DOES TECHNOLOGICAL AND FINANCIAL LITERACY INFLUENCE SME'S PERFORMANCE WITH THE MEDIATING ROLE OF ENTERPRISE RISK MANAGEMENT PRACTICES: SPECIAL REFERENCE OF SMALL AND MEDIUM ENTERPRISES IN BATTICALOA DISTRICT

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ABSTRACT

In today's increasingly complex business environment, technical and financial literacy have emerged as critical enablers of long-term performance and resilience for SMEs. This study analyzes the impact of these two essential abilities on SME performance, as well as the mediating function of ERM practices in the Batticaloa District. The study aims to determine the levels of technical and financial literacy among SMEs, investigate their direct impact on performance, and evaluate how ERM procedures influence the relationship between literacy and business outcomes.

A systematic quantitative survey was carried out using a sample of 320 SMEs. Data were gathered using standardized questionnaires and processed using statistical techniques suited for the study's deductive methodology. The findings show a substantial positive link between both literacy characteristics and SME performance, implying that digitally and financially literate SMEs are better prepared to make informed decisions, maximize resources, and respond proactively to difficulties. Furthermore, the study identifies ERM practices as a partial mediator in these connections, suggesting that strategic risk management improves literacy competencies by strengthening resilience and operational continuity.

These findings have practical implications for SME stakeholders looking to support development and stability through capacity-building efforts. The findings highlight the necessity of accessible literacy training, simpler ERM frameworks, and collaborative support mechanisms that are adapted to the specific needs of rural and marginalized business communities. This study advances our knowledge of SME growth methods in emerging regional economies by defining the channels via which literacy and ERM interact.

Keywords: *Technological Literacy, Financial Literacy, ERM Practices, SMEs Performance, SMEs*

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