise from valuable, rare, inimitable, and non-substitutable resources. Extending this logic, the KBV emphasizes knowledge as the most strategic of these resources, shaping a firm's ability to generate, integrate, and apply information for superior outcomes.

Within this framework, economic literacy functions as the cognitive infrastructure that equips organizational members, particularly decision-makers, with the ability to interpret economic signals, assess risks, and make rational strategic choices. As supported by Buchdadi et al. (2020) and Agyei (2018), economically literate managers are more adept at aligning financial decisions with market realities, optimizing resource allocation, and sustaining resilience during macroeconomic shifts. Such literacy does not merely inform decisions; it fosters an organizational mindset oriented toward long-term efficiency and adaptability.

Competitive advantage emerges as the mediating mechanism through which economic literacy translates into superior performance. Firms that internalize economic literacy transform it into actionable

strategic insight, enhancing innovation, pricing, investment, and risk-management capabilities (Nohong et al., 2019; Taftiyan & BaghiNasab, 2023). This knowledge advantage enables firms to differentiate themselves in dynamic environments, anticipate competitor behavior, and exploit market opportunities more effectively than rivals. Thus, economic literacy provides not only analytical depth but also a platform for strategic agility.

Ultimately, this strategic competence contributes to enhanced firm performance, both financial (profitability, growth, productivity) and non-financial (reputation, stakeholder trust, innovation capacity). Empirical evidence (Farida et al., 2019; Resmi et al., 2019; Suffari & Tahir, 2021) supports the proposition that firms leveraging economic understanding for strategic positioning experience measurable gains in competitiveness and operational success. In essence, economic literacy shapes the quality of managerial reasoning that underpins sustained performance.

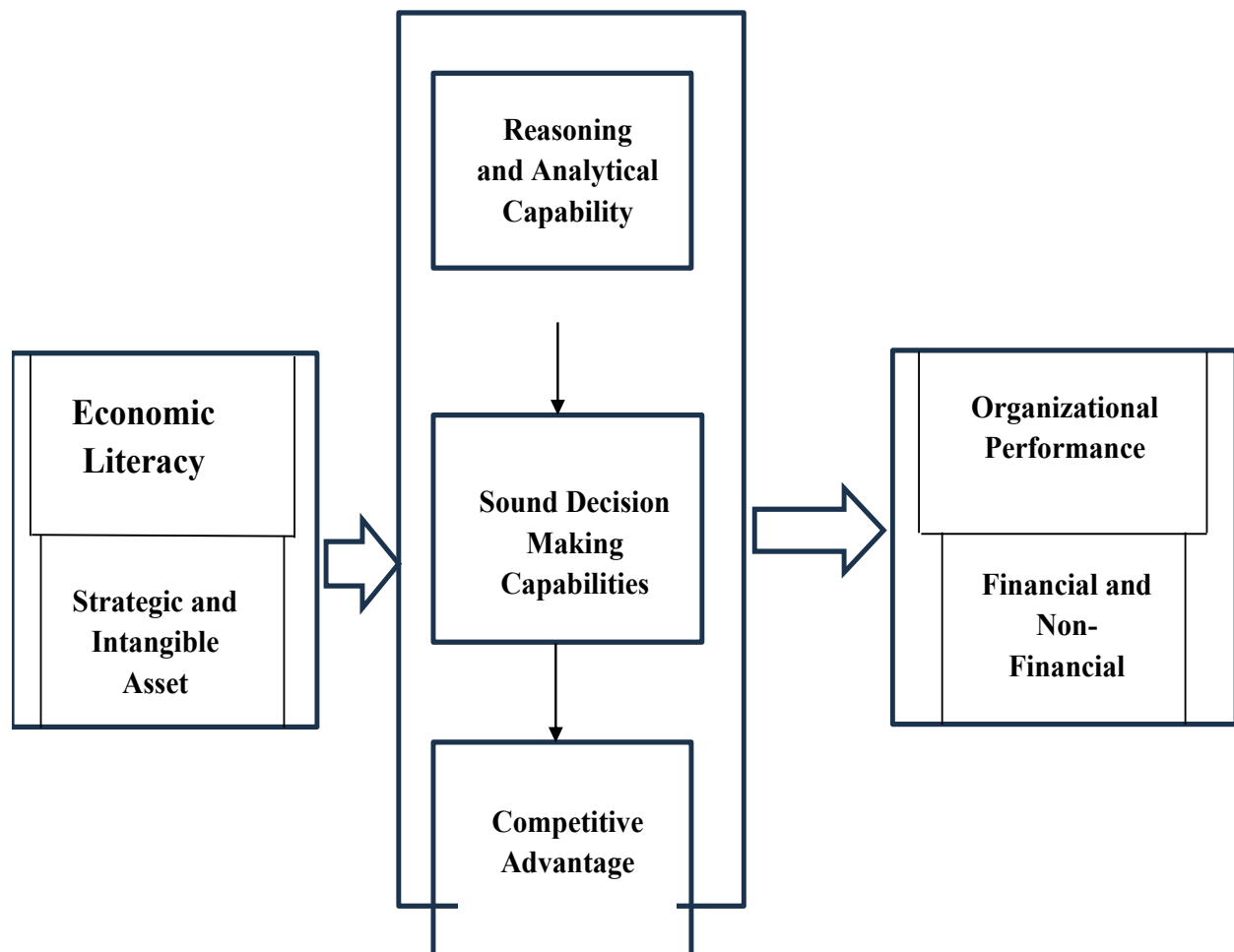


Figure 7. Conceptual framework. Source: Bamiro et al. (2024)

5.0 CONCLUSION

Notably, in environments characterized by high uncertainty and instability, economic literacy emerges as a pivotal factor that enhances the success of organizations, especially small and medium-sized enterprises (SMEs). Policymakers and organizational leaders are encouraged to promote economic training programs for entrepreneurs and founding team members, recognizing the critical role of economic literacy in effectively managing organizations amidst economic uncertainties. Our research also shows that economic

literacy may influence the links between organisational performance and financial attitudes, behaviours, and organisational skills. Organisations that have a high level of economic literacy in which they operate are more likely to perform better and promote growth and expansion. In conclusion, the degree of economic literacy that business owners or organizational management possess will determine how these elements affect an organization.

6.0 IMPLICATIONS FOR MANAGERIAL PRACTICES

The study carries profound implications for organizational behavior and policy, particularly highlighting the crucial need for policymakers to prioritize and implement economic training initiatives. Focused training programs, specifically directed at founding team members and entrepreneurs, emerge as invaluable resources for enhancing economic literacy in businesses. The research strongly advocates for organizations to view economic literacy as a strategic advantage. By implementing targeted training programs, firm owners and management can significantly enhance their comprehension of the economic landscape, leading to improved decision-making processes and overall performance. The study encourages organizations to proactively invest in developing financial attitudes, habits, and organizational abilities to effectively navigate uncertainty. A key insight underscores the need for organizations to integrate economic literacy into their financial plans. This integration is expected to foster an environment where sound economic knowledge informs financial decisions, ultimately contributing to enhanced organizational performance and more efficient financial management.

7.0 FUTURE RESEARCH RECOMMENDATION

Future study on the relationship between economic literacy and competitive advantage and business performance could benefit from utilizing longitudinal research designs, building on the understandings obtained from this systematic review. Researchers could monitor the dynamic relationship between company performance, competitive advantage, and economic literacy over time by conducting long-term studies. A more sophisticated comprehension of the causal relationships and the durability of the observed effects may be possible with this method.

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DATA AVAILABILITY STATEMENT

The data used in this study are publicly accessible through online repositories such as Google Scholar and SCOPUS.

CONFLICT OF INTEREST

The authors declare no conflicts of interest.

DECLARATION OF USE OF GENERATIVE AI

In alignment with Elicit Publishing Limited's dedication to ethical publishing and research integrity, the author(s) affirm that generative AI tools were used solely for editorial refinement, including grammar correction and formatting alignment. The use of AI did not extend to the study's conceptualization, methodology, data analysis, or interpretation of results. The author(s) accept full responsibility for the accuracy, originality, and scholarly integrity of this work.

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